# GlobalConnect A/S

Havneholmen 6, st., 2450 København SV

CVR no. 26 75 97 22

# Annual report 2021

Approved at the Company's annual general meeting on 7 June 2022

Chair of the meeting:

...................................................
Rasmus Reichhardt Svendsen

# 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 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Copenhagen, 3 June 2022
Executive Board:

Louise Hahn
CEO

Board of Directors:

| | | |
|---|---|---|
| Hans Henrik Schibler<br>Chair | Louise Hahn | Jannie Laurberg Sørensen |
| Rikke Skovsager Sångren Servais | Cecilie Sell Vincent Sternkopf | |

# Independent auditor's report

To the shareholder of GlobalConnect A/S

## Opinion

We have audited the financial statements of GlobalConnect A/S for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

## 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 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.
- 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.

## Independent auditor's report

- 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, 3 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Karsten Bøgel
State Authorised Public Accountant
mne27849

# Management's review

## Company details

| | |
|---|---|
| Name | GlobalConnect A/S |
| Address, Postal code, City | Havneholmen 6, st., 2450 København SV |
| CVR no. | 26 75 97 22 |
| Established | 20 August 2002 |
| Registered office | København |
| Financial year | 1 January - 31 December |
| Website | www.globalconnect.dk |
| E-mail | info@globalconnect.dk |
| Telephone | +45 77 30 30 00 |
| Board of Directors | Hans Henrik Schibler, Chair<br>Louise Hahn<br>Jannie Laurberg Sørensen<br>Rikke Skovsager Sångren Servais<br>Cecilie Sell Vincent Sternkopf |
| Executive Board | Louise Hahn, CEO |
| Auditors | EY Godkendt Revisionspartnerselskab<br>Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark |

# Management's review

## Financial highlights

| DKKm | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 1,153 | 914 | 867 | 676 | 585 |
| Gross profit | 676 | 510 | 624 | 355 | 270 |
| Earnings before interest, taxes, depreciation and amortisation (EBITDA) | 370 | 351 | 336 | 181 | 161 |
| Operating profit/loss | 2 | -38 | 17 | 29 | 63 |
| Net financials | -109 | -80 | -77 | -86 | 0 |
| Profit/loss before tax | -81 | -83 | -59 | -55 | -31 |
| Profit/loss for the year | -91 | -83 | -67 | -62 | -43 |
| Fixed assets | 5,035 | 4,514 | 4,204 | 3,796 | 1,736 |
| Non-fixed assets | 665 | 670 | 603 | 442 | 721 |
| Total assets | 5,700 | 5,184 | 4,807 | 4,238 | 2,457 |
| Equity | 1,031 | 908 | 980 | 1,274 | 395 |
| Non-current liabilities other than provisions | 3,671 | 3,457 | 2,957 | 2,192 | 1,334 |
| Current liabilities other than provisions | 832 | 662 | 831 | 731 | 728 |
| **Financial ratios** | | | | | |
| Operating margin | 2.4% | -0.3% | 2.0% | 4.3 % | 10.8 % |
| Gross margin | 58.6% | 55.8% | 72.0% | 52.5% | 46.2% |
| EBITDA-margin | 32.1% | 38.4% | 38.8% | 26.8% | 27.5% |
| Return on assets | 0.0% | -0.8% | 0.4% | 0.9% | 2.7% |
| Current ratio | 79.9% | 101.2% | 72.6% | 60.5% | 99.0% |
| Equity ratio | 18.1% | 17.5% | 20.4% | 30.1% | 16.1% |
| Return on equity | -9.4% | -8.8% | -5.9% | -7.4% | -8.5% |
| Average number of full-time employees | 832 | 662 | 831 | 731 | 728 |

The key figures for the years from 2018 to 2020 have been amended to reflect the impact of the merger between GlobalConnect A/S, GlobalConnect NN A/S and ZEN SYSTEMS A/S on the 1st of July 2021 wherein GlobalConnect A/S was the continuing company. In accordance with the relevant standards related to Business Combination under common control, the merger has been accounted for using the Group Method which requires that the combined entities be presented as if they have been always combined from the earliest of when the control has been established or the earliest period presented. GlobalConnect NN A/S (including ZEN SYSTEMS A/S) has been acquired by the Group in November 2018.

In addition, the key figures for the years from 2017 to 2018 have not been amended to include the impact of the implementation of IFRS 15 and IFRS 16 as at 1 January 2019.

# Management's review

## Business review

GlobalConnect is an independent fiber 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 sector are continuously redefining how we work and have the potential to deliver immense benefits to society; via its network and data center infrastructure, GlobalConnect benefits from these underlying megatrends.

GlobalConnect covers all of Denmark, Northern Germany, and parts of Sweden with more than 100,000 km of high-speed optical fiber network and more than 30,000 m2 of data centers. GlobalConnect also acts as a turnkey supplier of international lines and services via partnering with other telecommunica-tion operators outside the Company's own coverage area.

## Financial review

GlobalConnect NN A/S and ZEN SYSTEMS A/S were merged into GlobalConnect A/S as of July 1st, 2021. Both Companies were dissolved after the merger. The purpose of the merger is to create a more scalable production and support future growth plans.

The merger between GlobalConnect A/S, GlobalConnect NN A/S and ZEN SYSTEMS A/S was considered to be a business combination under common control. In accordance with the Danish Financial Statements Act, the merger was accounted for using the Group Method. Under the Group Method, the combined entities' will be presented as if they had been always combined.

The income statement for 2021 shows a loss of DKK 91,299 thousand against a loss of DKK 82,840 thousand last year, and the balance sheet at 31 December 2021 shows equity of DKK 1,031,048 thousand.

In the annual report for 2020, Management expected the Company's growth to continue during 2021. GlobalConnect's 2021 financial performance was in line with expectations and both the Board and Management considers it satisfactory.

No ordinary dividend is proposed for 2021.

## Financial risks and use of financial instruments

The price level of GlobalConnect 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 is settled in Danish currency (DKK), but due to activities abroad, the result, 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.

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.

# Management's review

## Data ethics

Data ethics policy in 2021, the Company carried out initiatives to support our continued commitment to maintain strong data ethics. GlobalConnect recognizes that it has an obligation to ensure the protection of the rights and privacy of employees, customers, suppliers and partners when utilizing technologies for the processing of data. Therefore, a policy on data ethics guided by principles which supplements the Company's general procedures and policies for processing of personal data will be adopted in 2022.

## Statutory Statement on Social Responsibility

GlobalConnect A/S' statutory statement on social responsibility cf. FSA §99a can be found in the parent company's 2021 annual report on the following link:

https://datacvr.virk.dk/enhed/virksomhed/26759722?fritekst=globalconnect&sideIndex=0&size=10

## Account of the gender composition of Management, cf. §99b

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.

All Danish employees are employed at the parent company GlobalConnect A/S. The number of employees was 530 at 31 December 2021 (2020: 465). We base all decisions as for employment, promotion, dismissal, wages, and other work conditions on relevant and objective criteria.

Gender diversity starts at the top. At GlobalConnect, we believe different perspectives help us evolve as a company and as human beings. Gender diversity is one of the ways to attain diversity and one that we can measure - we do not track nationality, for example.

Across the Group, the gender split among employees was 24%women and 76%men in 2021 with atarget of 30/70. We will continue to improve that ratio by securing female candidates on the short list for senior positions and other initiatives, including unconscious biases.

Our gender ratio of women in the Executive Leadership Team (ELT) of GlobalConnect Group has decreased slightly from 45%in 2020 to 42%in 2021. GlobalConnect aims at getting 50%women in the Executive Leadership Team by 2025, provided that best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc., are available for the position.

GlobalConnect is proud to already be meeting the EU's 2025 Gender Equality goals by having a female CEO in Denmark, Sweden, and Norway. Our strategic product area METEC is also headed up by our most recent female ELT member.

Status of the gender distribution of the Board of Directors in GlobalConnect is 80%women out of a total of five Board members. GlobalConnect has a target of achieving an equal gender distribution entailing a 60/40 split by 2025. The target has not been achieved yet since there has not been any election for the Board of Directors during 2021.

Current status is due to qualifications among candidates; however, the 2025 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.

# Management's review

## Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2021.

Following the recent events in Ukraine, considerations has been made as to the impact on the financial reporting of GlobalConnect. GlobalConnect does not have significant operations or exposures in Russia, Belarus or Ukraine. There is continuous monitoring of any effect of imposed sanctions.

As a Group, GlobalConnect could be impacted through fluctuations in commodity prices and foreign currency rates, inflation, supply chain disruptions and possible slowdowns in global economies if the conflict becomes long lasting. Additionally, there is a general heightened cyber security threat identified in our main operating countries.

No events have occurred 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.

# Financial statements 1 January - 31 December

## Income statement

| Note | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| 3 | Revenue | 1,152,739 | 914,450 |
| | Cost of sales | -283,486 | -346,541 |
| | Other operating income | 25,452 | 35,269 |
| | Other external expenses | -219,176 | -92,853 |
| | Gross profit | 675,529 | 510,325 |
| 4 | Staff costs | -305,106 | -159,516 |
| 5 | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -343,003 | -353,531 |
| | Profit/loss before net financials | 27,420 | -2,722 |
| 6 | Financial income | 13,446 | 18,931 |
| 7 | Financial expenses | -122,184 | -99,174 |
| | Profit/loss before tax | -81,318 | -82,965 |
| 8 | Tax for the year | -9,981 | 124 |
| | Profit/loss for the year | -91,299 | -82,841 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| | ASSETS | | |
| | Fixed assets | | |
| 9 | Intangible assets | | |
| | Completed development projects | 87,992 | 20,424 |
| | Acquired intangible assets | 896,062 | 952,523 |
| | | 984,054 | 972,947 |
| 10 | Property, plant and equipment | | |
| | Land and buildings | 198,060 | 209,920 |
| | Facility Housing | 238,004 | 211,303 |
| | Spare parts | 70,106 | 49,857 |
| | Plant and machinery | 630,171 | 618,326 |
| | Fibre/ducts | 1,723,070 | 1,570,648 |
| | Fixtures and fittings, other plant and equipment | 313,338 | 280,985 |
| | Leasehold improvements | 32,588 | 1,471 |
| | Property, plant and equipment under construction | 178,166 | 165,057 |
| | Prepayments for property, plant and equipment | 0 | 24,501 |
| | | 3,383,503 | 3,132,068 |
| 11 | Investments | | |
| | Investments in group enterprises | 212,548 | 212,548 |
| | Receivables from group enterprises | 448,014 | 190,143 |
| | Deposits | 6,647 | 6,660 |
| | | 667,209 | 409,351 |
| | Total fixed assets | 5,034,766 | 4,514,366 |
| | Non-fixed assets | | |
| | Receivables | | |
| | Trade receivables | 262,946 | 230,715 |
| | Receivables from group enterprises | 83,510 | 347,753 |
| | Other receivables | 34,200 | 21,108 |
| 12 | Prepayments | 283,846 | 62,315 |
| | | 664,502 | 661,891 |
| | Cash | 0 | 8,339 |
| | Total non-fixed assets | 664,502 | 670,230 |
| | TOTAL ASSETS | 5,699,268 | 5,184,596 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 13 | Share capital | 2,325 | 2,325 |
| | Revaluation reserve | 10,593 | 11,140 |
| | Reserve for development costs | 68,634 | 15,930 |
| | Retained earnings | 949,495 | 878,468 |
| | Total equity | 1,031,047 | 907,863 |
| | Provisions | | |
| 15 | Deferred tax | 153,277 | 145,913 |
| 16 | Other provisions | 11,737 | 11,737 |
| | Total provisions | 165,014 | 157,650 |
| | Liabilities other than provisions | | |
| 14 | Non-current liabilities other than provisions | | |
| | Lease liabilities | 292,137 | 271,466 |
| | Prepayments received from customers | 9,505 | 57,351 |
| | Payables to group entities | 2,980,724 | 2,820,054 |
| | Other payables | 34,092 | 2,506 |
| 17 | Deferred income | 354,999 | 305,260 |
| | | 3,671,457 | 3,456,637 |
| | Current liabilities other than provisions | | |
| | Bank debt | 0 | 25,427 |
| | Lease liabilities | 81,633 | 87,731 |
| | Prepayments received short-term | 90,104 | 17,450 |
| | Trade payables | 210,325 | 210,555 |
| | Payables to group enterprises | 35,931 | 0 |
| | Joint taxation contribution payable | 54 | 564 |
| | Other payables | 128,632 | 113,420 |
| 17 | Deferred income | 285,071 | 207,299 |
| | | 831,750 | 662,446 |
| | Total liabilities other than provisions | 4,503,207 | 4,119,083 |
| | TOTAL EQUITY AND LIABILITIES | 5,699,268 | 5,184,596 |

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
21 Appropriation of profit/loss

# 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 2020 | 2,325 | 11,687 | 14,146 | 951,943 | 980,101 |
| 21 | Transfer, see "Appropriation of profit/loss" | 0 | 0 | 1,784 | -84,625 | -82,841 |
| | Dissolution of previous years' revaluations | 0 | -547 | 0 | 547 | 0 |
| | Contribution from group | 0 | 0 | 0 | 10,603 | 10,603 |
| | Equity at 1 January 2021 | 2,325 | 11,140 | 15,930 | 878,468 | 907,863 |
| 21 | Transfer, see "Appropriation of profit/loss" | 0 | 0 | 52,704 | -144,003 | -91,299 |
| | Debt cancellation of parent company loan | 0 | 0 | 0 | 203,600 | 203,600 |
| | Dissolution of previous years' revaluations | 0 | -547 | 0 | 547 | 0 |
| | Contribution from group | 0 | 0 | 0 | 10,883 | 10,883 |
| | Equity at 31 December 2021 | 2,325 | 10,593 | 68,634 | 949,495 | 1,031,047 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies

The annual report of GlobalConnect A/S for 2021 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

### 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 ultimate parent company Nordic Connectivity AB.

### Reporting currency

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

### Intra-group business combinations

Effective 01 January 2021, the Company merged with its wholly-owned subsidiary, GlobalConnect NN A/S, and with its indirect subsidiary, Zen Systems A/S, which is a wholly-owned subsidiary of GlobalConnect NN A/S, through an intra-group business combination wherein GlobalConnect A/S is identified as the continuing company. The merger has been accounted for in accordance with the group method, wherein the financial statements of the combined entities were presented as if they had been always combined.

Accordingly, on 01 January 2021, the merger has resulted for the recognition of acquired goodwill amounting to DKK 927.499 thousand and excess of fair value over the book value of certain property, plant and equipment amounting to DKK 87,026 thousand due to the purchase price allocation during GlobalConnect NN A/S acquisition in 2018. The merger has affected equity by DKK 466,483 thousand corresponding to the net assets of the merged subsidiaries less net book value of the investments at the time of the acquisition in 2018, amortization of goodwill from acquisition date, depreciation of the PPA related fair value increase of the property, plan and equipment from acquisition date and the related deferred tax impact of such depreciation expense.

### 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

The Company has chosen IFRS 15 "Revenue from contracts with customers" as interpretation for revenue recognition.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

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.

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.

### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

### 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.

Within the Group, there has been established a Long-term Incentive program (LTIP). The ultimate parent company Nordic Connectivity AB has the obligation to make a cash payment to the employees. The employees are employed in different subsidiaries, and GlobalConnect A/S has no obligation to settle the transaction and therefore, accounts for the transaction as equity-settled award, recognizing a staff cost and a corresponding credit in equity as a contribution from its parent.

### 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 patents, 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 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

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 |
| Fixtures and fittings, other plant 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.

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.

### 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.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

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 areidentifiable 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.

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.

Development costs and internally accumulated rights are recognised in the income statement as costs in the year of acquisition.

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

The Company has chosen IFRS 16 "Leases" as interpretation for classification and recognition of leases.

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.

### 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.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 Accounting policies (continued)

Gains and 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 fixed 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.

### Equity

Debt cancellation by a shareholder

Cancellation by the Parent of its subsidiaries debt is recognized directly under "Retained Earnings under Equity" in the year it occurred

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

#### Revaluation reserve

The reserve comprises revaluations of property, plant and equipment/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 dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or 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.

### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|---|---|
| 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 | $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$ |
| 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 | $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$ |

# Financial statements 1 January - 31 December

## Notes to the financial statements

2 Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2021.

Following the recent events in Ukraine, considerations has been made as to the impact on the financial reporting of GlobalConnect. GlobalConnect does not have significant operations or exposures in Russia, Belarus or Ukraine. There is continuous monitoring of any effect of imposed sanctions.

As a Group, GlobalConnect could be impacted through fluctuations in commodity prices and foreign currency rates, inflation, supply chain disruptions and possible slowdowns in global economies if the conflict becomes long lasting. Additionally, there is a general heightened cyber security threat identified in our main operating countries.

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

| | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| 3 | Segment information | | |
| | Breakdown of revenue by business segment: | | |
| | Datacom | 805,387 | 570,639 |
| | Digital Solutions | 347,352 | 343,811 |
| | | 1,152,739 | 914,450 |
| | Breakdown of revenue by geographical segment: | | |
| | Domestic | 921,676 | 691,024 |
| | Abroad | 231,063 | 223,426 |
| | | 1,152,739 | 914,450 |
| 4 | Staff costs and incentive programmes | | |
| | Wages/salaries | 372,108 | 178,337 |
| | Pensions | 32,714 | 30,457 |
| | Other social security costs | 3,414 | 2,884 |
| | Other staff costs | 1 | 18 |
| | Capitalised wages and salaries related to development projects and property, plant and equipment | -103,131 | -52,180 |
| | | 305,106 | 159,516 |
| | Average number of full-time employees | 832 | 662 |

Total remuneration to the Executive Board for 2021: DKK 2,376 thousand.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### Incentive programmes

Within the Group, there has been established a long-term incentive program (LTIP). For Denmark, the LTIP includes the CEO and senior management. The parent company Nordic Connectivity AB has the obligation to make the cash payments to the employees. The employees are employed in the different subsidiaries, and the subsidiaries have no obligation to settle the transaction. Because GlobalConnect A/S has no obligation to settle the transaction, the transaction is accounted as an equity-settled award, recognizing a staff cost and a corresponding credit in equity as a contribution from its parent. In 2021, the cost related to LTIP amounts to DKK 10,883 thousand, which has been recognised under "Wages/salaries".

| | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| 5 | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | | |
| | Amortisation of intangible assets | 70,921 | 61,728 |
| | Depreciation of property, plant and equipment | 272,082 | 271,607 |
| | Impairment of property, plant and equipment | 0 | 20,196 |
| | | 343,003 | 353,531 |
| 6 | Financial income | | |
| | Interest receivable, group entities | 10,881 | 14,405 |
| | Exchange gain | 1,930 | 2,772 |
| | Other financial income | 635 | 1,754 |
| | | 13,446 | 18,931 |
| 7 | Financial expenses | | |
| | Interest expenses, group entities | 102,700 | 80,372 |
| | Interest expenses, leases | 14,021 | 6,869 |
| | Exchange losses | 3,824 | 2,415 |
| | Other financial expenses | 1,639 | 9,518 |
| | | 122,184 | 99,174 |
| 8 | Tax for the year | | |
| | Estimated tax charge for the year | 54 | 296 |
| | Deferred tax adjustments in the year | 6,182 | -1,783 |
| | Tax adjustments, prior years | 3,745 | 1,363 |
| | | 9,981 | -124 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 9 Intangible assets

| DKK'000 | Completed development projects | Acquired intangible assets | Total |
|---|---|---|---|
| Cost at 1 January 2021 | 48,975 | 1,066,173 | 1,115,148 |
| Additions | 82,028 | 0 | 82,028 |
| Cost at 31 December 2021 | 131,003 | 1,066,173 | 1,197,176 |
| Impairment losses and amortisation at 1 January 2021 | 28,551 | 113,650 | 142,201 |
| Amortisation for the year | 14,460 | 56,461 | 70,921 |
| Impairment losses and amortisation at 31 December 2021 | 43,011 | 170,111 | 213,122 |
| Carrying amount at 31 December 2021 | 87,992 | 896,062 | 984,054 |

Completed development projects

Completed development projects includes cost incurred for the development of a high-speed and high-capacity cross-border optical fiber network that will run through the southern parts of Norway and Sweden which cover large parts of Denmark and costs incurred for the development of the Company's ERP system AX.

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.

# Financial statements 1 January - 31 December

## Notes to the financial statements

## 10 Property, plant and equipment

| DKK'000 | Land and buildings | Facility Housing | Spare parts | Plant and machinery | Fibre/ducts | Fixtures and fittings, other plant and equipment | Leasehold improvements | Property, plant and equipment under construction | Prepayments for property, plant and equipment | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Cost at 1 January 2021 | 269,396 | 458,329 | 49,857 | 971,852 | 2,300,549 | 847,463 | 10,073 | 165,057 | 24,501 | 5,097,077 |
| Adjustments | -10,063 | 4,655 | 0 | 0 | -26,108 | -3,367 | 0 | -4,665 | 0 | -39,548 |
| Additions | 886 | 15,000 | 66,823 | 88,933 | 45,035 | 9,775 | 40,499 | 393,257 | 0 | 660,208 |
| Transfer from property, plant and equipment under construction to intangible assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -79,834 | 0 | -79,834 |
| Disposals | -1,888 | 0 | -14,914 | 0 | 0 | -2,136 | 0 | 0 | 0 | -18,938 |
| Transfer from property, plant and equipment under construction to specific property, plant and equipment asset account | 275 | 38,103 | -31,660 | 0 | 219,445 | 93,796 | 191 | -295,649 | -24,501 | 0 |
| Cost at 31 December 2021 | 258,606 | 516,087 | 70,106 | 1,060,785 | 2,538,921 | 945,531 | 50,763 | 178,166 | 0 | 5,618,965 |
| Revaluations at 1 January 2021 | 0 | 0 | 0 | 0 | 14,284 | 0 | 0 | 0 | 0 | 14,284 |
| Value adjustments for the year | 0 | 0 | 0 | 0 | -701 | 0 | 0 | 0 | 0 | -701 |
| Revaluations at 31 December 2021 | 0 | 0 | 0 | 0 | 13,583 | 0 | 0 | 0 | 0 | 13,583 |
| Impairment losses and depreciation at 1 January 2021 | 59,476 | 247,026 | 0 | 353,526 | 744,185 | 566,478 | 8,602 | 0 | 0 | 1,979,293 |
| Adjustments | -10,064 | 4,655 | 0 | 0 | 25,084 | -2,827 | 0 | 0 | 0 | 16,848 |
| Depreciation | 27,691 | 26,402 | 0 | 77,088 | 60,165 | 70,462 | 9,573 | 0 | 0 | 271,381 |
| Disposals | -16,557 | 0 | 0 | 0 | 0 | -1,920 | 0 | 0 | 0 | -18,477 |
| Impairment losses and depreciation at 31 December 2021 | 60,546 | 278,083 | 0 | 430,614 | 829,434 | 632,193 | 18,175 | 0 | 0 | 2,249,045 |
| Carrying amount at 31 December 2021 | 198,060 | 238,004 | 70,106 | 630,171 | 1,723,070 | 313,338 | 32,588 | 178,166 | 0 | 3,383,503 |
| Carrying amount at 31 December 2021, if no revaluation had been made | 0 | 0 | 0 | 0 | 1,587,858 | 0 | 0 | 0 | | |
| Property, plant and equipment include finance leases with a carrying amount totalling | 151,752 | 36,493 | 0 | 2,992 | 124,781 | 12,088 | 31,336 | 0 | 0 | 359,442 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 11 Investments

DKK'000

Cost at 1 January 2021
Additions
Disposals/Receipts

Cost at 31 December 2021

Carrying amount at 31 December 2021

| Name | Domicile | Interest | Equity DKK'000 | Profit/loss DKK'000 |
|---|---|---|---|---|
| Subsidiaries | | | | |
| GlobalConnect Netz GmbH* | Hamburg | 100.00% | 291,876 | -3,364 |

*Based on unaudited financial statements as at 31 December 2021.

### 12 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

| DKK'000 | 2021 | 2020 |
|---|---|---|
| **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 other than provisions

| DKK'000 | Total debt at 31/12 2021 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Lease liabilities | 373,770 | 81,633 | 292,137 | 55,645 |
| Prepayments received from customers | 99,609 | 90,104 | 9,505 | 5,135 |
| Payables to group entities | 3,016,655 | 35,931 | 2,980,724 | 0 |
| Other payables | 34,092 | 0 | 34,092 | 0 |
| Deferred income | 640,070 | 285,071 | 354,999 | 147,127 |
| | 4,164,196 | 492,739 | 3,671,457 | 207,907 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK'000 | 2021 | 2020 |
|---|---|---|---|
| 15 | Deferred tax | | |
| | Deferred tax at 1 January | 145,913 | 147,031 |
| | Adjustment of the deferred tax charge for the year | 6,182 | -1,783 |
| | Adjustment regarding prior year | 0 | -25 |
| | Other deferred tax | 1,182 | 689 |
| | Deferred tax at 31 December | 153,277 | 145,912 |
| | Deferred tax relates to: | | |
| | Intangible assets | 1,004 | -1,238 |
| | Property, plant and equipment | 150,714 | 165,917 |
| | Liabilities | -9,086 | -20,161 |
| | Other taxable temporary differences | 10,645 | 1,394 |
| | | 153,277 | 145,912 |

Other taxable temporary differences primarily consist of excess of fair vale over book value of assets acquired during business combinatiion, leases and deferred income.

16 Other provisions

Other provisions for liabilities relate to provision for legal costs and 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

| | 2021 | 2020 |
|---|---|---|
| Guarentees to third parties | 18,209 | 18,569 |
| | 18,209 | 18,569 |

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 2021.

# 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 | Copenhagen, Denmark | Principal shareholder |

Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|---|
| Nordic Connectivity AB | Uppsala, Sweden | 753 81 Uppsala, Sweden |

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.

On April 29, 2021, GlobalConnect Invest DK A/S has cancelled the loan owned from GlobalConnect A/S amounting to DKK 203.600 thousand. The debt cancellation were shown as a transaction directly affecting equity.

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 2,436 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 1 January 2023.

GlobalConnect Invest DK A/S has declared not to recall the intra-group balance, at least until 31 December 2022.

Ownership

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

| Name | Domicile |
|---|---|
| GlobalConnect Invest DK A/S | Copenhagen, Danmark |

### 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 Nordic Connectivity AB.

# Financial statements 1 January - 31 December

## Notes to the financial statements

| DKK'000 | 2021 | 2020 |
|---|---|---|
| 21 Appropriation of profit/loss | | |
| Recommended appropriation of profit/loss | | |
| Other reserves | 52,704 | 1,784 |
| Retained earnings/accumulated loss | -144,003 | -84,625 |
| | -91,299 | -82,841 |

Debt to an amount of DKK 203.600 thousand has been cancelled by the parent company.

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

**The name is withheld** (SSN validated)
**Executive Board**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-204084658339*
*IP: 217.74.xxx.xxx*
*2022-06-07 08:32:25 UTC*
NEM ID

**The name is withheld** (SSN validated)
**Board of Directors**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-204084658339*
*IP: 217.74.xxx.xxx*
*2022-06-07 08:34:20 UTC*
NEM ID

**Rikke Skovsager Sångren Servais**
**Board of Directors**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-397706602989*
*IP: 77.221.xxx.xxx*
*2022-06-07 12:55:27 UTC*
NEM ID

**Hans Henrik Schibler**
**Chair**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-599021202902*
*IP: 217.74.xxx.xxx*
*2022-06-07 14:17:59 UTC*
NEM ID

**Jannie Laurberg Sørensen**
**Board of Directors**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-199955946251*
*IP: 217.74.xxx.xxx*
*2022-06-07 14:25:57 UTC*
NEM ID

**Cecilie Sell Vincent Sternkopf**
**Board of Directors**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-372214533545*
*IP: 217.74.xxx.xxx*
*2022-06-08 13:16:30 UTC*
NEM ID

**Karsten Boegel**
**State Authorised Public Accountant**
On behalf of: EY Godkendt Revisionspartnerselskab
*Serial number: CVR:30700228-RID:24924796*
*IP: 145.62.xxx.xxx*
*2022-06-09 12:52:19 UTC*
NEM ID

**Rasmus Reichhardt Svendsen**
**Chairman**
On behalf of: GlobalConnect A/S
*Serial number: PID:9208-2002-2-435978514706*
*IP: 87.49.xxx.xxx*
*2022-06-09 19:20:59 UTC*
NEM ID