Nianet A/S

Hørskætten 3, 2630 Taastrup

CVR no. 27 17 27 76

Annual report 2018

Approved at the Company's annual general meeting on ~~31 May~~ 6 June 2019

Chairman:

....

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 Nianet A/S for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.

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.

Glostrup, 23 May 2019
Executive Board:

Martin Lippert

Board of Directors:

Jacob Kjær
Chairman

Mette Slesvig

Martin Lippert

Peter Stig Andersen

Carsten Jørgensen

Karsten Lykke Høvdinghoff

f. Søren Kristensen

Martin Hein Lippert

Statement by the Board of Directors and the Executive Board

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

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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.

Glostrup, 23 May 2019
Executive Board:

Martin Lippert

Board of Directors:

Jacob Kjær Chairman	Mette Slesvig	Martin Lippert
Peter Stig Andersen	Carsten Jørgensen	Karsten Lykke Høvdinghoff
Søren Kristensen	Martin Hein Lippert	

Independent auditor's report

To the shareholder of Nianet A/S

Opinion

We have audited the financial statements of Nianet A/S for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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.
- 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, 23 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed	Thomas Legarth
State Authorised Public Accountant	State Authorised Public Accountant
mne28677	mne44099

Management's review

Company details

Name	Nianet A/S
Address, Postal code, City	Hørskætten 3, 2630 Taastrup
CVR no.	27 17 27 76
Established	22 May 2003
Financial year	1 January - 31 December
Website	www.nianet.dk
E-mail	info@nianet.dk
Telephone	+45 70 20 87 30
Board of Directors	Jacob Kjær, Chairman Mette Slesvig Martin Lippert Peter Stig Andersen Carsten Jørgensen Karsten Lykke Høvdinghoff Søren Kristensen Martin Hein Lippert
Executive Board	Martin Lippert
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKKm	2018	2017	2016	2015	2014
Key figures					
Revenue	361	328	296	287	276
Gross margin	208	191	160	133	122
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	113	109	88	65	55
Operating profit/loss	34	54	36	15	13
Net financials	-32	-8	-7	-5	-5
Profit/loss for the year	**-53**	**35**	**19**	**7**	**4**
Fixed assets	622	689	589	525	437
Non-fixed assets	114	74	58	60	68
Total assets	**736**	**763**	**647**	**585**	**505**
Equity	**273**	**325**	**283**	**264**	**257**
Non-current liabilities other than provisions	322	187	159	148	98
Current liabilities other than provisions	121	237	202	172	150
Financial ratios					
Operating margin	11.8%	16.4%	12.2%	5.2 %	4.7 %
Gross margin	57.6%	58.2%	54.1%	46.3%	44.2%
EBITDA-margin	31.3%	33.2%	29.7%	22.6%	19.9%
Current ratio	94.2%	31.2%	28.7%	34.9%	45.3%
Equity ratio	37.1%	42.6%	43.7%	45.1%	50.9%
Return on equity	-17.7%	11.5%	6.9%	2.7%	1.6%
Average number of employees	**142**	**140**	**129**	**109**	**115**

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

Operating margin $$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$$

Gross margin ratio $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

EBITDA-margin $$\frac{\text{Earnings before interest, taxes and amortisations (EBITA) x 100}}{\text{Revenue}}$$

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 $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Financial figures for 2017 have been restated as a result of changes in accounting policies, cf. note 1. The financial figures for the years 2014-2016 have not been restated.

Management's review

Business review

The objective of the Company is to offer fiber-based, high-speed LAN-LAN connections and Internet as well as other related services. In addition, the Company offers housing services from its own data centers and establishes fiber networks for other network operators.

Nianet A/S is a wholly-owned subsidairy of GlobalConnect A/S which is owned by Skynet Invest Holding A/S. Skynet Invest Holding A/S is owned by Broadnet Holding 1 AS which is indirectly owned by the investment company EQT.

Nianet owns 100% of the shares in Zen Systems A/S.

Financial review

Nianet A/S' net revenue amounted to DKK 361 million (2017: DKK 328 million) and EBIT amounted to DKK 43 million (2017: DKK 54 million).

The income statement for 2018 shows a loss of DKK 53 million against a profit of DKK 35 million last year and, at 31 December 2018, the balance sheet showd equity of DKK 273 million (2017: DKK 325 million). The results for 2018 are negatively affected by an impairment loss on investments of DKK 55 million and loss from divestment of investments of DKK 20 million.

In May 2018, a significant event occurred as the Danish Competition and Consumer Authority approved GlobalConnect A/S' acquisition of Nianet A/S. In order to obtain the approval from the Danish Competition and Consumer Authority for GlobalConnect A/S to acquire Nianet A/S, Nianet A/S undertook a commitment to divest Fuzion A/S and its data centres in Skanderborg and Aarhus, including all relevant contracts related to these, which was executed on 30 November 2018.

In the annual report for 2017, Management expected a continued positive development in the results. Management considers the Company's financial performance in the year satisfactory and in line with expectations before the extraordinary items mentioned above.

Through EQT's ownership, the Company has one of Europe's leading investment funds as an owner. EQT is capital-strong and is dedicated to ensuring continued profitable growth of the Company. The strategy suggests that the Company should strengthen its position as a leading player in data communications.

The Company's budgets support these demands made by the Company's Board and owners.

Special risks

Financial risk includes credit risk, liquidity risk, currency risk and interest rate risk. Nianet A/S is mainly exposed to credit risk through impairment of accounts receivable. A significant proportion of Nianet's services requires prepayment. As such, Nianet A/S has realised minor losses due to breach of contract or bankruptcies. Nianet A/S is part of the Broadnet Group and as such financed by a combination of intercompany long-term loans and long-term credit facilities. Nianet is not exposed to changes in exchange rates as both income and costs are in DKK. However, Nianet is exposed to an interest rate risk as the debt in the Parent Company is linked to a variable market interest rate.

Research and development activities

Nianet A/S does not have reseach or development activities.

Statutory CSR report

In relation to corporate social responsibility, Nianet A/S does not have any formal policies, including human rights, environmental and climate conditions, social conditions and employee relations, as well as anti-corruption. It is Management's assessment that negative impact on the aforementioned areas was minimal in 2018. In 2019, Nianet will explore the possibilities of designing formal policies for social responsibilities.

Management's review

The Board of Directors assesses the working environment as satisfactory. Sickness absence in Nianet was 3.1% in 2018.

Our aim is to achieve a reasonable work-life balance, including same conditions for all employees. The Company bases all decisions regarding employment, promotions, redundancies, wages and other employment relationships on relevant and objective criteria.

The Company is constantly working to optimise energy consumption so that it contributes to a reduction of global CO2 emissions. This is done by investing in a photovoltaic plant to reduce the consumption of "black" electricity. Furthermore, the power consumption is an important parameter when making investments in new technical equipment.

Account of the gender composition of Management

The Board of Directors consists of Jacob Kjær (Chairman), Mette Slesvig, Martin Lippert, Peter Stig Andersen and the employee-elected representatives Carsten Jørgensen, Karsten Lykke Høvdinghoff, Søren Kristensen and Martin Hein Lippert. According to the guidelines issued by the Danish Business Authorities, 1 woman and 3 men constitute an equal gender distribution.

Nianet A/S believes that a diverse composition of employees, including gender, contributes to an innovative organisation and a positive working climate, which leads to increased competitiveness and profitability.

The Company's Management consists of 1 woman (20%) and 4 men (80%). In the middle management team, the composition is 22% women and 78% men. It is the Company's policy to have a 40/60% split of the underrepresented gender in management positions.

To achieve the above policies, the Company will Initiate initiatives to ensure retention of female managers and to identify new talents. Nianet A/S will seek to increase the proportion of female managers by offering internal training courses, in order to train employees, and prepare them for a potential leadership position.

It is the Company's goal to always have the best qualified people for a given position.

Events after the balance sheet date

No events have occurred from the balance sheet date until the date of signature of the annual report that could change the assessment of the Company's financial position.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2018	2017
3	**Revenue**	360,520	328,004
	Cost of sales	-130,506	-111,902
	Other operating income	8,912	0
	Other external expenses	-30,586	-24,694
	Gross margin	208,340	191,408
4	Staff costs	-94,887	-82,607
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-70,785	-54,907
	Profit before net financials	42,668	53,894
6	Financial income	141	79
	Write-down on investments	-55,381	0
7	Financial expenses	-32,281	-8,175
	Profit/loss before tax	-44,853	45,798
8	Tax for the year	-7,938	-11,079
	Profit/loss for the year	-52,791	34,719

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	ASSETS		
	Fixed assets		
9	**Intangible assets**		
	Completed development projects	322	886
	Acquired intangible assets	11	8,149
	Acquired licenses	950	0
	Goodwill	0	2,500
		1,283	11,535
10	**Property, plant and equipment**		
	Land and buildings	0	7,390
	Spare parts	8,350	9,088
	Plant and machinery	585,587	563,721
	Fixtures and fittings, other plant and equipment	5,782	6,525
		599,719	586,724
11	**Investments**		
	Investments in group enterprises	19,889	90,359
	Other receivables	763	604
		20,652	90,963
	Total fixed assets	621,654	689,222
	Non-fixed assets		
	Receivables		
	Trade receivables	41,074	30,724
	Receivables from group enterprises	23,862	0
	Joint taxation contribution receivable	627	2,585
	Other receivables	5,068	10,598
12	Prepayments	30,992	30,076
		101,623	73,983
	Cash	12,143	0
	Total non-fixed assets	113,766	73,983
	TOTAL ASSETS	735,420	763,205

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2018	2017
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	39,921	39,921
	Retained earnings	232,941	285,109
	Total equity	272,862	325,030
	Provisions		
14	Deferred tax	19,830	13,369
	Total provisions	19,830	13,369
	Liabilities other than provisions		
15	**Non-current liabilities other than provisions**		
	Bank debt	0	107,792
	Lease liabilities	55,426	79,518
	Payables to group entities	266,760	0
		322,186	187,310
	Current liabilities other than provisions		
15	Short-term part of long-term liabilities other than provisions	41,145	111,360
	Bank debt	0	25,494
	Trade payables	34,939	54,526
	Payables to group enterprises	16,188	21,899
	Corporation tax payable	2,145	2,567
	Other payables	20,858	19,890
16	Deferred income	5,267	1,760
		120,542	237,496
	Total liabilities other than provisions	442,728	424,806
	TOTAL EQUITY AND LIABILITIES	735,420	763,205

1 Accounting policies
2 Events after the balance sheet date
17 Contractual obligations and contingencies, etc.
18 Collateral
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	Retained earnings	Total
	Equity at 1 January 2017	39,921	243,460	283,381
	Adjustment of equity through changes in accounting policies	0	6,706	6,706
	Adjusted equity at 1 January 2017	39,921	250,166	290,087
21	Transfer, see "Appropriation of profit/loss"	0	34,719	34,719
	Value adjustments, hedging on future cash flows	0	287	287
	Tax on items recognised directly in equity	0	-63	-63
	Equity at 1 January 2018	39,921	285,109	325,030
21	Transfer, see "Appropriation of profit/loss"	0	-52,791	-52,791
	Value adjustments, hedging on future cash flows	0	560	560
	Tax on items recognised directly in equity	0	63	63
	Equity at 31 December 2018	39,921	232,941	272,862

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nianet A/S for 2018 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

Investment in subsidiaries are measured according to the cost method. In accordance with the cost method, dividends received from subsidiaries are recognised in the income statement. Previously, investments in subsidiaries was measured according to the equity method and a proportionate share of the underlying entities profit/loss after tax was recognised in the income statement. The change in accounting policies positively affects profit before tax as well as profit for the year by DKK 3,557 thousand (2017: DKK 1,565 thousand). At 31 December 2018, equity was affected positively by DKK 11,828 thousand (31 December 2017: DKK 8,271 thousand).

The accounting policies have been amended to adopt the policies of the Broadnet Holding 1 AS.

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year. Comparative figures for 2017 have been restated to reflect the policy changes.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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".

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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 includes the cost of goods used in generating the year's revenue.

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

Completed development projects	5-10 years
Acquired other similar rights	5-10 years
Goodwill	7 years
Plant and machinery	5-30 years
Fixtures and fittings, other plant and equipment	3-10 years

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The basis of 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 time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In 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.

Depreciation is recognised in the income statement.

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

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is estimated to 7 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

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.

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 usually 5 years and cannot exceed 10 years.

Licenses are measured at cost less accumulated amortisation and impairment losses. Licenses are amortised over the term of the license, but not exceeding 10 years.

Gains and losses on the disposal of development projects and licenses are determined as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

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.

Gains or losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less costs to sell 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, respectively.

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 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. Assets are written down to the lower of the carrying amount and the 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Income taxes

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

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

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

DKK'000	2018	2017
3 Segment information		
Breakdown of revenue by business segment:		
WAN	289,082	260,567
Housing	47,062	43,987
IT service	23,916	21,961
HW/SW	460	1,489
	360,520	328,004
Breakdown of revenue by geographical segment:		
Denmark	356,995	325,267
Other EU countries	3,525	2,737
	360,520	328,004

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	DKK'000	2018	2017
4	**Staff costs**		
	Wages/salaries	84,704	72,130
	Pensions	6,368	6,221
	Other social security costs	838	841
	Other staff costs	2,977	3,415
		94,887	82,607
	Average number of full-time employees	142	140

Total remuneration to Management: DKK 7,855 thousand (2017: DKK 3,644 thousand).

	DKK'000	2018	2017
5	**Amortisation/depreciation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	3,634	4,270
	Impairment of intangible assets	7,568	0
	Depreciation of property, plant and equipment	59,583	50,637
		70,785	54,907
6	**Financial income**		
	Other interest income	141	44
	Exchange gain	0	35
		141	79
7	**Financial expenses**		
	Interest expenses, group entities	5,340	384
	Other interest expenses	7,020	7,791
	Exchange losses	38	0
	Loss on the sale of investments in group enterprises	19,883	0
		32,281	8,175
8	**Tax for the year**		
	Estimated tax charge for the year	1,288	41
	Deferred tax adjustments in the year	6,398	10,046
	Tax adjustments, prior years	252	992
		7,938	11,079

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Notes to the financial statements

9 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Acquired licenses	Goodwill	Total
Cost at 1 January 2018	5,580	20,410	0	4,884	30,874
Additions	0	0	950	0	950
Cost at 31 December 2018	5,580	20,410	950	4,884	31,824
Impairment losses and amortisation at 1 January 2018	4,694	12,261	0	2,384	19,339
Impairment losses for the year	0	5,766	0	1,802	7,568
Amortisation for the year	564	2,372	0	698	3,634
Impairment losses and amortisation at 31 December 2018	5,258	20,399	0	4,884	30,541
Carrying amount at 31 December 2018	322	11	950	0	1,283

10 Property, plant and equipment

DKK'000	Land and buildings	Spare parts	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2018	7,390	9,088	863,864	19,804	900,146
Additions	23,055	0	86,137	2,108	111,300
Disposals	-30,445	-738	-71,881	-457	-103,521
Cost at 31 December 2018	0	8,350	878,120	21,455	907,925
Impairment losses and depreciation at 1 January 2018	0	0	300,143	13,279	313,422
Depreciation	0	0	56,817	2,766	59,583
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-64,427	-372	-64,799
Impairment losses and depreciation at 31 December 2018	0	0	292,533	15,673	308,206
Carrying amount at 31 December 2018	0	8,350	585,587	5,782	599,719
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	157,733	0	157,733

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11 **Investments**

DKK'000	Investments in group enterprises	Other receivables	Total
Cost at 1 January 2018	90,359	604	90,963
Additions	8,912	159	9,071
Disposals	-24,001	0	-24,001
Cost at 31 December 2018	75,270	763	76,033
Impairment losses	-55,381	0	-55,381
Value adjustments at 31 December 2018	-55,381	0	-55,381
Carrying amount at 31 December 2018	19,889	763	20,652

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Subsidiaries					
Zen Systems	A/S	Taastrup	100.00%	19,889	3,590

12 **Prepayments**

Prepayments recognised under current assets comprise expenses incurred concerning subsequent financial years, including rent of fiber connections from other suppliers.

DKK'000	2018	2017
13 Share capital		
Analysis of the share capital:		
39,921,194 A shares of DKK 1.00 nominal value each	39,921	39,921
	39,921	39,921

DKK'000	2018	2017
14 Deferred tax		
Deferred tax at 1 January	13,369	2,331
Tax in income statement	6,461	10,975
Tax directly in equity	0	63
Deferred tax at 31 December	19,830	13,369
Deferred tax relates to:		
Intangible assets	-133	2,332
Property, plant and equipment	25,271	23,925
Tax loss	-5,308	-12,888
	19,830	13,369

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15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	96,571	41,145	55,426	0
Payables to group entities	266,760	0	266,760	0
	363,331	41,145	322,186	0

16 Deferred income

Deferred income consists of payments received from customers that may not be recognised until the subsequent financial year.

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Skynet Invest Holding 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 and dividends falling due for payment.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2018	2017
Rent and lease liabilities	151,917	218,702

18 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2018.

19 Related parties

Nianet A/S' related parties comprise the following:

Significant influence

Related party	Domicile	Basis for significant influence
GlobalConnect A/S	Taastrup, Denmark	100%

Information about consolidated financial statements

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

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Related party transactions

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.

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	2018	2017
21 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-52,791	34,719
	-52,791	34,719