

# GlobalConnect NN A/S

Havneholmen 6, st., 2450 København SV

CVR no. 27 17 27 76

## Annual report 2020

Approved at the Company's annual general meeting on 31 May 2021

Chair of the meeting:

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Rasmus Reichhardt Svendsen



## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	9
Income statement	9
Balance sheet	10
Statement of changes in equity	12
Notes to the financial statements	13



## 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 NN A/S for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 27 May 2021  
Executive Board:

.....  
Martin Lippert  
CEO

Board of Directors:

.....  
Hans Henrik Schibler  
Chair

.....  
Jannie Laurberg Sørensen

.....  
Louise Hahn

## Independent auditor's report

To the shareholder of GlobalConnect NN A/S

### Opinion

We have audited the financial statements of GlobalConnect NN A/S for the financial year 1 January - 31 December 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 May 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Thomas Bruun Kofoed  
State Authorised Public Accountant  
mne28677

## Management's review

### Company details

Name	GlobalConnect NN A/S
Address, Postal code, City	Havneholmen 6, st., 2450 København SV
CVR no.	27 17 27 76
Established	22 May 2003
Registered office	København
Financial year	1 January - 31 December
Website	<a href="http://www.globalconnect.dk">www.globalconnect.dk</a>
E-mail	<a href="mailto:info@globalconnect.dk">info@globalconnect.dk</a>
Telephone	+45 77 30 30 00
Board of Directors	Hans Henrik Schibler, Chairman Jannie Laurberg Sørensen Louise Hahn
Executive Board	Martin Lippert, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management's review

### Financial highlights

DKKkm	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	382	365	361	328	296
Gross profit	267	234	208	191	160
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	132	117	113	109	88
Operating profit/loss	41	33	34	54	36
Net financials	-9	-11	-32	-8	-7
Profit for the year	25	16	-53	35	19
<b>Assets and liabilities</b>					
Fixed assets	657	621	622	689	589
Non-fixed assets	68	114	114	74	58
Total assets	725	735	736	763	647
Equity	271	246	273	325	283
Non-current liabilities other than provisions	318	354	322	187	159
Current liabilities other than provisions	113	120	121	237	202
<b>Financial ratios</b>					
Operating margin	10.8%	9.1%	11.9%	16.5%	12.2%
Gross margin	69.9%	64.1%	57.6%	58.2%	54.1%
EBITDA-margin	34.6%	32.1%	31.3%	33.2%	29.7%
Current ratio	60.2%	95.0%	94.2%	31.2%	28.7%
Equity ratio	37.4%	33.5%	37.1%	42.6%	43.7%
Return on equity	9.7%	6.2%	-17.7%	11.5%	6.9%
<b>Average number of employees</b>					
Average number of employees	0	32	142	140	129

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

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

The key figures for the years 2016-2018 have not been amended to the implementation of IFRS 15 and IFRS 16 as at 1 January 2019.

## Management's review

### Business review

Global Connect NN is an independent fibre infrastructure provider that offers efficient and secure data networking, data center solutions and cloud services. The digitalization, requirement for efficient communication and outsourcing trends within enterprise and public sectors are continuously redefining how we work and have the potential to deliver immense benefits to society; via its network and datacenter infrastructure, Global Connect NN benefits from these underlying megatrends. Global connect Group covers Denmark, Norway, Northern Germany and parts of Sweden with more than 74,500 km of high-speed optical fibre network and more than 27,000 m<sup>2</sup> of data centers. Global Connect NN also acts as a turnkey supplier of international lines and services via partnering with other telecommunication operators outside Global Connect NN's own coverage area.

### Financial review

The income statement for 2020 shows a profit of DKK 25,154 thousand against a profit of DKK 15,524 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 271,362 thousand.

In the annual report for 2019, Management expected GlobalConnect NN's growth to continue during 2020. GlobalConnect NN's 2020 financial performance was in line with expectations and both the Board and Management consider it satisfactory.

No ordinary dividend is proposed for 2020.

### Financial risks and use of financial instruments

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

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

### Research and development activities

GlobalConnect NN A/S does not have research or development activities.

### Statutory CSR report

The statutory CSR report is published on the Company's website:

<https://www.globalconnect.net/wp-content/uploads/2021/04/GlobalConnect-CSR-Report-2020.pdf>

### Account of the gender composition of Management

GlobalConnect NN 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 NN 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 NN 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.



## Management's review

All Danish employees are employed at the parent company GlobalConnect A/S. The number of employees was 465 at 31 December 2020. We base all decisions as for employment, promotion, dismissal, wages, and other work conditions on relevant and objective criteria. The status for the gender distribution on GlobalConnect NN's top management is 20% women and 80% men. Status of the gender distribution of the Board of Directors in GlobalConnect NN is 67% women out of a total of three Board members. According to the guidelines issued by the Danish Business Authorities, 1 woman and 3 men constitute an equal gender distribution. GlobalConnect NN aims at getting 33% women in the top management over a four-year period, provided that best-qualified persons, irrespective of gender, ethnic background, citizenship, physical performance etc., are available for the position.

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

### Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2020. The COVID-19 outbreak has affected and will affect the company's results and financial position in 2020 and 2021 respectively. However, it is not possible for the company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

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

It is expected that the Company will merge with its parent GlobalConnect A/S in 2021.

### Outlook

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

The development of the Covid-19 virus has a significant impact on our society. As a result of the implemented measures to contain the spread of the virus, the importance of our services is higher than ever before. However, it is not possible for the company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2020	2019
3	Revenue	382,371	365,104
	Cost of sales	-92,001	-111,936
	Other operating income	40	3
	Other external expenses	-23,101	-18,700
	<b>Gross profit</b>	<b>267,309</b>	<b>234,471</b>
4	Staff costs	-135,392	-117,559
5	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-90,837	-83,665
	<b>Profit before net financials</b>	<b>41,080</b>	<b>33,247</b>
6	Financial income	61	75
7	Financial expenses	-8,880	-10,905
	<b>Profit before tax</b>	<b>32,261</b>	<b>22,417</b>
8	Tax for the year	-7,107	-6,893
	<b>Profit for the year</b>	<b>25,154</b>	<b>15,524</b>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
9	<b>Intangible assets</b>		
	Completed development projects	0	21
	Acquired intangible assets	15,367	0
	Acquired licenses	823	449
		<u>16,190</u>	<u>470</u>
10	<b>Property, plant and equipment</b>		
	Land and buildings	0	58
	Spare parts	0	9,179
	Plant and machinery	618,219	586,282
	Fixtures and fittings, other plant and equipment	1,469	4,316
		<u>619,688</u>	<u>599,835</u>
11	<b>Investments</b>		
	Investments in group enterprises	19,889	19,889
	Deposits	764	766
		<u>20,653</u>	<u>20,655</u>
	<b>Total fixed assets</b>	<u>656,531</u>	<u>620,960</u>
	<b>Non-fixed assets</b>		
	Trade receivables	32,656	35,443
	Receivables from group enterprises	0	456
	Other receivables	8,308	33,922
12	Prepayments	18,542	28,019
		<u>59,506</u>	<u>97,840</u>
	Cash	7,997	16,492
	<b>Total non-fixed assets</b>	<u>67,503</u>	<u>114,332</u>
	<b>TOTAL ASSETS</b>	<u>724,034</u>	<u>735,292</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
13	Share capital	39,921	39,921
	Retained earnings	231,441	206,287
	<b>Total equity</b>	<b>271,362</b>	<b>246,208</b>
	<b>Provisions</b>		
14	Deferred tax	20,831	15,283
	<b>Total provisions</b>	<b>20,831</b>	<b>15,283</b>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
15	Lease liabilities	26,803	31,981
	Payables to group entities	258,986	284,013
16	Deferred income	32,649	37,940
		<b>318,438</b>	<b>353,934</b>
	<b>Current liabilities other than provisions</b>		
15	Short-term part of long-term liabilities other than provisions	55,392	61,779
	Trade payables	26,110	34,283
	Payables to group enterprises	30,058	22,887
	Joint taxation contribution payable	1,559	0
	Other payables	284	918
		<b>113,403</b>	<b>119,867</b>
		<b>431,841</b>	<b>473,801</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>724,034</b>	<b>735,292</b>

- 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
- 21 Appropriation of profit

## Financial statements 1 January - 31 December

## Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	39,921	206,287	246,208
21	Transfer, see "Appropriation of profit"	0	25,154	25,154
	Equity at 31 December 2020	39,921	231,441	271,362

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of GlobalConnect NN A/S for 2020 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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).

#### 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.

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..

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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 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 intangible assets	5-10 years
Plant and machinery	5-40 years
Fixtures and fittings, other plant and equipment	3-10 years

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 statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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

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

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

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

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.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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.

#### 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.

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

###### *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 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

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

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

##### Deferred income

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

##### Segment information

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

#### 2 Events after the balance sheet date

In general, the company has achieved results that are in line with expectations in 2020. The COVID-19 outbreak has affected and will affect the company's results and financial position in 2020 and 2021 respectively. However, it is not possible for the company's management at the time of financial reporting to quantify the effect, as it will depend on the duration and extent of the virus outbreak.

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

It is expected that the Company will merge with its parent GlobalConnect A/S in 2021.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020	2019
<b>3 Segment information</b>		
<b>Breakdown of revenue by business segment:</b>		
Datacom	326,496	306,687
Digital Solutions	55,875	58,417
	382,371	365,104
<b>Breakdown of revenue by geographical segment:</b>		
Denmark	374,724	361,453
Other EU countries	7,647	3,651
	382,371	365,104
<b>4 Staff costs</b>		
Wages/salaries	0	16,482
Pensions	0	1,440
Other social security costs	0	449
Other staff costs	152,042	107,804
Staff costs transferred to non-current assets	-16,650	-8,616
	135,392	117,559
 Average number of full-time employees	 0	 32
 By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
From 1 April 2019, all employees were transferred to GlobalConnect A/S. From this date, staff costs incl. Management remuneration are allocated through administration fee. In 2020, an administration fee of DKK 152,024 thousand (2019: DKK 107,088 thousand) is included in other staff costs.		
<b>5 Amortisation/depreciation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	1,455	814
Depreciation of property, plant and equipment	86,843	82,174
Impairment of property, plant and equipment	2,539	677
	90,837	83,665
<b>6 Financial income</b>		
Other financial income	61	75
	61	75

**Financial statements 1 January - 31 December**
**Notes to the financial statements**

DKK'000		2020	2019		
<b>7</b>	<b>Financial expenses</b>				
	Interest expenses, group entities	5,084	7,139		
	Interest expenses, leases	2,705	1,282		
	Exchange losses	21	68		
	Other financial expenses	1,070	2,416		
		<u>8,880</u>	<u>10,905</u>		
<b>8</b>	<b>Tax for the year</b>				
	Estimated tax charge for the year	1,559	0		
	Deferred tax adjustments in the year	5,548	4,833		
	Tax adjustments, prior years	0	2,060		
		<u>7,107</u>	<u>6,893</u>		
<b>9</b>	<b>Intangible assets</b>				
DKK'000		Completed development projects	Acquired intangible assets	Acquired licenses	Total
	Cost at 1 January 2020	5,580	20,410	950	26,940
	Additions	0	16,465	711	17,176
	Disposals	-1,955	0	0	-1,955
	Cost at 31 December 2020	<u>3,625</u>	<u>36,875</u>	<u>1,661</u>	<u>42,161</u>
	Impairment losses and amortisation at 1 January 2020	5,559	20,410	501	26,470
	Amortisation for the year	21	1,098	337	1,456
	Reversal of accumulated amortisation and impairment of assets disposed	-1,955	0	0	-1,955
	Impairment losses and amortisation at 31 December 2020	<u>3,625</u>	<u>21,508</u>	<u>838</u>	<u>25,971</u>
	Carrying amount at 31 December 2020	<u>0</u>	<u>15,367</u>	<u>823</u>	<u>16,190</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 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 2020	637	9,179	938,662	18,318	966,796
Adjustments	0	0	-288	0	-288
Additions	0	0	117,144	0	117,144
Disposals	0	-9,179	-94,549	-4,139	-107,867
Cost at 31 December 2020	637	0	960,969	14,179	975,785
Impairment losses and depreciation at 1 January 2020	579	0	352,380	14,002	366,961
Adjustments	0	0	-12	0	-12
Impairment losses	0	0	992	0	992
Depreciation	58	0	83,939	2,847	86,844
Reversal of accumulated depreciation and impairment of assets disposed	0	0	-94,549	-4,139	-98,688
Impairment losses and depreciation at 31 December 2020	637	0	342,750	12,710	356,097
Carrying amount at 31 December 2020	0	0	618,219	1,469	619,688
Property, plant and equipment include finance leases with a carrying amount totalling	0	0	36,525	504	37,029

#### 11 Investments

DKK'000	Investments in group enterprises	Deposits	Total
Cost at 1 January 2020	75,270	766	76,036
Disposals	0	-2	-2
Cost at 31 December 2020	75,270	764	76,034
Value adjustments at 1 January 2020	-55,381	0	-55,381
Value adjustments at 31 December 2020	-55,381	0	-55,381
Carrying amount at 31 December 2020	19,889	764	20,653

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
<b>Subsidiaries</b>					
Zen Systems	A/S	København	100.00%	23,549	3,301

#### 12 Prepayments

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020	2019
<b>13 Share capital</b>		
Analysis of the share capital:		
39,921,194 A shares of DKK 1.00 nominal value each	39,921	39,921
	<u>39,921</u>	<u>39,921</u>
<b>14 Deferred tax</b>		
Deferred tax at 1 January	15,283	19,830
Tax in income statement	5,548	7,349
Tax directly in equity	0	-11,896
<b>Deferred tax at 31 December</b>	<u>20,831</u>	<u>15,283</u>
Deferred tax relates to:		
Intangible assets	134	-160
Property, plant and equipment	36,087	41,769
Tax loss	0	-8,948
Other taxable temporary differences	-15,390	-17,378
	<u>20,831</u>	<u>15,283</u>

Other taxable temporary differences consist of leases and deferred income.

### 15 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	69,907	43,104	26,803	0
Payables to group entities	258,986	0	258,986	0
Deferred income	44,937	12,288	32,649	2,719
	<u>373,830</u>	<u>55,392</u>	<u>318,438</u>	<u>2,719</u>

### 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, GlobalConnect Invest 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.

### 18 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 19 Related parties

GlobalConnect NN A/S' related parties comprise the following:

##### Significant influence

<u>Related party</u>	<u>Domicile</u>	<u>Basis for significant influence</u>
GlobalConnect A/S	Copenhagen, Denmark	100%

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Nordic Connectivity AB	Uppsala, Sweden	753 81 Uppsala, Sweden

##### 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.

GlobalConnect A/S have declared not to recall the intra-group balance, at least until 31 December 2021.

##### Ownership

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

<u>Name</u>	<u>Domicile</u>
GlobalConnect A/S	Copenhagen, Denmark

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

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

DKK'000	<u>2020</u>	<u>2019</u>
21 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	25,154	15,524
	<u>25,154</u>	<u>15,524</u>



# Verifikation

Transaktion 09222115557447565196

## Dokument

### GC NN\_Årsrapport 2020

Hoveddokument

24 sider

*Påbegyndt 2021-05-27 12:18:59 CEST (+0200) af Michella Schmidt (MS)*

*Færdiggjort 2021-05-27 15:46:43 CEST (+0200)*

## Initiativtager

### Michella Schmidt (MS)

IP-Only Parent Account

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## Signerende parter

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Transaktion 09222115557447762938

## Dokument

### GC NN\_Årsrapport 2020\_SIGNED

Hoveddokument

25 sider

*Påbegyndt 2021-05-31 12:08:53 CEST (+0200) af Rasmus*

*Reichhardt Svendsen (RRS)*

*Færdiggjort 2021-05-31 12:09:29 CEST (+0200)*

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