Empowering Society

GlobalConnect | Annual Report 2022

Connectivity enables boundless possibilities, and ensures that society keeps functioning. We need it to communicate and connect, and to build a sustainable tomorrow.

Today, more than half of all data traffic in the Nordics runs through GlobalConnect's 155,000 km of fiber network. Needless to say, we have a pivotal role in making our region one of the most digitized in the world.

GlobalConnect takes pride in being able to turn visions into reality by empowering society with connectivity - a never-ending mission that is as important today as it will be tomorrow.

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1 THIS IS GLOBALCONNECT

Empowering Visions

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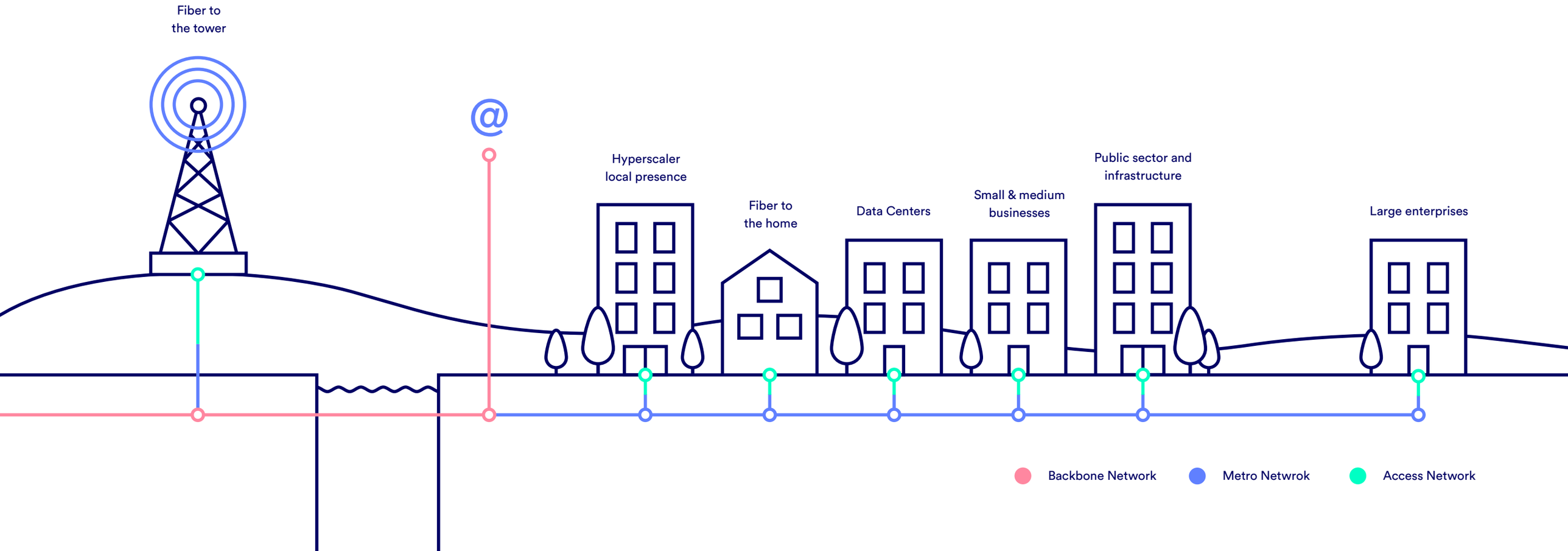
COMPANY PRESENTATION

At the Forefront of Connectivity

With one of the largest interconnected fiber network in the Nordics, GlobalConnect is reaching major new milestones and responding to massive increases in demand for data volumes and critical digital infrastructure.



COMPANY PRESENTATION

The world is generating data like never before, as more devices than ever are talking to each other and the cloud. As a result, the world's total data volumes are expected to double by 2025. This increase will require tremendous capacity, and with that a massive expansion of infrastructure transporting data.

GlobalConnect* spans a large interconnected fiber network in Northern Europe. We serve all types of customers in our region: households, enterprises, system integrators, operators, public intitutions and carriers. We provide mission critical digital infrastructure, combining a unique fiber network with a metro edge datacenter portfolio.

In the B2C business, providing fiber-to-the-homes (FTTH), GlobalConnect has provided connectivity for households in Norway and Germany under the Homenet brand. In Denmark and Sweden, we have operated under the OneFiber and IP-Only brands. From 2023, the B2C segment has been rebranded to GlobalConnect in all countries, in line with the rest of the group and our One Company initiative. Sweden and Norway have contributed to growth in mature markets, and we are investing in future growth in the new markets of Denmark, Germany and Finland.

The B2B business provides connectivity to all types of businesses - large and small - as well as to the public sector. Customers in this segment have extensive requirements and some are critical to the running of our society. Customer satisfaction is key, and we strive to continue to lead in fiber-based end-to-end solutions with solid network uptime at a consistent high level.

At GlobalConnect, we are proud to be viewed as the main entry and exit point to the Nordics for international tech operators. For us, the carrier business is a vital part of our growth, both in terms of revenue and network reach. International traffic drives the need for long-haul fiber connectivity, and GlobalConnect embarks on that journey together with its customers.

In our region, which is at the very forefront of digitalization, fiber connections are of utmost importance to the creation of a sustainable, prosperous and secure society, and they underpin all digital activities in Nordic society. Our core distribution network, coupled with our datacenter sites, facilitates major and crucial parts of data traffic in all regions in which we operate. The access network connects businesses, the public sector, carriers, mobile operators and private homes to the backbone and the cloud.

Furthermore, our fiber platform and networks allow our customers to reach almost any destination in the Nordics, in addition to providing access into and out of the region. The backbone connects to local networks and datacenters in Denmark, Finland, Norway, Sweden and Germany - enabling a strong local presence with global reach. That is why we like to call ourselves the gateway to the Nordics. That is what we work for every day – to turn visions into reality by empowering society with connectivity.

* With Nordic Connectivity AB as the parent company of Nordic Connectivity Group, referred to as GlobalConnect

Highlights 2022

214,000 Connected Homes

GlobalConnect acquired the communications operator OpenUniverse and Telenor Sweden's SDU fiber assets. The acquisition included 214,000 connected homes and further strengthened our fiber position in the Swedish B2C market.

North Sea Energy Island

Signed up for the bidding as the connectivity partner for the North Sea Energy Island with Ørsted+ATP consortium, which will serve as a digital hub, powered by renewable energy and digital infrastructure. This will be Denmark's largest ever construction project, and will be completed in 2030.

EUR 1.0 billion

EUR 1.0 billion of new debt raised from new and existing lenders to secure further organic growth in the years ahead.

One Unified Brand

Decided to phase out our local B2C brands IP-Only in Sweden, Homenet and Lynet in Norway and Germany, and OneFiber in Denmark. The group is coming together under one unified brand, GlobalConnect.

SEK 7bn

With over SEK 7bn in revenue and other income in 2022, GlobalConnect achieved a major revenue milestone.

New Cities Connected

Completed a large carrier project in Sweden in December 2022. New cities have been connected to the digital highway from Germany to the north of Sweden. The project has created a more robust infrastructure and safer connections and will attract more global tech investment into our region.

Simplifying & Reorganizing

Simplifying and reorganizing our management structure into B2C, B2B and NetCo, which also includes the Carrier segment.

2022 in Review

Financial

7.2bn
REVENUE AND OTHER INCOME

9.2bn
CAPEX

3.6bn
ADJUSTED EBITDA

50.8%
ADJUSTED EBITDA %

See page 125 for definitions and explanations of Alternative Performance Measures (APM).

Operational

155,000
OWNED AND LEASED KM FIBER

743,000
HOMES CONNECTED PORTFOLIO 2022

17
DATACENTERS

35,000
SQM DATACENTER SPACE

ESG

38%
WOMEN IN TOP MANAGEMENT

100%
SHARE OF RENEWABLE ENERGY IN CONSUMPTION

7.9/10
EMPLOYEE ENGAGEMENT SCORE

SUSTAINABILITY ACADEMY LAUNCHED TO ALL EMPLOYEES

CEO MESSAGE

Building for the Future

The past few years tested us all in unimaginable ways. As we began to recover from Covid-19, Russia´s invasion of Ukraine created uncertainty and change. And, against the backdrop of the war, we found ourselves in a global energy crisis. GlobalConnect nonetheless accelerated its pace and achieved milestones in 2022. The way we come together as one company, with passion, innovation and grit, has been truly inspirational!

Looking back on the last year, there were mounting global economic challenges. The combination of red-hot inflation, rising interest rates and volatile energy prices delivered shocks of unprecedented breadth and complexity. As for most businesses, higher hardware and energy costs also put pressure on our operations. GlobalConnect is nonetheless a stronger performing company – across all measures – than ever before. And, although I began this letter describing a challenging landscape, we celebrated a major revenue milestone in 2022, surpassing SEK 7bn – which represents double-digit growth of 16.0 %. The fact that recurring revenue was also at an all-time high stands as testimony to our ability to create close and valuable relationships with our customers. We did this by taking advantage of our fiber footprint, which now spans over 155,000 km, while our datacenter business grew to a total of over 35,000 square meters. GlobalConnect consolidated its position as one of the leading and fastest moving digital infrastructure providers in Europe. What makes me especially proud is that despite tough conditions we have the capacity to adjust with the times and to continuously expand our reach to connect new customers.

GlobalConnect has continued to invest strongly in further expanding the fiber footprint and datacenter expansion in 2022 across all markets with more than SEK 9bn. The investments have been fundamental to continue and ensure the continuous strong growth expectations for 2023 and onwards.

GlobalConnect has a history of making strategic acquisitions of technology and talent. Last year we secured additional financing to continue this growth journey, both organically and inorganically aquire assets that fit our business model. In the first quarter of last year we completed the acquisition of the communications operator Open Universe and of SDU fiber assets in Sweden. We also expanded our fiber footprint in Denmark through our acquisition of the Danish company Wizer. The work we are doing to integrate this new business and strengthen collaboration across the group is of utmost importance and a top priority for me as CEO. As we entered new phases, we also introduced a new organizational design in 2022. I'm grateful to our employees who have risen to the occasion and worked to align and bring us all closer together. Not just under the same corporate umbrella, but now under the same brand as well. In November, we announced that our B2C brands Homenet, Onefiber and IP-Only would be renamed and become GlobalConnect. Having a strong and relevant brand name has never been more important. Indeed, it also shows that we´re on a clear path to becoming one unified company, with a culture of engagement, inclusion, diversity and trust. A company that is united in our mission to connect customers and stakeholders alike.

As we move forward, we remain committed to the idea that driving innovation and growth must go hand in hand with responsibility and sustainability. We measure our ESG (Envi-

Through it all, our employees and stakeholders have remained resilient and adaptable – and have never lost sight of what GlobalConnect is about: Connectivity.

- CEO, Martin Lippert

ronmental, Social and Governance) performance, and increasingly align our reporting with leading international benchmarks such as the Science Based Targets initiative (SBTi). When operating and expanding, we combine our financial ambitions with sustainability motives. We actively engage with stakeholders to understand and address their concerns, while working together to create a positive and sustainable impact in our communities. Not only does fiber offer consumers the fastest possible internet speed, but studies from the EU and leading government agencies have concluded that it is the most energy-efficient technology for broadband access networks. GlobalConnect makes laying fiber even more environmentally friendly thanks to methods like micro trenching, which reduces waste and pollution drastically. Access to green energy in our region paves the way for increased opportunities with environmentally friendly customers in the datacenter segment. In addition, we now offer both greener and more efficient ways to cool equipment in those datacenters. Not least, we partnered with the Ørsted+ATP consortium in 2022 as a connectivity provider. The consortium's aim is to construct the North Sea Energy Island, which will be the largest construction project in Denmark ever. The island will be a hub for sustainable power and technologies, with the ambitious aim of delivering a paradigm shift in the green transition.

We are continuing to navigate through uncertainty and the resurgence of global conflict, as well as the aftermath of the pandemic. Through it all, our employees and stakeholders have remained resilient and adaptable – and have never lost sight of what GlobalConnect is about: Connectivity. Through our technology and expertise, we bridge distances large and small, helping people to stay in touch with what matters. About half of all internet traffic to and from the Nordics - one of the most modernized regions in the world - now goes through GlobalConnect infrastructure. This puts us in a unique and powerful position, making GlobalConnect the preferred partner for hyperscalers and some of the world´s premier companies. Yet we are still seeking to broaden our market by launching innovative solutions, such as SmartConnect, which launched in 2022. SmartConnect is a seamless and manageable one-stop-shop that brings connectivity products under one roof and in one easy interface. It is one of our big bet, as it involves us taking further ownership of the entire value chain – from the fiber in the ground to the cloud in the sky. As society changes, GlobalConnect continues to change. Our employees bring energy and drive every day, and I´m extremely excited to see their capabilities and what we can do together. Building for the future, it´s still early days for GlobalConnect.

CEO, Martin Lippert

Key Figures for the Group

SEK MILLION	2022	2021
Operating revenue and other income	7,163.6	6,176.4
EBITDA	3,465.3	2,895.8
EBITDA-margin	48%	47%
Adjusted EBITDA	3,642.0	3,115.7
Adjusted EBITDA-margin	51%	50%
Number of employees	1,901	1,723
SOLIDITY		
Equity ratio	27%	32%
Net interest-bearing liabilities	37,133.4	28,008.3
Net leverage	8.8	9.0

SEK MILLION	2022	2021
LIQUIDITY		
Cash and bank deposits	131.4	660.1
Liquidity reserve	11,315	7,087.6
Cash flow from operations	3,348.8	3,138.4
Total CAPEX	9,183.7	4,851.2
Free cash flow	-6,512.0	-1,712.7
Cash conversion	0.71	0.84

Key Figures per Country

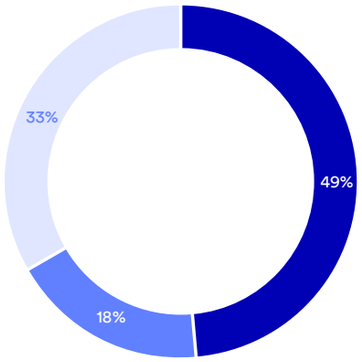
SEK MILLION DENMARK INCL. GERMANY	2022	2021
Operating revenue and other income	2,212.3	1,809.3
EBITDA	634.6	563.8
EBITDA-margin	29%	32%
Adjusted EBITDA	671.0	604.6
Adjusted EBITDA-margin	30.3%	33%
CAPEX	1,731.3	826.9
Number of employees	703	629

SEK MILLION NORWAY	2022	2021
Operating revenue and other income	2,039.4	1,877.8
EBITDA	1,022.0	910.4
EBITDA-margin	50%	49%
Adjusted EBITDA	1,079.4	962.4
Adjusted EBITDA-margin	53%	51%
CAPEX	1,280.3	1,333.0
Number of employees	465	417

SEK MILLION SWEDEN INCL. FINLAND	2022	2021
Operating revenue and other income	3,125.0	2,635.0
EBITDA	1,661.1	1,489.3
EBITDA-margin	53%	57%
Adjusted EBITDA	1,766.3	1,597.8
Adjusted EBITDA-margin	57%	61%
CAPEX	6,172.1	2,695.6
Number of employees	733	677

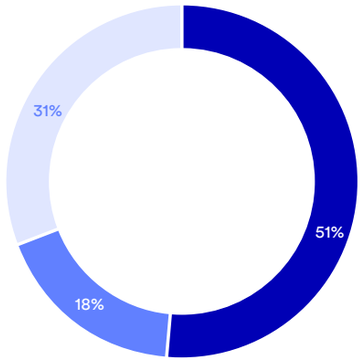
Key Figures
by Customer Segment

TOTAL REVENUE & OTHER INCOME



- B2B Revenue & Other Income
- NetCo Revenue & Other Income
- B2C Revenue & Other Income

TOTAL RECURRING REVENUE



- B2B Recurring Revenue
- NetCo Recurring Revenue
- B2C Recurring Revenue

OUR GROWTH

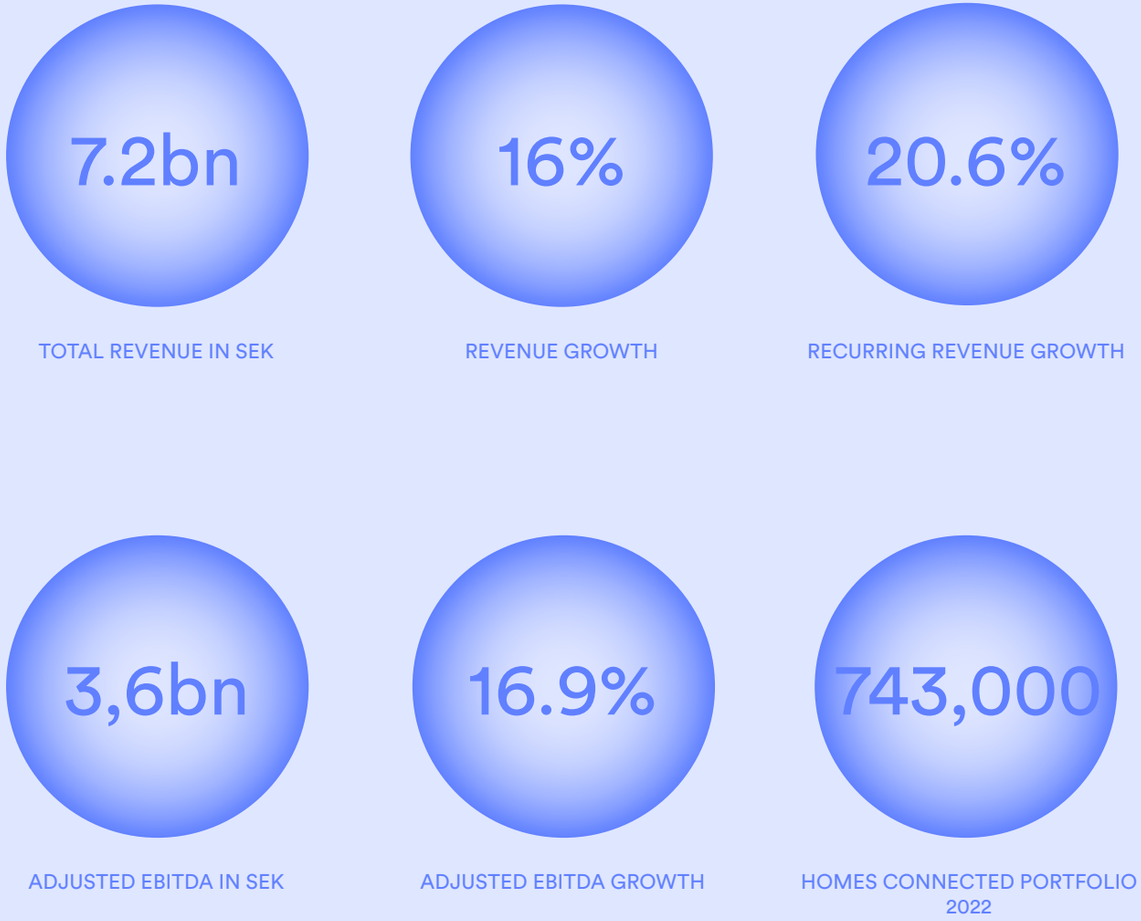
Reaching a Revenue Milestone

GlobalConnect continued its growth momentum in the B2C business and in connectivity solutions for carriers, enterprises and public institutions in 2022. The group's revenue and other income totalled SEK 7.2bn, surpassing a new milestone for the group's size. The revenue growth of 16.0 % was partly driven by the group's acquisition of OpenUniverse in Sweden, in addition to organic growth of 4.8 %, up from 2.5 % in 2021.

Recurring revenue grew 20.6 % in 2022, and this was mainly driven by B2C, with organic recurring revenue growth of 18 %. Sweden and Norway are GlobalConnect's main markets in B2C, but we are expanding our B2C business in the new markets of Denmark, Germany and Finland, and these will help fuel growth in the coming years.

Adjusted EBITDA increased 16.9 % to SEK 3.6bn from SEK 3.1bn in 2021.

We grew our portfolio of connected homes from 423,000 in 2021 to 743,000 in 2022. We have significantly invested capex to expand the B2C portfolio and connect B2B and NetCo customers. In 2022 SEK 9.2bn of capex was deployed on fiber roll-out, acquisitions and growing our digital infrastructure. As well as expanding our backbone reach and capacity. We are committed to continuing our roll-out, to future-proofing our region and to catering for global tech investments.



BUSINESS STRATEGY

Connected to Empower Society

In order to focus our energy on what truly drives our business and enables continued growth, GlobalConnect has a withstanding strategy, ensuring we focus on the key areas that maximizes the use of our cross-border digital infrastructure. By doing so we have a resilient and sustainable business model.

We focused our 2020-2025 strategy around four objectives that have, since their launch, proved to be robust sails in these turbulent times:

Expanding our Northern-European fiberoptic and datacenter infrastructure,

which are the core element of the services we provide across all segments and represent a direct monetization channel in relation to our carrier customers

Serving businesses within our B2B segment through SmartConnect.

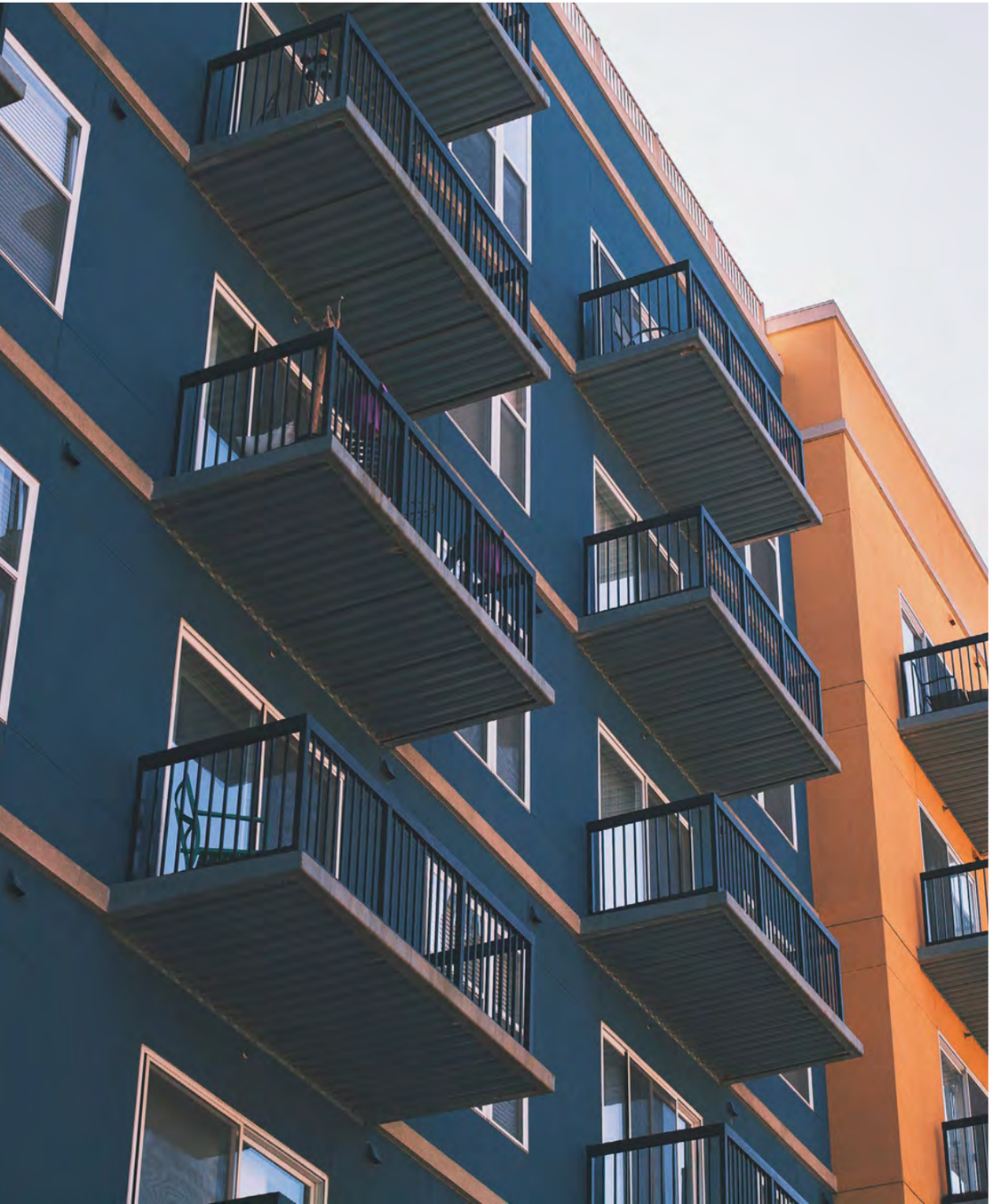
In addition to delivering optimal connectivity, our value adding offering, SmartConnect, captures customers' network needs in one simple solution

Supplying the B2C segment with continuous fiber build out and an increasing customer base,

GlobalConnect invests in roll out of fiber-to-the-homes across Northern Europe. The network is subsequently densified by adding B2C customers, further capitalizing our infrastructure.

Delivering sustainability through our scalable operations.

We are achieving increased efficiencies through scalable operations and consciousness of our environmental impact



Expanding our Northern-European fiberoptic and datacenter infrastructure

Our history and DNA are all about providing connectivity to society. We create value by monetizing our unique and dense fiber network in combination with our metro edge datacenter portfolio - across the Nordics and Northern Germany. It is the core enabler for the value-adding services we deliver on top, and at the same time represents a unique offering for the carrier segment. In our region, we are the preferred partner for global tech enterprises and international operators, and we are always there when they need increased bandwidth or datacenter capacity. The importance of this trust is what led us to establish GlobalConnect Carrier as a separate sales and operations segment.

Our region is politically stable and this, together with access to green electricity, has made it increasingly attractive for datacenter investments. We have both seen and been part of several such investments, and we are committed to continuing to capitalize on this trend. For our most demanding datacenter customers, we have equipped servers with “immersed cooling”. This is a greener and more efficient way to cool equipment using liquid, and it also allows for faster data processing.

We will continue to expand our network where we anticipate demand from customers, leveraging our existing expertise and capabilities in rolling out fiber networks. This will enable us to continue to grow in the B2C, B2B and carrier segments.

Supplying the B2C segment with continuous fiber build out and an increasing customer base

The Nordic market is at the forefront of digitalization, a trend supported by customers’ demand for higher bandwidth and government subsidies for fiber roll-out. Our Nordic fiber footprint represents a unique opportunity for us to play a key role in fulfilling this need. We unlock synergies by expanding across segments, and leverage our established and de-risked roll-out platforms.

This recipe has proven successful in both Norway and Sweden, and in 2022 we accelerated our expansion in Denmark and entered the untapped market of Germany. Despite having a winning formula for the B2C business, the characteristics of the markets in which we operate are different, both in terms of the maturity of the markets’ fiber roll-out and the typical business models applied. To win, we need to cater for the differences and adapt to changes. That is why we operate as an ISP* on our own infrastructure in Norway and Germany, while being a pure wholesaler in Sweden and Denmark.

Our revenue and number of customers in the B2C segment have been growing for many years, and there is more to come. As our expansion continues, we are prepared to adapt to any changes in the market. This might mean shifting our expansion commitments and efforts from maturing markets to new markets, or repositioning our business model in line with regulatory and competition changes.

* Internet Service Provider

Serving businesses within the B2B segment through SmartConnect

To best serve our business customers, we needed to shift from being an undifferentiated pure-play fiber provider and become a provider capable of taking care of and managing customer network needs. Combining services like Managed LAN and SD-WAN with traditional connectivity is a big bet in our strategy. The market has responded positively to the new offering, and it radically changed customers' perception of us as a connectivity provider. Integrated solutions are increasingly in demand, and customers recognize the value of buying network services over products and equipment, as doing so enables them to focus their attention on their core business. We launched SmartConnect in 2022 as an evolution to our first-mover offerings. SmartConnect is an easy, secure and managed solution comprising all the components of a customer's network ecosystem.

We will continue our SmartConnect efforts, from how we explain the benefits of managed, integrated solutions to how we improve the efficiency of their delivery. Going forward, we will improve efficiency by streamlining operations across markets, combining our strengths in each country.

In the B2B segment, we serve many customers and experience low churn. This is a great testimony to our delivered services and motivates us to keep creating value for our customers. SmartConnect has already proven its value, although there is a significant business potential from existing customers who still buy traditional internet products.

Delivering sustainability through our scalable operations

As we are empowering society through our services, we are at the same time aware that this could adversely impact the environment. We believe we can have a positive impact, both as a result of the services we deliver, and thanks to the way in which we do it. In 2022, we implemented Science-Based Targets for our sustainability efforts and launched our Customer Carbon Footprint program. This program will increase the transparency around the carbon emissions associated with our products and services, allowing customers to take these into account when making investment decisions with an environmental impact.

Fiber technology is the greenest way to deliver internet services, and we believe we will become a positive contributor to our customers' ESG efforts by increasing the transparency around our products' and services' carbon footprint.

Our internal efficiency and environmental impact targets go hand in hand with our scalability and network densification targets. For our revenue to grow faster than our cost base, we need to ensure we have scalable systems and processes. In 2022, we produced both IT and Technology strategies that support a simplified systems landscape and simplified processes. We will continue to implement process and system changes in a cost-effective manner, which will lead to us becoming a world-class, yet Nordic, communication provider.

2 SUSTAINABILITY

Empowering Sustainability

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Board ESG Champion Letter

2022 was very much a year of accelerating sustainability at GlobalConnect, with the aim of ensuring we have the best and broadest influence on our activities. We seek to create a foundation for future positive impact on the planet and people, whilst running our business in a mindful way every single day.

Before getting into GlobalConnect's achievements in 2022, I would like to convey our sympathy for the Ukrainian people and what 2022 meant to them. We supported the Ukrainian people by donating, and we connected refugee centers in the early days of the war, which enabled communication within families and communities. Many of our employees also supported in local initiatives all across the contries GlobalConnect operates in.

Coming through and out of the pandemic, we as society really came to understand the importance of digital infrastructure. Being able to connect efficiently from many places so that we can work and live flexibly has become a necessity for how companies have to organize themselves. It is also how many people would like to work. Following the pandemic, another international situation presented itself and challenged us. Value chains experienced difficulties, and the energy crisis posed challenges to our energy security. This all pushed us once again to think and act, and in particular to work on more sustainable solutions that have a lower power consumption.

We are very proud of GlobalConnect's many achievements in 2022. The following are a few selected examples:

- GlobalConnect successfully raised EUR 1 billion in new ESG linked financing, enabling sustainable growth.
- We submitted our Science-Based Targets, thus committing to support the United Nations' reductions targets. Our targets are set for approval in 2023.
- GlobalConnect Group has joined the world's largest initiative for sustainable business. We have pledged to align our operations with the ten principles of the UN Global Compact, and to report on our progress.
- We entered the Ørsted+ATP Consortium for the North Sea Energy Island as the digital infrastructure partner. The Island is planned to be functional in 2030, approximately 80-100 km off the Danish coast at Jutland.

Beyond these significant achievements, we also dove into our products and services to measure their carbon footprint. To further improve our sustainability efforts, it is important for GlobalConnect to report and communicate with transparency. For our products, we not only want to communicate our energy consumption, but rather the greenhouse gases associated with them from cradle to grave. With clear and precise data, we believe we will be a more supportive partner to our customers in their sustainability work.

Sincerely, Eric Elzvik
ESG Board Champion & Chairman of the Board

Sustainable Empowerment

Like the rest of the world, our industry is experiencing a historical call for change due to the climate crisis. 2022 was certainly not a year for GlobalConnect to slow down in its work to deliver critical infrastructure. The sustainability strategy we implemented in 2021, which sought to empower our organisation to be changemakers for sustainability, is well under way.

The 17 SDGs are a call for action to promote prosperity while protecting the planet. Hence committing to the UN Global Compact at the start of 2022 was an important step for us at GlobalConnect that deepened our work in the area of conduct.

When expanding datacenters and infrastructure, or supplying fiber to buildings and homes, we are challenging historical approaches by new ways of thinking. An example of this is using micro-trenching when installing fiber, as this delivers large emission reductions compared to more traditional excavating methods. Another example is immersive cooling at our data centers, which is a greener and more efficient way to cool equipment using a specific liquid instead of air.

As one of the leading provider of digital infrastructure in Northern Europe with sustainability at our core, GlobalConnect is experiencing first-hand how connectivity enhances the future and improves lives, which is inspiring us and making us optimistic for the rest of our journey.

Guide to Sustainable Topics

Ensuring a balance between financial growth, care for the environment and social well-being is at the core of our everyday practices and ambitions. Integrating our sustainability report into our annual report is also a natural step, as we have now done for the second time. In accordance with the Swedish Annual Accounts Act (ÅRL), this combined report covers GlobalConnect through the parent (holding) company in Sweden and its subsidiaries in five countries.

For reference, the Board of Directors' report, starting on page 59, provides a detailed description of the Group, its operations and its business model.

Our goals and activities are primarily found in this chapter and the work we do on sustainability governance in spesific is described under the section Governance Impact, starting on page 48.

The basis for our sustainability work is our code of conduct, our group policies and our strategy. Our policy work is described on pages 25 and 49. Both our management and Board of Directors are deeply involved in all sustainability-related activities, as is exemplified by the work of our ESG Champion. His introductory letter can be found on page 19.

Risk and issue management is central with all other risks within GlobalConnect, although we have provided an overview of people risks in particular on page 43. From the table to the right you can find information on specific topics such as human rights and anti-corruption.

Risks and their management

SUBJECT AREA	Overview	Social conditions & employees	Environmental	Human Rights	Anti-Corruption
Business model	2,5,15,53	-	-	-	-
Policy and results	25,49	40,41,50	25,32,35	50	51
Risks and Management of those	25,49,43-44,50	43	35-38	50	51
Objectives and results	35-51	40-44	35-38	50	51

Engaging with our Stakeholders

As one of Northern Europe's largest provider of digital infrastructure, which itself is critical to society, GlobalConnect has an important role to play. Equally, we are aware that our organization is part of an eco-system when accelerating towards a sustainable transition. We succeed only when we help the world around us to succeed. Many stakeholders come to us with an interest in all that GlobalConnect has to offer. These range from public sector customers, large international companies and environmental organizations through to homeowners and individuals. At the same time, we reach out to interact and cooperate with a wide range of stakeholders. Staying in touch with what is essential to them helps us shape our approach to sustainable business and to deliver on our promise of enabling society with connectivity.

GlobalConnect's Stakeholders

Employees and contingent workers

First and foremost, our achievements are a result of the passion, dedication and hard work of our employees. We value expertise, accessibility and speed, and we seek to create a strong speak-out culture embodied by different reporting mechanisms. We measure the health and wellbeing of our employees bi-weekly so that we can gather feedback and find areas for improvement. Our employee engagement score is now at an all-time high. We have a tool for tracking personal development called PeopleConnect, which also offers different training modules. Our recruitment administration tool enables us to better manage our hiring needs, as well as giving future talent the best possible experience when applying for a job.

Customers

We listen, learn and nurture partnerships in collaboration with our customers. Understanding the interests and needs of our customers helps us to better shape our strategy to meet their expectations. We take pride in delivering on our customer commitments with clarity and speed. To be at our best, we have implemented and built our culture around something we call the E A S Y framework: Expertise, Availability, Speed and Your (personal) contribution. This is the foundation of our customer promise, as well as the value-led behaviors we want to see among our employees. With a high level of service and constant development, we measure customer satisfaction in all segments.

Society & local communities

We always take local views and communities into consideration when establishing and operating connectivity. The trust and support of local stakeholders are key to our way of doing business. Our focus is on enriching society and local communities in the markets we call home, broadening our perceptions and bridging gaps through connectivity.

Suppliers, contractors and partners

We have close collaborations with our strategic and critical suppliers and contractors, and stay in regular contact with them. Particularly during times of geopolitical and economic turmoil, supplier relationship management is of great importance and a focus area for us. Our commitment to responsible development is founded on the Principles of the United Nations Global Compact. We communicate our expectations in respect of responsible business by means of our Supplier Code of Conduct. The fulfillment of these expectations throughout the supply chain is a prerequisite for all new and continuing supplier relationships, in order to minimize supply chain risks and make sure we, in turn, live up to our customer promise.

Investors & owners

We receive strong support and involvement from our owners at EQT, with their passion for future-proofing companies. Having a long-term, responsible and sustainable approach to ownership is EQT´s way of creating value. It is an approach that suits us well. Together EQT and GlobalConnect work closely on strategic aims to support the shareholder return generated by sustainable digital infrastructure solutions.

Governments & industry organizations

We are responsive to increased regulatory actions. We value the ambition and push of governments and industry organizations to achieve the UN's SDGs and the accords in the Paris Agreement, as well as the upcoming EU Taxonomy. Moreover, EU and national security regulations are high on our agenda. We encourage governments and regulators to further support the digitization of society. By continuously improving the quality and transparency of information, we are positioning to better adjust to regulatory requirements, customer expectations and societal interests.

Collaborations and Interactions

Save the Children - Rädda Barnen – Christmas donation from employees

This year, instead of giving Christmas gifts to employees, GlobalConnect's Swedish organization donated SEK 100,000 to Rädda Barnen. The decision to give to charity was taken together with representatives from different parts of the Swedish organization. Rädda Barnen works for children's right to survive, develop and grow up in safety, all around the world.

Securing connectivity for Ukrainian refugees in Denmark

When Russia invaded Ukraine, hundreds of thousands started fleeing in search of safety. Many were welcomed by Denmark. However, they were separated from their personal networks and all were facing an uncertain future. GlobalConnect swiftly enabled connectivity services at one of the centers housing Ukrainian refugees. Despite technical challenges, GlobalConnect and a third-party contractor, Jysk Energi, were able to offer internet connections to the refugees in record time. This was truly teamwork at its best, with the result achieved thanks to the incredible determination of all involved.

Trends and Material Topics

CLIMATE CHANGE AND ENVIRONMENTAL CONCERNS

LONG-TERM VALUE FOR SOCIETY AND INVESTORS

TRACKING TRANSPARENCY

PRODUCTS AND SERVICE WITH POSITIVE IMPACT ON SOCIETY AND ENVIRONMENT

GENUINE SUSTAINABLE CORPORATE PURPOSE

SECURITY

In these challenging times, we are seeing stakeholder behavior change and trends evolve. The importance of fiber infrastructure is rapidly becoming even more evident and, alongside our operational development, sustainability is more than ever gaining momentum and constituting the reality where business decisions are being made.

All of our stakeholders are demanding that GlobalConnect must include sustainability on its daily agenda but, to be relevant, we also need to understand what *aspects* of sustainability are relevant to them. It is a consequence of a mounting sense of urgency about the need to reduce negative impacts and rising demands for organizations to disclose how they operate. It is expected that we will have a clear and powerful purpose, with concern and a vision for wider society and the environment. GlobalConnect will work to live up to these expectations, with passion and genuineness because we truly believe in creating value in a manner that is transparent and ethical.

GlobalConnect promotes a culture of collaboration in order to obtain inspiration and advice for our efforts to be better. As an example, our owners EQT are a strong supporter of GlobalConnect's sustainability journey. We are working closely with EQT on our ESG framework and on initiatives like the Science Based Targets (SBTi). EQT was the first equity fund to set SBTi targets, and at the same time to integrate their portfolio companies into their targets. In October 2021, EQT announced that their science-based targets had been approved. Looking ahead to 2030, EQT has made a commitment to ensuring that all their portfolio companies (excluding EQT Ventures) will have validated SBTi targets. This put pressure on GlobalConnect as a portfolio company to set out at full speed on our climate target journey. In May 2022, right after our 2021 Sustainability Report was published, GlobalConnect committed to adopting SBTi targets. The following October we submitted our near-term targets. You can read more about this on page 36.

The material topics - stretching from planetary impact to security (see to the left) - have all been pivotal in formulating and implementing our sustainability strategy, which will be discussed in more detail through the ESG pillars in the upcoming sections.

Global Sustainability Focus of 2022

In GlobalConnect's 2021 Annual and Sustainability report, we reflected on how 2021 was an extraordinary year for the planet. Then came 2022, which was even more intense, particularly seen from an ethical and environmental perspective with, for example, the global energy crisis triggered by Russia's invasion of Ukraine, which delivered a shock of unprecedented breadth and complexity. Leading organizations such as the International Energy Agency (IEA) released strong warnings about how extremely vulnerable energy markets are due to such unrelenting geopolitical and financial concerns. This raised even stronger arguments in favor of more cost-competitive and sustainable technologies in all sectors. At GlobalConnect, we have had a 100% renewable energy strategy since 2020, but now, with the situation of the world and our SBTi-application, our energy efficiency path came into play in a whole other way.

The United Nations Climate Change Conference COP27 in Sharm El-Sheikh sought to create renewed solidarity between countries for people and the planet in difficult times. The conference concluded a breakthrough agreement to provide funding to vulnerable countries hit hard by climate disasters. Despite this, there continues to be an urgent need to agree on significant new steps to curb emissions. In order to limit the increase in the global average temperature to 1.5°C, we need to reduce global emissions by half by 2030 compared with 2010 levels, and then to achieve net-zero emissions by 2050. Climate science indicators have again been described as "flashing red", with greenhouse gas concentrations, sea-level rises, ocean temperatures and ocean acidification levels all setting alarming new records. With time running out, the private sector has a key role to play. GlobalConnect is therefore especially concerned to align with UN initiatives such as the UN Global Compact and SBTi, in recognition of the sense of urgency.

Empowering Digitally Underserved Areas

The markets in which we operate in the Nordics are at the forefront of digitalization, and are also advancing as a result of government support for fiber roll-out. There are, however, still areas that are clearly underserved. At GlobalConnect, we are working hard to increase our customer base, both in adjacent geographies and through densification in areas where we already have a presence. We constantly look for possible improvements in communities and places outside our current areas of operation. This is important for us as it helps to increase our customer base, but also because we see it as a way of empowering society and living up to our social responsibility. The infrastructure and connectivity in which we invest have a democratizing purpose and improve equality. In ESG terms, social responsibility also involves investing in activities that promote the development of underserved areas. How we work with underserved areas varies according to national conditions and regulations.

In December of 2022 a milestone was reached in the Danish market with 1 million households connected to fiber infrastructure. In some parts of the country, fiber coverage is now 90-100 %. Fiber as the fundamental infrastructure truly helps bind Denmark together digitally. GlobalConnect has actively participated in covering more areas with low fiber penetration.

In line with the Government's national broadband strategy of delivering a fully connected Sweden, GlobalConnect continues to be one of the main investors in fiber infrastructure in the country. According to data from the Swedish Post and Telecom Authority (PTS), 84 % of households in Sweden have access to fiber, but in rural areas the equivalent figure is 62 %. With increased government support, the fastest progress is now being made outside Sweden's most populated areas, according to the Swedish Post and Telecom Authority. The efforts of GlobalConnect to close the digital gap between urban and more underserved rural areas have resulted in more than 40,000 new households benefitting from fiber connectivity, with the majority of our fiber roll-out taking place in rural areas. By 2023, GlobalConnect had invested SEK 6.2m in fiber expansion in Sweden.

In Norway, GlobalConnect connected over 17,000 new customers to our fiber infrastructure and built more than 9,000 homes passed in 2022, a sizeable 16 % of which were located in rural areas. During the year, we then reached a milestone of more than 100,000 connected households. We are very pleased to be able to develop what for many is indispensable infrastructure in a country as elongated as Norway.

*Post och Tele styrelsen

GlobalConnect 2022 at a Glance

In all the markets in which we operate the pandemic really emphasized the importance of digital infrastructure. Now geopolitical and economic changes have substantiated this even further. The climate crisis and other recent challenges for society have strengthened our conviction that sustainability must continue to be a most valued part of our business model, and a critical element when we invest and continue to expand. GlobalConnect is experiencing increased demand for our products and services. And, with a healthy, inclusive and engaged culture throughout the group, we also celebrated great achievements and new milestones around the GlobalConnect world this past year!

Denmark

DANISH DATA CENTERS AND THE ENERGY CRISIS
As one of the largest owners of datacenters in Denmark, GlobalConnect early on adjusted its operations and critical infrastructure to power cuts caused by the global energy crisis. We are making major efforts to lower the energy consumption of data storage, both over the short and long terms. Through a comprehensive approach, GlobalConnect are identifying all possible steps that can make a significant difference, which include changing to more energy-efficient compressors, implementing AI cooling-systems and introducing the first immersive cooling technology in Denmark.

WORKING TO ENCOURAGE CUSTOMERS TO ADOPT A STRONGER CYBER SECURITY CULTURE:
With cyber-attacks posing a growing threat, strong cyber security has become business-critical to most companies and organizations. In Denmark, GlobalConnect has launched initiatives based on the argument that companies' senior management teams and boards are ultimately responsible for cyber security, with the aim of guiding them on how they can take on this responsibility in the best way. The initiative has consisted of participating in the public debate, publishing data and guides, giving lectures, and building partnerships with relevant board and government organizations.

Germany

GERMAN ORGANIZATION FOCUSING ON ACHIEVING A SMALLER CO2 FOOTPRINT
Most of the German companies still use paper salary statements, which are posted each month to the employees' home addresses. In 2022, GlobalConnect decided to switch to digital payroll documents. This decision will save resources, protect nature, and help to lower our carbon footprint drastically. In the construction work to expand our fiber networks, GlobalConnect has been part of meeting the demands of national environmentalists. Not only in office matters but also at establishment, GlobalConnect is working hard to keep its environmental impact as small as possible when laying fiber optic cables.

GERMANY IS PROCEEDING ON ITS JOURNEY TO DIGITALIZE INFRASTRUCTURE IN BOTH THE BUSINESS TO CONSUMER (B2C) AND BUSINESS-TO-BUSINESS (B2B) SECTORS
Germany was falling behind in terms of the penetration of high-speed networks in comparison to international standards. However, we chose to see this a challenge and launched an affordable consumer product to offer high-speed internet to the mass market in 2022. GlobalConnect now offer solutions to both hybrid workers that need full speed connections in their home offices, and to consumers, who need a stable performance for 4K streaming and video calls. In the B2B area, we also helped businesses, including some world-famous German "Mittelstand" companies to be competitive in the world market by enabling their digital transformation with ultrafast and sustainable fiber infrastructure. We will continue to focus on areas such as e-commerce, digitalizing governmental organizations and the industry segment.

Norway

MICRO TRENCHING IN NORWAY CUTS EMISSIONS BY 90 PERCENT

Research starting in Norway in 2021 has shown that using micro trenching when laying new fiber cables, as opposed to digging normal trenches, can reduce greenhouse gas emissions by as much as 90 percent. Micro trenching is carried out using smaller machinery, without the need for large diggers and trucks. This has the benefit of reducing emissions. It is also a much faster and safer process, providing communities with high-speed internet sooner.

IKT – PARTNERS FOR FUTURE PROOFING FIBER ESTABLISHMENT IN NORWAY

GlobalConnect in Norway is a member of IKT Norge (ICT-Norway), an independent member organization for companies within the tech sector. In areas where technology plays an important part, GlobalConnect and IKT Norge will together aim to influence environmental and social policies. One example is calling on the Norwegian government to create a politically binding long-term plan for digital infrastructure, in line with practices in other sectors for increased predictability and long-term thinking. Another issue is research into the use of micro-trenching as a more sustainable way to lay fiber cables.

Sweden

INCREASED USE OF MICRO-TRENCHING IN SWEDEN

We see our method of micro trenching as a more environmentally friendly way of laying fiber. Compared to traditional excavating, the machines used for micro trenching consume around half the amount of diesel per day, and they can excavate up to four times the length compared to other installation methods. Since the method is based on sawing a micro trench about 24mm wide, the technique removes the need for material to be removed from the site, regardless of the material that is detected in the ground. In 2022, IP-Only increased its use of micro trenching when installing fiber.

ENHANCED FOCUS ON EMPLOYEE WELLBEING IN THE SWEDISH ORGANIZATION

During the fall of 2021, as offices around Sweden were reopening after the pandemic, employee wellbeing was at the forefront of our human capital strategy. All employees in Sweden were offered help to take more exercise with tailor-made personal training programs. The employees also offered advice on nutrition, as well as the option of conversational support from licensed coaches. In 2022, this work continued with scheduled physical exercise during office hours, seminars on post-covid recovery and financial support for initiatives focusing on wellbeing.

Finland

GLOBALCONNECT FINLAND INSTALLS SOLAR PANELS ON BACKBONE NODES/REPEATER SITES

To improve its energy efficiency, GlobalConnect Finland have installed solar panels on two sites located in Raisio and Åland. Each site has a constant energy consumption of between 120 – 192 kWh per day, equivalent to 43,800 kWh – 70,080 kWh per year. The solar panels will help reduce energy consumption. The solar panels are a plug and play solution with a 30-year guarantee of production, and the sites are equipped with rechargeable batteries to store energy. In 2023, GlobalConnect Finland will look into the possibility of installing additional solar panels on several sites throughout the country.

Objectives & Achievements 2022

From an ESG perspective, we had an ambitious blueprint going into 2022. The following are a few of our particular achievements from 2022, with more information on what we accomplished in each of the three pillars following afterwards.

One of our objectives was to move from a green energy strategy (which we have worked on since 2020) to a climate strategy. With our science based target program as our foundation, we took up this ambition and enjoyed unpacking the different scopes to see what actions we could take.

Another objective was to increase internal culture and knowledge levels relating to sustainability matters. We launched our Sustainability Academy, which educates management about the environmental and climate aspects of our work. Training in social unbiased thinking was also launched for all employees.

A transformational aim has been to work on increased transparency and presence across the value chain. With projects implemented for suppliers and customers at both ends to enhance information flows, we are making good progress on this.

Finally, we are on track with our ambition to ensure our financing and sustainability work go hand-in-hand. Producing a single integrated annual and sustainability report last year was a start. The sustainability-linked borrowing we secured in mid-2022 illustrated that this duality has come to stay.

We look forward to taking you through our ESG-journey in the following sections.

Sustainability Pillars of GlobalConnect (ESG)

At GlobalConnect, sustainability is an integral part of our corporate strategy where actions speak louder than words. There is a difference between being held accountable and actually taking steps that are effective and measurable. Throughout this past year - in an increasingly complex landscape - GlobalConnect has successfully made the transition from a CSR approach to a more holistic ESG approach narrative, truly adjusting to a framework that ensures greater transparency, concrete actions and greater good. And it has the strategic aim of addressing the full scope of sustainability - environmental, social and governance factors. GlobalConnect is continuously working to make progress, but we are also rising to the challenge with clearer targets, in order to create results, engagement and enthusiasm, both internally and externally.

Our three strategic pillars

Environmental

Climate-oriented targets which will be elaborated on in our SBTi aims.

Social

- Enhance our organizational sustainability knowledge & culture through education/training and building awareness.
- Accelerate towards being a preferred place to work by having a diverse and inclusive workforce.
- Strive for a high level of employee health, safety and wellbeing – both physical and mental

Governance

- Empower fair and innovative management of sourcing, in relation to all contractors and suppliers
- Be a proactive partner for customers that enables their visions and targets. Offer data transparency, services and solutions.
- Be the enabler for all parts of a secure and resilient connected society.

Environmental Impact

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Environmental Impact Stories

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We depend on the environment – the natural world that we live in – for our survival. Today, we are seeing and experiencing its vulnerability, with, for example, floods becoming more common and smog hanging in the air. Other environmental effects are not so direct and observable. At GlobalConnect, we are discovering more and more every day what determines our footprint and emissions. This increased understanding and "unpacking" gives us the opportunity to make changes that increase transparency, such as our carbon foot-printing project for products, greening initiatives for our data centers, and reduction analysis through the SBTi process.

The Sustainable Development Goals (SDGs), were adopted by the United Nations as a universal call to action. GlobalConnect supports and aligns with these goals and sees them as vehicles in conversations on materiality for employees, customers, suppliers and stakeholders. Because our growth as a company must be balanced with environmental responsibility, every-thing from climate and energy issues to our impact on land and at sea at a local level is key.

ENVIRONMENTAL IMPACT

Objectives for 2022 and Key Actions

In 2021, GlobalConnect completed a full assessment of its GHG emissions covering Scopes 1, 2 and 3 for the first time. This became our baseline for our climate-oriented targets. For 2022, GlobalConnect also assessed the planetary footprint of our operations through a Greenhouse Gas Protocol Assessment, more information on the following page.

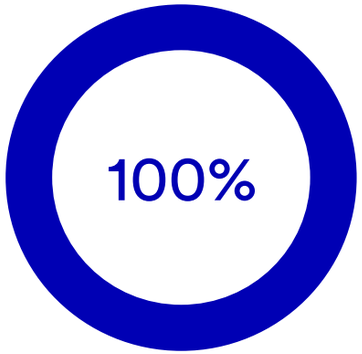
Renewable energy strategy

Since 2020, GlobalConnect has operated with a 100 % renewable share of verifiable electricity consumption throughout the group. Again in 2022, the coverage by green rate supply and certificates was following the path we are on. Our plan is to stay on 100 % RE, which was also stated in our SBTi application.

Targets for the decarbonization of our value chain

Building on the foundation of making our GHG emissions transparent and implementing a 100 % RE strategy, we have now submitted targets to SBTi in respect of energy efficiency, continuous clean energy and, significantly, the decarbonization of our value chain. As stated below, this represents the main element of our footprint. Our commitments and submission were submitted in 2022 and are due to be evaluated in 2023. Read more about this on page 36.

RENEWABLE ELECTRICITY SHARE
% SHARE OF VERIFIABLE RENEWABLE ELECTRICITY CONSUMPTION



GLOBALCONNECT GHG EMISSIONS
BY SCOPE IN TCO2E

- **1 % SCOPE 1**
  Emitted directly from sources we own or control (fuel for vehicle fleet).
- **0 % SCOPE 2**
  Emitted indirectly from the generation of purchased energy like electricity and heating/cooling network.
- **99 % SCOPE 3**
  All other indirect emissions in our value chain, both upstream and downstream, such as sourcing and use of sold products.

ENVIRONMENTAL IMPACT STORY

Submitting and Committing to the Science Based Target Initiative

GlobalConnect is now extending its climate ambitions by pledging to reduce its Scope 1, 2 and 3 emissions between now and 2030.

Seeking to reduce its greenhouse gas emissions, GlobalConnect will measure and broaden our understanding about where our emissions come from. And, on our road to decarbonization, we will put emphasis on both the emissions that are directly controlled by us, as well as on what indirectly results from activities in our value-chain.

In 2022, GlobalConnect committed to the Science Based Target initiative (SBTi). This initiative provides businesses with guidelines based on the most recent climate science in order to help them reduce their carbon emissions. Our targets are in line with the Paris Agreement goal of limiting global warming to below 1.5 percent. As well as having already committed to this ambition, GlobalConnect has submitted SBTi targets, which are now in a validation process and will come into place by spring 2023.

Having clear and realistic targets is crucial to the implementation of effective plans. The learning and feedback from this process will also (and already has) guide us and help us find the tools we need to constantly improve. GlobalConnect will then report on our progress on our agreed targets in the coming years.

ENVIRONMENTAL IMPACT STORY

Greener Data Centers - Leading by Example

With demand for data centers booming, GlobalConnect is implementing an innovative cooling technology to reduce its climate footprint.

Datacenters are of huge importance in our modern and digitized world, and are business-critical as the home of your most important data. But, historically power-hungry datacenters are also responsible for a significant share of total greenhouse emissions. As the leading datacenter partner in the Nordics, it is a top priority for GlobalConnect to help push for a sustainable transition. One measure we are taking is to introduce new and more innovative ways of operating these centers, particularly the key element of cooling.

If too much hot air starts circulating in a datacenter, a well-known problem is that equipment will overheat and malfunction This can cause downtime – even a complete meltdown – of a system. Cooling is therefore vital, but it also accounts for a significant proportion of a datacenter's total energy consumption. To be both efficient and more environmentally friendly, our datacenters are powered 100 % by green energy, meaning they have a limited impact on the environment. However, GlobalConnect wants to go even further by supporting and adopting the most up-to-date technology for cooling, in order to make our centers even less energy demanding.

An example project consists of using immersive cooling instead of relying on air cooling. Put simply, servers are dipped in a liquid designed to capture heat. Implemented in our datacenter at Hørskætten in Taastrup, this method - compared to more traditional alternatives - has proven to be a lot better for the environment, as measured by Power Usage Effectiveness (PUE), the ratio of total energy used by a datacenter facility to the energy delivered to the IT equipment. With immersive cooling, a datacenter's PUE can be as low as 1.03. In comparison, datacenters on average have a PUE of around 1.8. Immersive cooling increases efficiency, uses less space and allows us to recover and reuse heat more efficiently.

Datacenters constitute a major part of GlobalConnect's business. In the same way as we are always there for our customers when they want bandwidth and connectivity, we also stand ready when datacenter capacity is needed. However, we recognize that we have a responsibility as a result of this segment consuming the most energy of our business. With the specter of an even more energy-hungry future looming, GlobalConnect is exploring ways of keeping the environmental impact of our industry in check. Internet traffic and data loads are skyrocketing amidst rapidly growing demands from customers. While meeting this increased demand, we will also continuously implement more sustainable methods for running our centers.

ENVIRONMENTAL IMPACT STORY

Energy Island - an Island of Opportunities

Energy Island will be one of the biggest construction projects in Danish AND European history, and represents a paradigm shift in the green transition. GlobalConnect stands ready to help build the world´s first artificial energy island.

Way out in the North Sea, almost 100 km off the coast of Denmark, a giant project to build an energy island has been given the green light. The island will receive energy from offshore wind farms in the North Sea. By the end of its construction in 2030, it will provide 3GW of wind power, with a potential expansion up to 10GW. This corresponds to 10 million households. It is the next big step for the Danish wind turbine industry, and will help accelerate the green transition. It will be a hub that can create better connections between energy generated from offshore wind and other energy systems in Northern Europe.

The Danish government is to choose who will build the North Sea Energy Island. GlobalConnect is part of a bidding consortium led by the renewable energy company Ørsted and the pension and processing company ATP. As one of the leading supplier of fiber-based data communications and datacenters in Northern Europe, GlobalConnect has contributed its vision of making the island into a digital hub as well as an energy hub - an innovative energy island that would be a foundation for the continued digitization of the region and attract global tech investment.

Climate change requires new and ambitious solutions for collecting more green energy and helping phase out fossil fuels. Fiber networks need power to run - being connected to the energy island would thus be a key asset for GlobalConnect. Moreover, powering the network with green energy would help speed up our sustainability journey. The island has a strategic location in Europe and can be an intersection for the grid.

Social Impact

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PeopleConnect: Creating One Company 46

Taking Care of Bodies and Minds 47

Developing and sustaining sustainable social impact is a somewhat multifaceted task. There are many key aspects to consider, and many impact approaches and suggested programs. However, at GlobalConnect we have a clear social purpose. We truly believe in driving societal change and empowering based on one basic idea: together is better!

In 2022, we continued to enhance our existing social impact initiatives and also started various new projects. It is clearly both purpose and profit. In dealing with social factors and trends, we constantly review our strengths and weaknesses, and position the company to win in the market through both employee engagement and community involvement. Social impact is today a rapidly growing and defining issue for achieving competitive advantage. Ensuring high-speed connectivity for everybody - from your home and office to critical infrastructure such as hospitals - is essential to vitalizing and enabling a sustainable community.

Diversity, equality and inclusion - these are strengths and are key to creating an innovative and well-functioning organization. Through the lenses of gender, ethnicity, sexual orientation and beyond, we make sure to take different perspectives into account when making decisions. In line with the social dimensions of the 2030 Agenda to which we are committed, GlobalConnect facilitates and ensures equal opportunities for all.

SOCIAL IMPACT

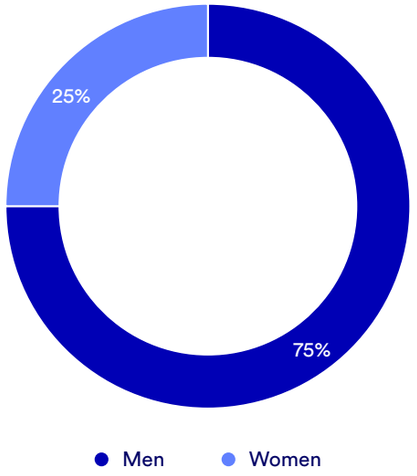
Objectives for 2022 and Key Actions

As a frontrunner in our industry, GlobalConnect aims to lead by example by offering an inclusive and inspiring work environment in which diversity, equal opportunities and the freedom to express opinions are valued. In 2022, we pursued the journey and also launched new social impact initiatives.

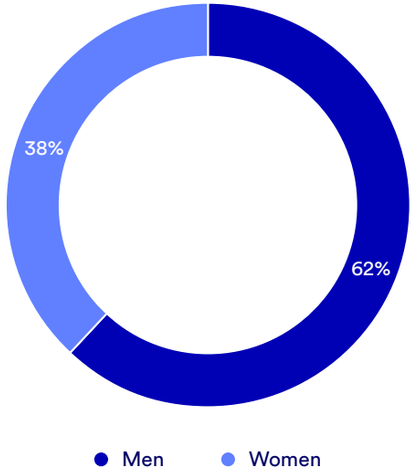
Setting gender equality goals for 2025

Gender diversity starts at the top. At GlobalConnect, we believe gender diversity helps us to evolve as a company and as human beings. Gender diversity is one way 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 25 % women and 75 % men in 2022, versus a target of 30/70. We will continue to improve this ratio by creating processes and procedures that help us to become even more objective in our internal and external recruitment. The ratio of women in the Executive Leadership Team (ELT) of GlobalConnect Group has decreased slightly from 42 % in 2021 to 38 % in 2022.

GENDER SPLIT EMPLOYEES



GENDER SPLIT EXECUTIVE LEADERSHIP TEAM



- SOCIAL IMPACT

Equal pay for equal work

In 2022, we continued to work with an external advisor, Mercer, on building a structure around the company's jobs with the aim of creating a foundation from which we can draw analytics about, for example, pay related to gender, so as to ensure equal pay for equal work. The conclusion of our external advisor is that GlobalConnect is overall on par with the market and that we reward employees equally regardless of gender. In January 2022, we launched our company-wide HR Information System, PeopleConnect, which contains all employee-related data, including compensation. This will allow us to apply continuous analysis and focus to ensure we live up to the guiding principles established in our common group policy for compensation.

WE WANT TO:

- reward consistent high performance
- provide individual and differentiated salary adjustment
- be on par with the market
- demonstrate a fair and transparent process to all employees
- ensure equal pay for equal work regardless of gender, nationality, religion, sexual orientation, etc.

Every year we will also report and act upon analysis of equal pay for equal work. Even if this is only required by law for Sweden and Norway, we have decided to implement the same analysis in all GlobalConnect countries. The analysis will be used as a key input to the salary process to promote fairness and equality. To make sure we track progress, both compensation and its impact on engagement are part of our bi-weekly engagement survey. For example, the extent to which employees agree with the claim 'The processes for determining pay in our organization seem fair and unbiased' is measured. Happily, we can report positive progress. Currently, we are in the mid-tier on this benchmark for technology companies.

Introducing a third-party whistle-blower function

We have recently introduced a third-party whistle-blower arrangement to provide employees with a safe way to report matters such as harassment. In parallel, we also monitor comments made in our employee engagement survey tool Peakon and have alerts set for selected words. Comments are anonymous. However, the tool allows for correspondence between the manager or HR and the employee without the identity of the employee being revealed.

Introduce a mandatory diversity program for managers and launch a Sustainability Academy

At the end of 2022, we launched a diversity awareness course that was mandatory for all employees and managers at the GlobalConnect Group. Its purpose was to help the organization develop and learn more about creating an inclusive and diverse working environment. In 2023, we are striving to introduce a program for managers that will help them to investigate their own biases and to learn more about facilitating a diverse and inclusive working environment.

Another target for 2022 was to introduce a Sustainability Academy – covering both E and S in our framework – read more about this on page 45.

SOCIAL IMPACT

Human Relations

By end 2022 GlobalConnect reached out 7.9 target score for engagement measured in bi-weekly surveys. This means that we are in the 'good range' benchmarked against other technology companies. But we are continuously striving to become a top 25 percentile company. Even though world-wide circumstances has had an impact on our company-wide engagement, we have still managed to maintain and grow our engagement score.

At GlobalConnect we are very proud that one of the top scores of the 2022 engagement result for our bi-weekly engagement survey is to the question 'People from all backgrounds are treated fairly at GlobalConnect'. The score is 8.9 out of 10 and has been stable at this range during past years.

GlobalConnect is equally proud of the result for the category 'I'm confident I won't be subject to harassment at GlobalConnect'. The score is 8.8 out of 10 (0.1 above our result for 2021).

8.9 OUT OF 10

'People from all backgrounds are treated fairly at GlobalConnect'

8.8 OUT OF 10

'I'm confident I won't be subject to harassment at GlobalConnect'

7.9 OUT OF 10

Engagement score at GlobalConnect

SOCIAL IMPACT

People Oriented Risks

As a people business, we continuously strive to be a great place to work for all our employees. We have three areas as our main focus when it comes to the people of GlobalConnect. Mitigating and taking action on our risks allows us to actively work on making a difference for the people of GlobalConnect.

Human relations risks	Description of risk	Action on risk
Talent Management	Talent attraction, retention, development and work satisfaction are key to secure a healthy working environment, maintain and attract highly skilled employees and support growth.	We believe in having engaged employees beyond average will have the benefit of both attracting and retaining our talent. Reaching our engagement target is an essential part of the strategy to become a preferred workplace and an employer of choice. We closely monitor engagement in our bi-weekly engagement survey to understand the trend. To cater for the tough market situation we are operating in. GlobalConnect has invested in and established a Talent Acquisition team to navigate a heated market and ensure right capabilities and competencies are attracted and retained to further develop our business
Diversity and Inclusion	Gender composition of management, gender pay ration and HR processes to ensure inclusive work culture. Setting the standards for moving diversity and ensuring a true representation of society both in top management and throughout the organization	We closely follow the engagement scores related to Diversity & Inclusion in our online tool Peakon to detect any warning signs. Through working with external advisors such as Mercer and PDT Global we have taken important steps toward an increasingly diverse and inclusive working environment. We use analytics about pay and job structure to ensure equality e.g. equal pay for equal work. During end-year a mandatory D&I awareness course was launched and promoted throughout the company.

- SOCIAL IMPACT

Human relations risks	Description of risk	Action on risk
Employee Health & Safety, Well-Being	Safety and health at workplace and well-being related to office work and/or production facilities (e.g. sick leave, work-life balance, stress and absenteeism, indoor quality, adverse evens that may interfere activities, psychosocial work environment). Mental health related to bullying, harassment and discrimination.	In Peakon we monitor employees' views about the physical work environment. Likewise, we ask employees about whether they believe GlobalConnect cares about their mental wellbeing. In addition, data related to e.g. sick leave is captured in our HR IT Systems. GlobalConnect Group conducts work environment surveys where the outcome is discussed in regular meetings in the working environment committees to ensure actions are taken and where needed improvements are implemented Every year – depending on the input in Peakon and working environment committees – actions are decided both at a Group level and local level. For 2022 initiates regarding Manager Support has been priority and we have among other cultural initiatives launched our people-system PeopleConnect to support managers with processes and system to better support their employees.

'My physical work environment contributes positively to my ability to do my job'

'GlobalConnect Group really cares about my mental wellbeing'

SOCIAL IMPACT STORY

Sustainability Academy — Training and Culture

We have rolled up our sleeves in order to meet our commitment to drive environmental and social progress through training and culture. Welcome to GlobalConnect's Sustainability Academy.

Progress does not just happen; it requires a catalyst. At GlobalConnect, we see education and training as important parts of the combination needed to unlock possibilities and change the world. On our path to a more sustainable business, employee engagement is a must if we are to make effective headway. Our Sustainability Academy is our way of doing just that. Our objective is clear: to help our employees and stakeholders to embed sustainability into their decision-making practices, and to ensure we direct our efforts to where they can make a difference to people and planet. The Academy connects sustainability to our strategy, and provides a foundation and course of direction across the group. With full transparency of performance, and in close contact with customers increasingly requesting information about the sustainability impact of our services and solutions.

Because ESG impacts how our company performs, increasing the understanding among our own of environmental, social and governance can make a world of difference. The academy not only highlights and explains the ESG framework, it is also a way for management to make sure that everybody participates and moves in the same direction. At the same time, we are all individuals, with different attributes, skills and traits. In our training we put emphasis on this fact, encouraging our employees to participate and have an impact based on their own characteristics and qualities.

SOCIAL IMPACT STORY

PeopleConnect: Creating One Company

In 2022, we went live with PeopleConnect, an IT system for streamlining HR processes and procedures that helps managers at GlobalConnect to work cross-border and create one company.

In 2022, GlobalConnect implemented the data system PeopleConnect, which is a tool designed to better digitalize and organize people processes such as performance management, succession planning, recruitment and the annual salary review process. Having similar ways of leading and managing people processes in all markets throughout the group helps tie us closely together, in addition to making leadership easier across borders. An international system to manage all people processes paves the way for increased national diversity and more inclusive leadership. The people system will also enable GlobalConnect to pursue state-of-the-art leadership and will help make it a great place to work.

SOCIAL IMPACT STORY

Taking Care of Bodies and Minds

In a post-pandemic world in which there is greater focus on the responsibility that companies have in terms of helping their employees to live healthy and balanced lives, GlobalConnect continues to facilitate activities that improve the quality of life of its employees.

After two years of pandemic life in 2020 and 2021, it seemed like we changed as people in some ways. With physical and emotional health intimately intertwined in the mind-body connection, it became increasingly important for companies to help employees stay healthy and balanced and to offer a proper working environment and a culture that allows for a balanced lifestyle. It also became increasingly important to respect individual needs, as isolation had tested our sense of identity. Today, Covid-19 has not disappeared, but is an increasingly forgotten part of our world. However, despite the current more 'post-pandemic' environment, GlobalConnect continues to focus on the bodies and minds of our employees in all the different countries in which we operate. We do such things as provide micro training sessions twice a week in the office that are designed to prevent injuries associated with sitting at a desk for extended periods. We also run cross-fit sessions for colleagues in the mornings. We organize cinema and theater trips to which employees can bring their families, as well as many other activities and events.

HYBRID MODEL

During the pandemic, we introduced a hybrid working-from-home policy. This is a more flexible system that makes it is possible to work from home when circumstances make this easier and sometimes even more effective. At the same time, we encourage employees to come in to the office to be with colleagues and ensure quality collaboration when possible. Being in the office is not just about working, it is also about enjoying a cup of coffee together or going for a walk and a chat. We truly believe that a hybrid model is the best way of ensuring a work-life balance, efficiency in delivering on tasks, as well as the engagement and passion that are created among peers working on what they do best.

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When working on ESG factors, the “G” element has a tendency sometimes to be a little played-down amid consideration of environmental risks and social factors. However, having a thorough emphasis on governance is critical. In many ways, good governance has been redefined over time, and has expanded beyond shareholders’ rights to include other factors such as those affecting a company's interactions along its value chain. This includes how it collaborates with suppliers, how it creates transparency for customers and how it finances its investment.

GOVERNANCE IMPACT

Objectives for 2022 and Key Actions

In a world that is becoming hyper-connected, keeping businesses and society digitally secure is increasingly a primary concern. As a leading provider of digital infrastructure and data communication, we aim to strengthen trust and boost resilience today, while also preparing for the cyber challenges of tomorrow. This is one and the most prominent angle of governance these days. We are, however, building our business on the basis of other structures such as the following.

ESG Risks and Management

We know that stakeholders are increasingly prioritizing the assessment of climate risk impacts on businesses and portfolios. GlobalConnect closely follows up on the recommendations and guidance issued by relevant organizations and regulatory authorities on the disclosures stakeholders and markets must have.

We have a framework for determining targets for our ESG goals, with a workforce dedicated to driving this agenda. We identify risks and gaps related to our business, as well as to our sustainability efforts, on a regular basis. The sustainability issues within the ESG scope are assessed and measured by our KPIs, along with a materiality assessment.

Due to the nature of our business, many of our activities are handled locally by our product owners and management. A good example is our datacenter business, which has undertaken an extensive gap analysis of its sustainability risks, as well as improvement initiatives that are being implemented on a continuous basis. Based on our performance, we encourage an open dialogue on ESG-related disclosures in our contact with stakeholders in order to fulfill regulatory requirements.

GDPR

The General Data Protection Regulation (GDPR) has now been implemented in all local privacy laws across the EU and EEA region. It has fundamentally transformed how businesses handle personal data. At GlobalConnect, we published our General Privacy and Data Protection Policy in 2021.

Privacy and data protection concerns the fair and proper use of information about people. It concerns the fundamental right to privacy, and the building of trust between people and companies, with no distinction made between personal data about individuals in their work, public role or private role. A person is a person. GDPR compliance is not optional. Employees are introduced to the topic when onboarded at GlobalConnect. Information and guidance are easily accessible through our legal department.

It is important for GlobalConnect that individuals are confident that their privacy is respected and protected when their data is processed by us. The purpose of our policy is to provide information and guidelines for the entire company in order to ensure compliance with all relevant data protection legislation and, in turn, to limit legal, regulatory and reputational risks.

GOVERNANCE IMPACT

Human Rights

We find ourselves at a delicate moment in history, facing geopolitical turmoil and the overlapping challenges emerging from the pandemic. These are raising profound questions about the political, economic and societal future. With this also comes a moment of existential significance for the wellbeing of all and the sustainability of our society. All employees must recognize our legal, moral and commercial need to respect human rights.

This subject is also of clear relevance to our supply chain. A chain is never stronger than its weakest link. We therefore expect the same high standards from our suppliers as we set for ourselves. GlobalConnect requires that local and international suppliers and subcontractors live up to the standards described in our Supplier Code of Conduct.

In 2022, we joined the UN Global Compact initiative, as described on page 52, which calls on companies to respect and support internationally proclaimed human rights and to ensure they are not complicit in human rights abuses. We expect our suppliers to respect labor rights as described by UN Global Compact goals.

Human Rights risks identified

Supply

SUPPLY LABOR CONDITIONS AT SUB-CONTRACTORS
Risk of labor and/or human rights violations in the supply chain, including living wage, working hours, safety, discrimination and privacy. We address these risks through continuous work on our Code of Conduct.

ANTI-CORRUPTION AND BRIBERY IN THE SUPPLY CHAIN
Risk of corruption and bribery in the supply chain. In addition to the Code of Conduct, GlobalConnect has an Anti-Corruption and Bribery Policy.

RESPONSIBLE SOURCING
GlobalConnect does not source goods or materials from conflict-affected or high-risk areas, entailing circumstances such as forced labor, armed conflicts, etc.

Own Operations

OPERATIONS BUSINESS ETHICS
Risk of compromising reputation or fines due to anti-competitive behavior such as corruption and fraud. GlobalConnect has implemented a strong set of ethics, practices and policies.

USE OF LAND AND IMPACT ON LOCAL COMMUNITIES
Ensuring the respect of land rights and its legitimate stakeholders. GlobalConnect addresses its impact on communities when sourcing, and when communicating with suppliers regarding the establishment and maintenance of infrastructure.

THE NORWEGIAN TRANSPARENCY ACT COMES INTO PLAY
The Norwegian Transparency Act (Åpenhetsloven) entered into force on 1 July 2022. According to Section 1 of this new Act, its aim is to "promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions". For GlobalConnect, this means that we will perform due diligence assessments on our human rights footprint, within our own business, our supply chain and at our business partners. In short, GlobalConnect must evaluate how we as a company affect fundamental human rights and decent work-conditions. Any risks of violations must be identified and reported. A yearly report on findings must be published by the end of June each year.

GOVERNANCE IMPACT

Risks and Anti-Corruption & Bribery

The GlobalConnect Group is committed to acting with integrity in everything we do, and to not accepting corruption in any shape or form. We have stepped up internal corporate anti-corruption compliance, and have implemented detection and prevention efforts.

We represent a large company based in multiple locations and countries. With more than 1,900 employees, many of whom handle large contracts with private corporate companies and public authorities. This poses a serious risk of bribery and fraud in the extractive value chain. Effective anti-corruption compliance and due diligence procedures are essential, as is making sure all managers at GlobalConnect Group are aware of the risks and continuously instruct and update their teams on our policies and guidelines.

GlobalConnect has an Anti-Bribery and Corruption (ABC) policy in place. New employees are onboarded during their induction, and are guided on where to find further information when needed.

GlobalConnect has a zero-tolerance policy against corruption, bribery and money laundering, with our Audit Committee and the Board acting as important control functions continuously throughout. During 2022, two cases have been reported to the audit committee.

GOVERNANCE IMPACT

Governance Stories

UNGC - United Nations Global Compact

In an important step on our sustainability journey, GlobalConnect has pledged to align its operations and strategies with the ten principles of the UN Global Compact (UNGC).

With more than 12,000 signatory companies across the globe, UNGC is the world´s largest corporate sustainability initiative. It provides guidelines on achieving the environmental targets set by the Paris Climate Agreement and the 2030 Agenda, and also addresses important topics such as human rights, anti-corruption and labor rights.

For GlobalConnect, this means that we are strengthening the commitments in our Code of Conduct. It is also yet further proof that GlobalConnect is aligned with the United Nation´s sustainability targets. Adding to the progress already achieved with the UN Global Goals.

Sustainability Linked Loans - responsible sourcing:

In 2022, new sustainability incentives were introduced when GlobalConnect secured an additional EUR 1 billion to fund its ambitious growth plans. A consortium of banks and financial institutions committed additional Senior Debt Facilities, with a Sustainability Linked Loan (SLL). The sustainability incentives introduced are aligned with the groups ESG strategy and consist of KPIs linked to the implementation of science-based targets, diversity targets and employee satisfaction goals. They also align GlobalConnect with its lenders in a joint commitment for a better connected society and a healthier industry. Already covering 155,000 km across Northern Europe, GlobalConnect will be able to extend its network and connect even more people to fiber in the coming years, with this expansion funded in a responsible way.

Product climate footprint:

The indirect environmental impact that the telecommunications industry has on the environment ranges from its use of scare raw materials to its energy usage, recycling of waste electrical and electronic equipment , air pollution and to landfill maintenance. The impact is shared with our suppliers and customers and can be influenced by design and choices.

As GlobalConnect wants to significantly reduce its harm to the environment and be a driver for positive change, we have taken the decision to be transparent about these shared impacts by calculating the carbon footprint of the services we provide. Our ambition is to account for the emissions from all life-cycle stages for products, network infrastructure and datacenters using activity-based data, which will give customers and stakeholders in the supply chain the power to make informed choices for the environment.

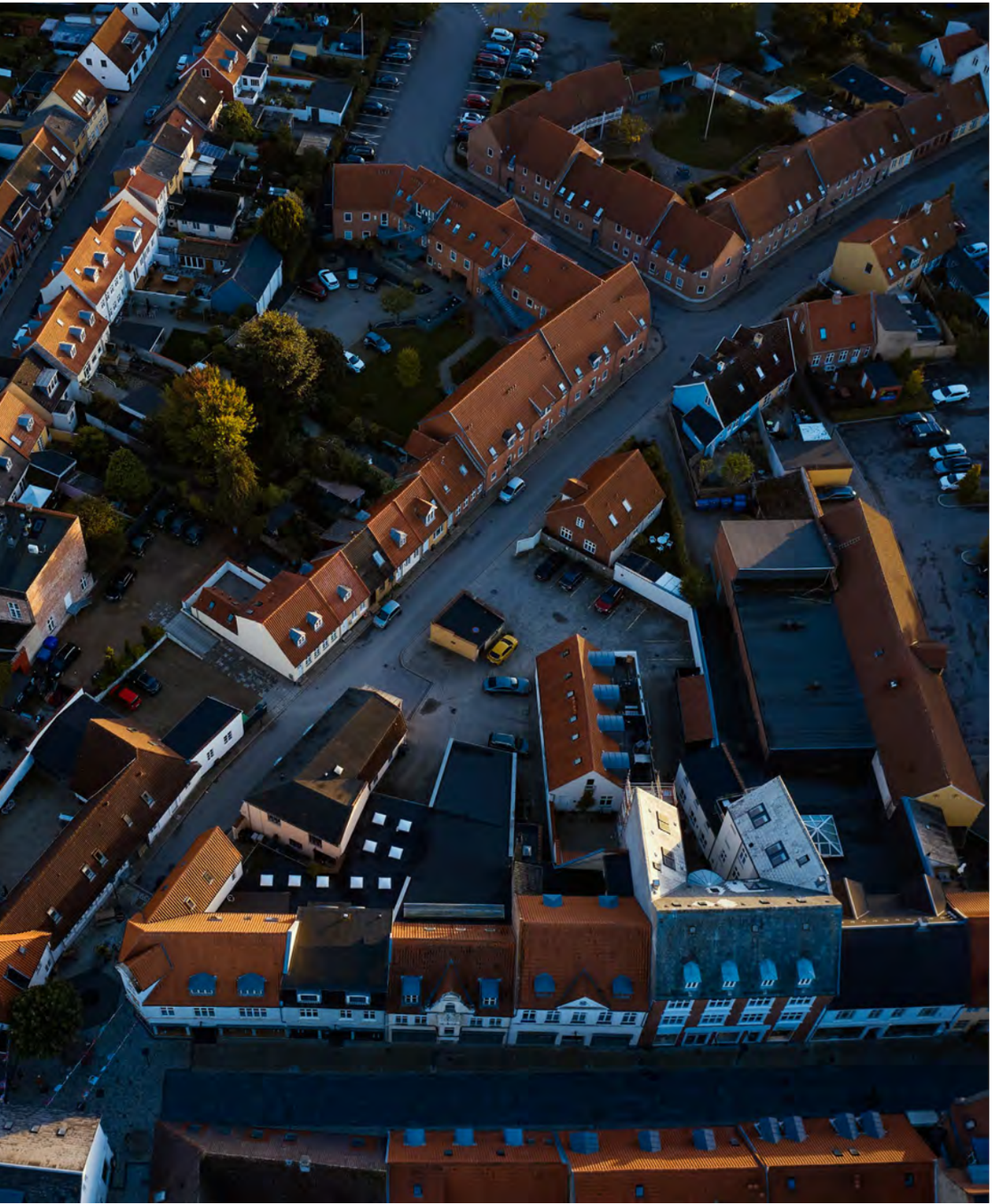
The process requires discussions and transparency with suppliers and those customers that require the data, as well as tools for extracting specific emissions data for each customer. The first tool we have developed considers the emissions associated with the production and energy consumption of a customer’s premise connectivity-enabling equipment and helps to explain what data is included, critical assumptions and what the results mean.

GOVERNANCE IMPACT

Sustainability Governance

Our commitment to sustainability is embedded in our purpose and business model. We believe that our vision and values, together with responsible growth and solid financial performance, create the foundation for making a sustainable contribution to society and planet. And, with our commitment to sustainable growth, good governance is essential in order to provide strategic guidance, specialist advice and constructive questioning, as well as diverse and effective expertise and experience for discussions and decision-making.

GlobalConnect's Board of Directors and management have the ultimate responsibility for reviewing and monitoring GlobalConnect's strategy and regard sustainability as a strategic priority. The Board approves the iterations of the strategy, as well as its rollout. Opportunities, risks and strategic steps are constantly reviewed. GlobalConnect also has an elected ESG Champion on the Board, who can guide the central sustainability team attached to the CEO Office. Focus areas and metrics in the ESG framework are approved by the ELT and the Board of Directors annually. Progress has been reported monthly since 2021. The owner of the sustainability targets is the Group CEO. The action plans and progression reviews are owned by the central sustainability team, which is itself part of the CEO Office as an enabling function. The latter is a global function for sustainability and its role is to ensure implementation in the networks of the operating units through a community of practice and reporting. The responsibility for national implementation lies with the country managers.



Looking Ahead

From integrity and diversity in the workforce to reducing emissions and protecting the environment, we are working tirelessly on our integrated corporate strategy, which is intended to link our business ambitions with our firm commitment to sustainability. The strategy sets a framework through innovation and a long-term perspective for both our continuous financial success and a better world.

As part of our ESG journey, GlobalConnect has committed to meaningful and ambitious goals. To protect the environment, we will closely monitor our decarbonization in line with our SBTi targets. Through our social programs, we continuously carry out employee engagement surveys to measure health, safety, wellbeing and engagement. And, through effective governance, we foster innovative management and financing. At GlobalConnect, we make a great effort to have a positive impact, because we see clearly that without action today the world will become less livable tomorrow.

Even though the markets in which GlobalConnect operates are politically stable, the year ahead is widely expected to again be turbulent for society at large and to be characterized by interlocking challenges. We will continue to expand our network, leveraging our existing expertise and capabilities in rolling out fiber networks, and we are convinced that this is the most future proof way to deliver connectivity services.

We are working hard to incorporate a more sustainable way of thinking into our governance and financing. When GlobalConnect raised additional funding last year, it was in accordance with our ESG profile and linked to concrete KPIs for sustainability. In a world that in many ways is in disarray, GlobalConnect has a clear vision and path: to do good, for both business and planet.

3 FROM THE BOARDROOM

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Corporate Governance

Implementation and reporting on corporate governance

GlobalConnect's Board of Directors ("The Board") is responsible for ensuring that the Group has good corporate governance. The Board believes that long-term value creation and sustainable business conduct are a result of good corporate governance.

As set out in the Code of Conduct, GlobalConnect is committed to acting with integrity in all business relations, believing that adherence to high standards of ethics and compliance is not a single event but an important part of its daily business practices.

GlobalConnect wants to be a trusted partner to its customers, stakeholders, colleagues, and business partners and is committed to conducting business in a responsible, ethical, and lawful manner.

Business

The Group's business is defined in the Group's Articles of Association, which states that "the company's objective is to carry out business within telecommunications and any other related activities."

The Board reviews GlobalConnect's operational goals and strategy annually, and business risks are assessed on a continual basis.

General meetings

The Annual General Meeting (AGM) is at the top of the corporate governance structure. The Board is responsible for ensuring that the AGM is a forum for communication between shareholders and the Board. The Financial Statement and the Report of the Board of Directors are approved at the AGM.

Board of Directors

The Board of Directors is elected at the AGM, except for the employee-elected members. The Board of GlobalConnect comprises of six members. The Board is responsible for the management of the Group, and the day-to-day management is delegated to the CEO.

The members of the Board 2022 are:

- Eric Elzvik (Chair of the Board)
- Pernille Erenbjerg (Board member)
- Per Morten Torvildsen (Board member)
- Carl Sjölund (Board member)
- Marco Visser (Board member)
- Anders Ösmark (Board member)
- Billy Olsson (Board member)
- Mounir Taysir Barakat (Board member)
- Sophie Khalid Ali Albustani (Board member)

The work of the Board

The Board is responsible for supervising the Group's activities and the management of the Group. The Board ensures that activities are performed in compliance with the Articles of Association, applicable licenses and permits, applicable legislation, and other obligations incumbent on the Group's activities, such as applicable company law and the Rules of Procedures of the Board of Directors. The Board approves a high-level status update on compliance with laws and regulations, as well as internal guidelines and rules on an annual basis. The Board also approves the Annual Compliance Plan and the Compliance Programs.

The day-to-day management has been delegated to the CEO who is responsible for the operational management of the Group.

The Board holds regular meetings. The meetings are held as physical meetings or as a digital conference. If necessary, extraordinary Board meetings are held between ordinary meetings.

As a preparatory committee, the Board of Directors has established an Audit Committee.

Audit Committee

The Audit Committee is appointed by the Board of Directors to support the Board in fulfilling its oversight responsibilities for the financial reporting, the systems of internal control and risk management, the audit process, and the company's process for monitoring compliance with laws and regulations, as well as GlobalConnect Group's Code of Conduct.

The Audit Committee meets on quarterly basis. It receives reports on the work of the external auditor, as well as updates on financial results and the status of different compliance programs that are relevant to the Group's risk management and internal control system. The Audit Committee supervises the activities of the Group Internal Audit.

The members of the Audit Committee are:

- Per Morten Torvildsen (Chair)
- Sofia Vianello
- William Lindström
- Christian Braathen (Observer)
- Hugo Wieslander (Observer)

Risk management and internal control

Group Internal Audit assists GlobalConnect in accomplishing its strategic objectives by providing systematic, agile assessment and improve GlobalConnect's corporate governance, risk management and control environment.

The purpose of the GIA is to provide independent, objective audit, assurance and consulting services designed to add value and improve GlobalConnect's operations and compliance levels. Furthermore, GIA cooperates with other assurance providers to ensure proper coverage, alignment, and efficiency.

The Head of Group Internal Audit reports functionally to the Audit Committee and administratively to the Group Chief Financial Officer. Each internal audit is concluded with audit report provided to responsible management as well as relevant members of Corporate Leadership Team. The results from GIA engagements are regularly reported to the Audit Committee.

Observations and recommendations included in the reports aim to reduce risk, increase efficiency, and improve GlobalConnect's processes. It is the responsibility of the management team concerned to implement appropriate action plans following the recommendations made by GIA. GIA reviews effective implementation of management actions and assess whether the risks have been sufficiently mitigated.

In 2022 GIA performed a series of assurance and non-assurance engagements as per approved Audit Plan. Key audited areas related to (IT) Security and Third-Party Risk Management as well as management follow-up to selected audit findings noted previously. GIA also supported implementation of Corporate Governance and Compliance Framework and other key initiatives aiming to strengthen compliance, control environment and process maturity.

Remuneration of the Board of Directors

The remuneration paid to the Board members is decided at the Annual General Meeting. The notes of the Financial Statements for 2022 provide information on the remuneration in 2022.

Remuneration of executive personnel

The remuneration paid to executive personnel is decided by the Board of Directors. The notes of the Financial Statements for 2022 provide information on the remuneration in 2022.

External auditor

EY is the Group's auditor. The auditor attends one Board meeting each year, where the Group management is not present. EY participates in meetings where the Board considers the financial statements and meetings of the Audit Committee.

Corporate Leadership Team

Martin Lippert

Group CEO and Executive Vice President B2B

Martin Lippert took over as Group CEO in 2018. His career in the telecommunications industry spans almost three decades. Lippert was appointed to the top management position at GlobalConnect after the merger with Norwegian telecommunications company Broadnet, where he had been CEO since 2013. Prior to this, Lippert held management positions at TDC, including as CEO for TDC Business and COO for TDC.

Charlotta Rehman

Executive Vice President B2C and People & Brand

Charlotta Rehman was appointed Executive Vice President B2C and People & Brand in 2022, after being head of B2B Norway since 2020. When she first joined GlobalConnect in 2019, she served as Group COO. Rehman has a long career in the Nordic telecommunications industry and extensive experience of high-level management positions. She spent more than 25 years at Telia, where she held positions such as CEO for TeliaSonera in Norway and Deputy CEO for Telia Sweden.

Per Morten Torvildsen

Executive Vice President Infrastructure & Services

Per Morten Torvildsen was appointed Executive Vice President Infrastructure & Services in 2022. He has extensive experience of serving on the Board of Directors of GlobalConnect. Over a career of more than 30 years, Torvildsen has held a range of leadership positions across the telecommunications industry. He has also held over 20 board positions at tech and energy companies. He was CEO of TDC Norway and CEO and Chairman of the Ventelo Group. He served as Chairman of the Board of Broadnet, and was also on the boards of directors of companies such as IP-Only, InFiber and Tampnet. Since 2011, Torvildsen has been a Senior Advisor to EQT Partners.

Henrik Schibler

Group CFO

Henrik Schibler joined GlobalConnect as CFO in 2020. He has worked in finance for over 20 years, with extensive previous CFO-level experience. Schibler joined GlobalConnect from TietoEVRY where he was CFO, and prior to this he was CFO at the Danish facility management company ISS. He also has experience as a board member of the Swedish manufacturer and nanosatellite supplier GomSpace.

Board of Directors' Report

Nordic Connectivity AB (559228-2353) is the parent company of the Nordic Connectivity Group, referred to as GlobalConnect. Nordic Connectivity AB owns the shares and finances the operations in the various subsidiaries. 99.3 % of the parent company shares are owned by Riddle HoldCo S.à.r.l.

GlobalConnect is a leading provider of fiber-based data communication and related services to households, businesses, operators and the public sector in Norway, Denmark, Sweden, Finland and Germany. GlobalConnect operates one of the largest networks in the Nordics with approximately 155,000km of fiber network. The network covers all connectivity and infrastructure related services, including carrier business (NetCo), enterprise customers (B2B) as well as consumers (B2C). GlobalConnect achieves economies of scale by using one Group structure and one pan-Nordic network to connect customers in all our segments.

The headquarter of GlobalConnect is in Stockholm (Sweden). The main locations for the Group's business operations are Fornebu (Norway), Copenhagen (Denmark), Stockholm (Sweden) and Hamburg (Germany).

In addition to covering all of Sweden, Norway and Denmark with a high-speed optical fiber network, GlobalConnect also controls networks in part of Finland and Northern Germany. This enables GlobalConnect to deliver data-communications and related efficient and secure services to households, businesses, governments, and the public sector in these countries.

Financial Performance

GlobalConnect had revenue and other income of SEK 7,164m in 2022 compared to SEK 6,176m in 2021. In 2022, EBITDA was SEK 3,465m compared to SEK 2,896m in 2021.

Depreciation and amortization increased from SEK 2,879m in 2021 to SEK 3,575m in 2022. The increase is mainly related to higher investments in infrastructure. Net financial expenses were SEK 963m and is mainly related to external financing costs. As a result, GlobalConnect had a loss of SEK 1,020m in 2022, compared to a loss of SEK 1,122m in 2021.

FINANCIAL POSITION

GlobalConnect had assets of SEK 63,001m at December 31, 2022 compared to SEK 53,614m at December 31, 2021. The increase is mainly related to higher investments in infrastructure and M&A activities.

At year end, GlobalConnect had current assets of SEK 2,429m, mainly related to bank deposits and trade receivables. GlobalConnect had equity of SEK 16,768m at December 31, 2022 compared to SEK 17,310m at December 31, 2021. The change consists of this year's losses.

In 2021, a new Senior Facility Agreement of EUR 2.7bn for the GlobalConnect Group was entered into, which included a 7 yrs. Term Loan Facility of EUR 1,950m, Revolving Credit Facility of EUR 150m and a committed Capex Facility of EUR 600m. The loan documentation also included an opportunity to raise additional debt facilities of up to EUR 1,500m in an uncommitted Accordion Facility (Additional Facility). In August 2022 GlobalConnect successfully closed a debt financing process where an Additional Facility under the existing Senior Facility Agreement documentation was put in place. The Group raised additional financing to fund its ambitious growth plan, which includes both growing organically as well as expansion through acquisition of new assets. Despite challenging market conditions and volatile financial markets, a consortium of existing and new Nordic and international banks and financial institutions committed additional Senior Debt Facilities of EUR 1.0 bn. in total, at the same commercial terms and conditions as the existing financing. As part of the process, sustainability incentives aligned with GlobalConnect's ESG strategy were introduced, consisting of KPIs linked to the implementation of science-based targets, diversity targets and employee satisfaction goals throughout GlobalConnect Group. In combination with the debt raising, the Group also amended the Senior Facility Agreement Interest Cover Covenant ("ICR").

As of 31 December 2022, GlobalConnect locked in fixed rates for SEK 23,761m of total group interest-bearing borrowing of SEK 36,702m against fixed rate derivatives. The estimated effect on annual profit after financial items due to a one per cent rise in this interest rate level is currently SEK -136.5m (MtM effects). Without the interest hedge, the estimated effect on annual profit is estimated at approximately SEK 77.6m. Counterparty risk to GlobalConnect is spread to several industries where no single customer represents a significant share of sales. GlobalConnect has a credit policy and system support to ensure consistent and appropriate assessment and management of credit risks in the group. GlobalConnect's financial risk also relates to currency fluctuations. GlobalConnect operates in several countries with revenues and costs mainly settled in SEK, DKK, NOK and EUR. Changes in exchange rates will also affect the consolidated financial figures as the Group accounts are reported in SEK. GlobalConnect's financial position is sound and adequate, and the group is well positioned to settle short-term debt as of 31.12.2022 with the Group's most liquid assets. GlobalConnect has policies and system support to ensure consistent and appropriate assessment and management of these financial risks in the group.

REVENUE AND OTHER INCOME 2021

REVENUE AND OTHER INCOME 2022

EBITDA 2021

EBITDA 2022

At December 31, 2022, GlobalConnect had SEK 131m in cash, down from SEK 660m at the end of 2021. Free cash flow before Debt Service ended at SEK -6,512m for 2022 vs. SEK -2,261m in 2021. The Group continued to invest heavily in fiber-infrastructure across the Nordics and total Capital expenditures ended at SEK 9,184m in 2022 vs. SEK 4,856m for 2021. Excluding Capital expenditures, the Group generated a Free Cash flow of SEK 2,671m for the full year 2022, up from SEK 2,643m in 2021. Net Cash flow of the year is impacted by transaction-costs related to EUR 1.0bn additional financing of the Group during 2022.

RISK FACTORS

GlobalConnect faces risks both of operational and financial nature, which are outlined below.

OPERATIONAL RISK

GlobalConnect operates in an industry subject to significant competitive forces, where both products and services are under pricing pressure. GlobalConnect group revenues in relation to the number of customers and delivered services may therefore decrease due to declining market prices. GlobalConnect normally enters multi-year agreements with new customers. This involves the risk that customers do not extend these contracts at the end of the term or that new contracts are entered for shorter terms. GlobalConnect operates on a market for data communication and telephony. We cannot exclude the possibility of future market developments, as with new access technologies, from those within which the company operates. Such a change could impact company earnings negatively. We can also not exclude that policy decisions, acts, or passivity by national or local governments could cause difficulties for the future expansion of company network infrastructure. For example, such circumstances may involve failure to obtain excavation permits or land agreements.

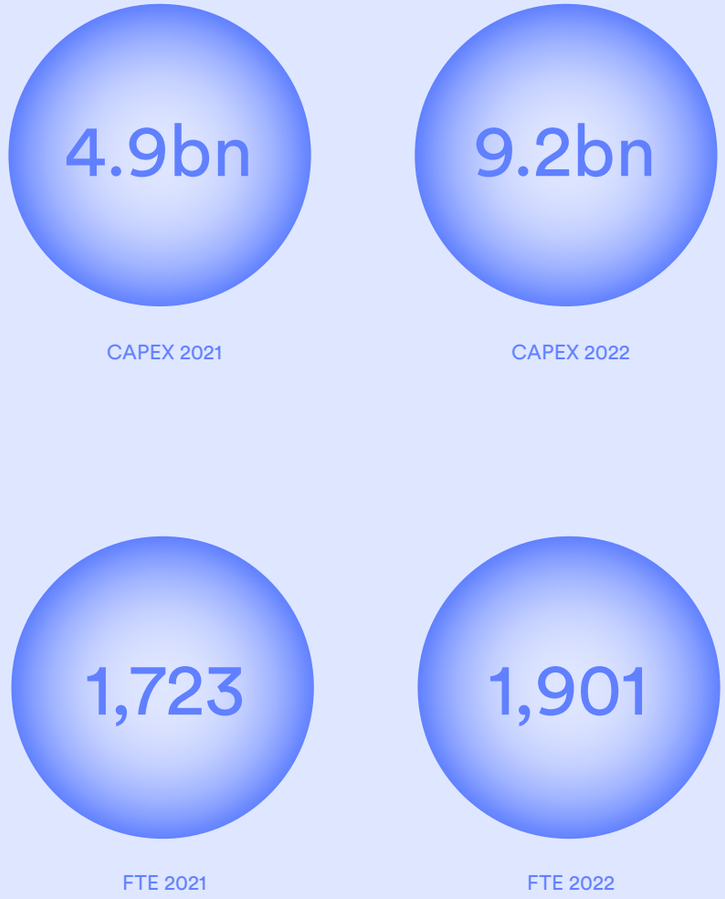
The markets both within the B2C and B2B segment are characterized by growth, competitiveness and technological development. The Groups ambition is to increase market share in the B2C-fibre segment and in selected B2B / Carrier-segments with a strong support from the owner.

FINANCIAL RISK AND RISK MANAGEMENT

Financial risk is managed centrally at the group level. The Board of Directors and management of GlobalConnect continually address the company's management and control including earnings, liquidity, and financial position. The Board of Directors frequently evaluate whether the prerequisites for continued operation are present, and are prepared, when the need arises, to take action in the event of weaker trends in liquidity or cash flow, or if the need for additional capital should arise.

RESEARCH AND DEVELOPMENT

GlobalConnect aims at applying the newest technologies and focus on securing and developing its market position through an increased focus on processes and improvement of operational efficiency. Such measures are expected to increase profitability and strengthen competitiveness. The level of Group costs related to R&D activities are considered immaterial, and primarily expensed as incurred.



The Working Environment and the Employees

To reduce absence due to illness and reduce number of sick days, GlobalConnect has taken several initiatives during 2022. GlobalConnect has offered group trainings, possibility to create individual diet- and exercise-programs together with a Personal Trainer and discount on gym memberships. There have also been initiatives such as physical therapy, arrangements with therapists and stress management trainings to make sure GlobalConnect enables sustainable health for all employees.

GlobalConnect has reported four work-related injuries during 2022. Out of these four reported injuries, one was reported in Sweden and three was reported in Denmark. Efforts for improvements in the working environment are made on an ongoing basis and GlobalConnect's various working environment committees held regular meetings in 2022.

Equal Opportunities and Discrimination

GlobalConnect aims to be a workplace with equal opportunities and has included in its policies regulations to prevent discrimination regarding salary, promotion and recruiting. During 2022, GlobalConnect implemented the people data system PeopleConnect to digitalize and harmonize all people processes in the group, such as performance management, succession planning, recruitment and annual salary review. A key management target for GlobalConnect is to be a "preferred place to work". Key elements in this effort are management focus, leadership, employee-involvement, employee satisfaction, motivation and to develop employee competence. Surveys on the work environment are conducted on a bi-weekly basis. An important objective is to detect gender discrimination concerning salaries, promotion, and participation in internal offers of in-service training.

Working time arrangements are determined by the various positions and do not depend on gender. The share of employees working part-time, however, is somewhat higher among women, and correspondingly, the extent of overtime is higher for men. The company intends to carry forward the implemented initiatives as described above regarding equal opportunities. In addition, the company has a focus to increase the recruitment of women to leading positions among the company's female employees.

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion, and faith. GlobalConnect is working actively, determinedly, and systematically to encourage the Act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment. GlobalConnect aim's to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many people as possible can utilize the various functions. For employees or new applicants with reduced functional ability, individual arrangements of workplace and responsibility are made.

Environment

Waste from production facilities, including waste considered harmful to the environment, is within regulatory limitations. GlobalConnect's operations are not regulated by licenses or impositions. A significant portion of the environmental work is concentrated on establishing systems for measuring air quality and noise in the production facilities.

Sustainability Report

The sustainability report for the 2022 financial year is included in the Annual Report, for further information see page 18.

Subsequent Events

In February 2023, GlobalConnect Sweden aquired the company Lysna & Njut AB. For more information see Note 22.

Mubadala has purchased a minority share in Nordic Connectivity AB. The transaction was closed in April 2023.

Other Information

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

Appropriation of Earnings

The Board of Directors proposal for disposition of available funds: Amounts in kSEK	
Share premium	23,568,827
Retained earnings	-28,445
Loss for the year	12,099
	23,552,481

The board proposes that this sum be appropriated as follows:	
To be carried forward	23,552,481

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Empowering Infrastructure

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FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Comprehensive Income

SEK 000'	NOTES	2022	2021
Revenue	3	6,946,297	6,009,329
Other operating income	4	217,502	167,102
Total revenue and other operating income		**7,163,799**	**6,176,430**
Cost of materials and service charges		-1,481,306	-1,284,927
Employee benefit expenses	5	-2,006,085	-1,713,917
Other operating expenses	6,7	-211,138	-281,801
Depreciation, amortization and impairment	10,11,12	-3,575,014	-2,879,457
Operating profit		**-109,745**	**16,327**
Finance income	8	60,565	451,455
Finance costs	8	-1,023,785	-1 725,911
Profit before tax		**-1,072,965**	**-1,258,129**
Income tax expense	9	53,296	135,795
Loss for the year		**-1,019,669**	**-1,122,333**
LOSS ATTRIBUTABLE TO:			
Equity holders of the parent		-1,015,295	-1,119,763
Non-controlling interests		-4,374	-2,570

SEK 000'	NOTES	2022	2021
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the parent		-1,015,295	-754,329
Non-controlling interests		-4,374	-2,570
Loss for the year		-1,019,669	-1,122,333
COMPREHENSIVE INCOME			
Items that subsequently may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		478,164	365,434
Total items that may be reclassified to profit or loss		478,164	365,434
Other comprehensive income for the period		478,164	365,434
Total comprehensive income for the period		**-541,505**	**-756,899**

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Financial Position

For the year ending 31 December

SEK 000'	NOTES	2022	2021
ASSETS			
Non-current assets			
Deferred tax assets	9	481,191	-
Goodwill	10	12,346,121	10,861,506
Intangible assets	11	3,576,747	2,581,342
Property, plant and equipment	12	39,944,435	34,012,806
Right of use assets	13	3,950,738	3,105,400
Other non-current assets	14	263,873	289,080
Total non-current assets		**60,563,105**	**50,850,133**
Current assets			
Trade receivables	15	1,444,167	1,259,010
Prepayments		762,649	724,941
Other current assets	15	99,942	119,335
Cash and cash equivalents	16	131,443	660,083
Total current assets		**2,438,201**	**2,763,369**
TOTAL ASSETS		**63,001,305**	**53,613,502**
EQUITY AND LIABILITIES			
Equity			
Share capital		236	236
Share premium reserve		25 777 701	25,777,701
Retained earnings		-9,009,621	-8,468,696
Equity attributable to equity holders of the parent		**16,768,316**	**17,309,241**
Non-controlling interests		-	580
TOTAL SHAREHOLDERS' EQUITY		**16,768,316**	**17,309,823**
Non-current liabilities			
Deferred tax liabilities	9	2,781,162	2,029,466
Lease liabilities	13	3,150,946	2,450,714
Interest bearing liabilities	17	32,277,267	25,067,834
Contract liabilities	18	2,007,441	1,168,755
Provisions	19	794,641	739,486
Total non-current liabilities		**41,011,458**	**31,456,255**
Current liabilities			
Current tax liability	9	-	956
Lease liabilities	13	883,169	667,629
Contract liabilities	18	1,384,493	1,589,895
Interest bearing liabilities	17	24,324	14,587
Current provisions	19	1,146,733	1,340,101
Trade and other payables	20	1,782,813	1,234,254
Total current liabilities		**5,221,531**	**4,847,423**
Total liabilities		**46,232,989**	**36,303,679**
TOTAL EQUITY AND LIABILITIES		**63,001,305**	**53,613,502**

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Cash Flow

For the year ending 31 December

SEK 000'	NOTES	2022	2021
Cash flow from operating activities			
Profit before tax		-1,072,965	-1,258,129
Adjustments to reconcile profit before tax to net cash flow			
Depreciation, amortisation and impairment	11,12	3,575,014	2,879,457
Net finance income and finance costs	8	963,220	1,274,456
Working capital adjustment:			
Changes in trade and other receivables	15	-182,616	-275,366
Changes in provision and other liabilities	19	66,943	371,627
Changes in trade and other payables	20	276,056	146,381
Re-classification of short term obligations in opening balance		-134,755	-
Other items			
Cost to obtain customer contracts		-132,881	-
Other adjustments		-9,198	-
Net cash flow from operating activities		**3,348,819**	**3,138,428**
Cash flow from investing activities			
Purchase of property, plant and equipment	12	-5,460,384	-4,444,770
Acquisition of shares in subsidiaries, net of cash acquired		-3,197,044	-42,387
Purchase of intangible assets/development expenditures	11	-526,319	-368,348
Interest received		-	4,344
Net cash flow from investing activities		**-9,183,747**	**-4,851,160**

SEK 000'	NOTES	2022	2021
Cash flow from financing activities			
Governments grants		409,833	-
Proceeds from long-term debt	17	7,294,529	21,764,791
Repayment of long-term debt	17	-37,800	-18,224,798
Payments for the principal portion of the lease liability	13	-996,813	-770,710
Interest paid	8	-1,336,969	-1,067,893
Other adjustments		-	-
Net cash flow from financing activities		**5,332,779**	**1,701,389**
Net change in cash and cash equivalents		-502,149	-11,343
Effect of change in exchange rate		-26,491	-9,828
Cash and cash equivalents, beginning av period	16	660 083	681,255
Cash and cash equivalents, end of period		**131,443**	**660,083**

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Changes in Equity

SEK 000'	Share capital	Share premium	Retained earnings	Shareholders' equity attributable to parent company shareholders	Non-controlling interests	Total equity
Balance as of January 1, 2021	**236**	**25,777,701**	**-7,714,367**	**18,063,570**	**3,150**	**18,066,721**
Total comprehensive income	**-**	**-**	**-754,329**	**-754,329**	**-2,570**	**-756,899**
Balance as of December 31, 2021	**236**	**25,777,701**	**-8,468,696**	**17,309,241**	**580**	**17,309,823**
Total comprehensive income	**-**	**-**	**-541,505**	**-541,505**	**-**	**-541,505**
Changes in non-controlling interests	-	-	**580**	**580**	**-580**	**-**
Balance as of December 31, 2022	**236**	**25,777,701**	**-9,009,621**	**16,768,316**	**-**	**16,768,316**

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION

1.1 BASIS OF PREPARATION

Nordic Connectivity AB (559228-2353) is the parent company of the Nordic Connectivity Group, referred to as GlobalConnect. The headquarter of GlobalConnect is in Stockholm (Sweden). The main locations for the Group's business operations are Fornebu (Norway), Copenhagen (Denmark), Stockholm (Sweden), and Hamburg (Germany

1.1.1 GENERAL

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"). The preparation according to IFRS is voluntarily according to Årsredovisningslagen 7 kap. 33§. Further, the group accounts are prepared according to Swedish laws through the recommendations for financial reporting "RFR 1 Kompletterande redovisningsregler for koncerner" given by Swedish Financial Reporting Board.

The consolidated financial statements have been prepared on a historical cost basis, except for accounting of derivative financial contracts and equity financial assets which are measured at fair value.

1.1.2 GOING CONCERN

The financial statements are prepared based on the going concern assumption.

1.1.3 PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

The consolidated financial statements are presented in Swedish Kroner (SEK). Each entity in the Group determines its functional currency and items included in the financial statements of each entity are measured using that functional currency. For items in the statement of comprehensive income, the average monthly rate is used for P&L items per month, for Balance sheet items, the exchange rate at balance sheet date is used.

If currency rates are fluctuating significantly, transaction exchange rates are applied for significant transactions. The exchange differences arising on translation for consolidation are recognized in OCI.

All figures are presented in thousands (000), except when otherwise explicitly indicated.

1.2 BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of Nordic Connectivity AB and its subsidiaries as at 31 December 2022. The subsidiaries are consolidated when control is achieved as defined by IFRS 10, that is, when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control.

Total comprehensive income (profit or loss and each component of other comprehensive income, OCI) are attributed to the equity holders of the parent of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.3. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for by applying the acquisition method in IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. See Note 2 for the Group's significant judgements and estimates in relation to impairment of goodwill.

1.4 ECONOMIC USEFUL LIFE OF TANGIBLE AND INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

GlobalConnect Group has recognized significant tangible and intangible assets from previous business combinations. The estimated useful lives do have a significant impact on the amount of annual depreciation and amortization recognized as well as on other factors (e.g. classification of leases). Details regarding estimated useful lives of various assets are outlined in the relevant notes.

The amortization period (economic life) and the amortization method for tangible assets and intangible assets with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

1.5 CURRENT VERSUS NON-CURRENT ASSETS/LIABILITIES FOR FINANCIAL DERIVATE CONTRACTS

The whole carrying amount of a financial derivative contract used for hedging of interest rate risk (not hedge accounting) is classified as a non-current asset or liability when the remaining maturity of the contract is more than 12 months, and as a current asset or liability when the remaining maturity of the contract is less than 12 months.

Trading derivatives are classified as a current asset or liability.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

1.6 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is a provider of fiber-based data communication and related services to businesses, operators and public sector. The Group's revenue streams are divided between leases and revenue from contract with customers. Dark/unlit fiber and dedicated network capacity including dedicated data centre space/colocation represent leases in the scope of IFRS 16 and relevant accounting principles for the revenue streams of the Group acting as lessor in lease arrangements are provided for under the headline "leases" below. IFRS 15 Revenue from contract with customers apply for the Group's revenue streams that are not in the scope of IFRS 16.

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. A detailed analysis of the performance obligations and the revenue recognition for each type of customer contract has been performed to ensure that revenue is recognized correctly when (at a point in time) or as (over a period of time) the performance obligations are satisfied.

The Group has identified the following revenue streams; internet capacity/services (fiber, ADSL and SHDSL), ethernet and infrastructure, IP VPN and data centre/colocation capacity (non-dedicated). Revenue from contracts with customers is recognized in line with fulfilment of the performance obligation, i.e. when control of the goods or services are transferred to the customer. The revenue reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In general, the Group provide service contracts where the Group's performance creates an asset momentarily, because that asset is simultaneously received and consumed by the customer. In these cases, the customer obtains control of the Group's output as it is performed. Therefore, the performance obligation is satisfied over time.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.

The Group considers whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of a system, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and any consideration payable to the customer. For further disclosure, see Note 3.

Contracts with similar characteristics have due to the large number om similar contracts, been valuated using a portfolio approach, using the practical expedient described in the standard.

The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services below, because it typically controls the goods or services before transferring them to the customer. Revenues are recognized gross when The Group acts as the principal in a transaction. For content-based services and the resale of services from content providers where the Group acts as the agent, revenues are recognized net of direct costs.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. For all material aspects, the Group's revenues are considered fixed.

Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract Assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Costs to obtain a contract (e.g. sales commissions)

When revenue will be recognized over several reporting periods the Group recognizes incremental costs of obtaining a contract with a customer as an asset, provided that the costs are expected to be recovered throughout the contract. The costs are amortized on a systematic basis over the period which the Group expects to provide services to the customer. This period is re-assessed at the end of each reporting period.

Contract liabilities (e.g. deferred connection fees)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

1.7 OTHER OPERATING INCOME

Other operating income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured, regardless of when the payment is received. Income is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

1.8 EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (i.e.. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis.

Other employee expenses consist of other benefits such as insurance, cars and telephones and remuneration to the employee representatives in the Board of Directors.

Terminal expenses and severance pay are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

1.9 OTHER OPERATING EXPENSES

Other operating expenses are recognized when they incur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization, and impairment.

1.10 FINANCE INCOME AND FINANCE COSTS

Interest income and interest expenses on loans and receivables are calculated using the effective interest method, and included in the financial income and financial costs, as is gains or losses on derivatives. Interest expenses on lease liabilities are also included in the finance costs and presented separately in the disclosures of financial costs. Foreign currency gains or losses are reported as gain or loss on foreign exchange in financial income or financial costs, except for currency translation effects from investments in foreign subsidiaries which is presented in other comprehensive income (OCI).

1.11 TAXES

Income taxes comprise current and deferred taxes.

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying value for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.12 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for long-term construction projects if they meet the recognition criteria. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Other repair and maintenance costs are recognized in the statement of comprehensive income as incurred. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation expense on PP&E is recognized in the statement of comprehensive income, on the line item "Depreciation and amortization". The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. See Note 2 for significant judgements and estimates applied in assessing impairment of PP&E.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognized.

Telecom networks under construction
Telecom networks under construction relates to ongoing network building projects, as well as equipment dedicated for usage on the Group's telecom network infrastructures, including an inventory for spare parts. The telecom networks under construction will therefore be reclassified from telecom networks under construction to owned telecoms when ready for use.

1.13 LEASES
Identifying a lease
At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

The Group as a lessee
At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except when the value of the asset is low (underlying value of less than 5 thousand EUR). For low value leases, the Group recognizes the lease payments as other operating expenses in the statement of comprehensive income when they incur.

Measuring the lease liability
The lease liability is initially measured at the present value ofthe lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group does not include variable lease payments in the lease liability arising from other sources than contracted index regulations subject to future events, such as inflation. Instead, the Group recognizes these costs in the statement of comprehensive income in the period in which these payments incur.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset
The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated over the lease term. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

The Group as a lessor
For contracts where the Group acts as a lessor, it classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease s classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

When the Group is an intermediate lessor, it classifies the sublease as a finance lease, or an operating lease as follows:

- If the head lease is a short-term lease, the sublease is classified as an operating lease
- When the head lease is not a short-term lease, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset

Operating leases
For operating leases, the Group recognizes lease payments as revenue, mainly on a straight-line basis, unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The Group recognize costs incurred in earning the lease income as costs of materials and service charges. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognize those costs as an expense over the lease term on the same basis as the rental income.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

Finance leases
The carrying amount of the underlying asset is derecognized, net investment in the lease is recognized and any selling profit or loss are recognized net in other income at lease commencement. The net investment is initially measured by applying the interest rate implicit in the lease, which includes any initial direct costs.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- Fixed payments (including in-substance fixed payments), less any lease incentives payable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

Any residual value guarantees provided to the Group by the lessee, a party related to the lessee or a third party unrelated to the Group that is financially capable of discharging the obligations under the guarantee.

The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

If the Group subleases an asset classified as a finance lease the Group as the intermediate lessor will derecognize the right-of use asset related to the sublease and recognized the net investment in the sublease as a receivable. Any difference between the right-of-use asset and the net investment in the sublease is recognized in the statement of comprehensive income.

Subsequently the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis.

1.14 INTANGIBLE ASSETS
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of comprehensive income, on the line item "Depreciation and amortization".

See Note 2 for the Group's significant judgements and estimates applied when assessing impairment of intangible assets.

1.15 GOVERNMENT GRANTS
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as other income in equal amounts over the expected useful life of the related asset.
When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

1.16 FINANCIAL INSTRUMENTS
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and subsequent measurement
The Group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these financial instruments are measured at fair value through profit or loss, fair value through other comprehensive income, and amortized cost using the effective interest method (EIR), depending on the financial assets and -liabilities' contractual cash flow characteristics and the Group's business model for managing them.

Financial Assets
Financial assets measured subsequently at amortized cost:
The category includes mainly trade receivables and other receivables and cash and cash equivalents.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets measured subsequently at fair value through other comprehensive income:
The Group does not hold financial assets categorized as fair value through other comprehensive income (FVOCI) as of the reporting date.

Financial assets measures subsequently at fair value through profit or loss:
The Group engages from time to time in derivative financial instruments contracts, which are classified as fair value through profit or loss (FVTPL) and accordingly measured at fair value on the reporting date of the financial statements.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss,

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

The Group have not designated any financial asset to FVTPL at the reporting date of the financial statements.

Financial Liabilities

Financial liabilities measured subsequently at amortized cost:

This is the category that is most relevant to the Group, and the category represent the Group's interest-bearing liabilities including lease liabilities as well as non-interest-bearing liabilities such as trade payables and other payables.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in profit or loss. This category generally applies to interest-bearing loans and borrowings.

Financial liabilities measure subsequently at fair value through profit or loss:

The Group engage from time to time in derivative financial instruments contracts, which is classified as fair value through profit or loss (FVTPL) and accordingly measured at fair value on the reporting date of the financial statements. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Except for derivatives, the Group has not designated any financial liability to FVTPL at the reporting date of the financial statements.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

1.17 IMPAIRMENT OF FINANCIAL ASSETS

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 17.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach (as applicable for trade receivables, contract assets and lease receivables) in calculating ECLs, where the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Generally, trade receivables are written-off if past due for more than one year.

NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

Derecognition of financial instruments
Financial assets
A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

When the Group has transferred its rights to receive cash flows from an asset or has entered a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

1.18 TRADE AND OTHER RECEIVABLES
The Group's trade receivables consist solely of amounts receivable from revenue contracts with customers. Trade receivables are on various terms, at maximum 30 days. Other receivables included VAT and other receivables which are expected to be realized or consumed in the normal operating cycle within twelve months after the reporting period. Trade receivables are financial assets which are initially recognized at fair value (original invoice amount, nominal value) at the trade. Discounting is ignored if insignificant.

Expected credit losses
The Group recognizes an allowance for expected credit losses (ECLs) for its trade receivables. See further description above.

1.19 CASH AND CASH EQUIVALENTS
Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1.20 PROVISIONS
Provisions are liabilities with uncertain timing or amount and are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party.

A provision is made and calculated based on management assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of the financial year.

1.21 TRADE AND OTHER PAYABLES
Trade and other payables are measured at fair value upon initial recognition and subsequently at amortized cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

1.22 OTHER COMMITMENTS AND CONTINGENCIES
Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are unlikely to be incurred.

Contingent assets are not recognized in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

1.23 NEW ACCOUNTING STANDARDS
No standards, amendments, IFRSs or IFRIC interpretations that are effective from 1 January 2022 had impact on the consolidated financial statement for the group. The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRSs or IFRIC interpretations that are not yet effective that the group currently expects will have material impact on the group's financial statements going forward.

NOTE 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS and application of the chosen accounting policies require management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual outcome may differ from these estimates.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have most significant effect on the amounts recognized in the financial statements, are summarized below.

See Note 1 for the related accounting principles.

2.1 IMPAIRMENT CONSIDERATIONS OF GOODWILL, INTANGIBLE ASSETS, PP&E AND RIGHT OF USE-ASSETS

The following are considered significant estimates and assumptions applied in the Group's impairment considerations:

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

Recoverable amount in the impairment tests performed at year end 2022 has been determined based on value in use (ViU). The ViU calculation is based on a discounted cash flow (DCF) model. In assessing ViU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Restructuring activities and significant future investments are excluded from the budgets, and a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The ViU calculation is sensitive to revenue growth in the forecast period, the discount rate, expected future cash flows and the terminal growth rate. These estimates are most relevant to goodwill and other intangibles and represent significant assumptions made by management. The key assumptions used to determine the recoverable amount for the CGU, is further disclosed in Note 12.

2.2 DEFERRED TAX ASSETS

Deferred tax assets are recognized to the extent that it is probable that the tax assets will be realized. These tax assets relate primarily to the utilization of tax losses carried forward. The judgement required to determine the amount of deferred tax assets that can be recognized is primarily based upon expected level and timing of future taxable profits.

2.3 LEASES

In applying IFRS 16, the Group makes significant judgements in the following areas:

- Determination whether a contract is, or contains a lease
- Determination of the lease term for the Group as a lessee
- Classification of operating vs. finance leases for the Group as a lessor

2.3.1 IDENTIFYING WHETHER A CONTRACT IS, OR CONTAINS A LEASE

In assessing whether a contract is, or contains a lease, the Group has assessed whether the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. This assessment has required significant judgements for fibre optic cable arrangements, capacity, colocation leases and leases of data centres. The Group has identified lease contracts relating to network equipment (e.g. dark fiber, IRU and ducts), technical and non-technical space, equipment and cars.

A capacity portion or other portion of an asset that is not physically distinct (e.g. a capacity portion of a fibre optic cable, including internet/broadband services) is not considered an identified asset unless it represents substantially all the capacity of the entire asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from use of the asset. The Group has concluded that such capacity arrangements represent the delivery of services from a supplier to the customer and are not accounted for in accordance with IFRS 16.

The Group has not applied IFRS 16 to intangible assets, such as wavelengths.

Colocation leases and leases of data centres are considered leases in the scope of IFRS 16 if the customer has the right to a defined space or equipment and controls the use of this space/equipment.

2.3.2 DETERMINING THE LEASE TERM – THE GROUP AS A LESSEE

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

When evaluating whether GlobalConnect is reasonably certain to exercise a renewal option or not to exercise a termination option the Group considers factors such as business model (e.g. the importance of the asset to the underlying business) and the availability of alternative assets etc. These judgements are especially relevant to the Group's fibre and data center/colocation leases.

NOTE 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONT.

2.3.3 CLASSIFICATION OF OPERATING VS. FINANCE LEASES – THE GROUP AS A LESSOR

For agreements where the Group acts as a lessor, the Group classify its leases as either operating or finance leases. If the Group transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

The Group especially applies judgements in assessing its long term IRUs (Indefeasible Right of Use). Unless the lease term is for the major part of the economic life of the underlying fiber and/or title of the fiber is transferred, the Group generally assess such leases as operating.

Subleases where the Group is the intermediate lessor, are considered finance leases when the head lease and the sublease have corresponding or similar lease terms.

See Note 13 for a specification of the Group's operating and finance leases.

2.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

In relation to IFRS 15 Revenue from contract with customers, the Group applies the following significant judgements:

Identifying performance obligations - connection fees

In many of the Group's revenue contracts, the customer pays an upfront fee at contract inception, which may relate to the initiation, or set-up of the connection to be used for delivering the interlinked future internet and fibre services. When the title of the network is not transferred to the customer and when there is a two-way dependency between the connection and the subsequent services, connection fees are not considered to constitute a separate performance obligation. Hence, any consideration for connection fees is recognized over time together with delivery of recurring services. For further disclosure, see Note 3.

The Group applies the following significant estimates and assumptions when assessing its revenues:

Estimated customer retention period; Recognition of connection fees and amortization of sales commissions

The Group recognizes connection fees and amortizes capitalized sales commissions over the expected customer relationship period when such fees are received/payable upon initial contract inception. This period is decided by a calculation based on historical churn-rates updated annually by the Group.

NOTE 3 DISSAGREGATED REVENUE INFORMATION

The Group is a provider of fiber-based data communication to consumers, businesses, operators and the public sector in Sweden, Norway, Denmark and Germany among others. The Group has a wide range of service offerings and significant coverage across its primary markets.

Parts of the Group's revenue relates to lease income from dark/unlit fiber and dedicated network capacity including dedicated datacenter space/colocation, which is accounted for as operating leases in line with IFRS 16. The operating lease income is presented as revenue in the Group's total comprehensive income statement. Disaggregation of revenue is presented below, with reference to Note 13 for further disclosures on the operating leases.

Areas generating revenues includes Internet, Ethernet, IP VPN, dedicated capacity and datacenters with relevant services and goods, separately or in bundled packages, delivered to small and large businesses as well as public sectors (collectively referred to as B2B) and private households (B2C). Services includes subscription and traffic fees, datacenter fees and connection fees. Goods includes customer equipment installed in customer premises and other transmission equipment.

3.1 DISAGGREGATED REVENUE INFORMATION

The Group's presented revenues can be divided in Revenue from Contracts with Customers and Operating Leases as follows:

SEK 000'	2022	2021
Revenue from contracts with customers	6,085,618	5,269,036
Lease income from operating leases	860,679	740,293
Total revenue	**6,946,297**	**6,009,329**

Lease income from operating leases are recognised over time in line with IFRS 16 and included in the table above. For further information on operating leases, see Note 13.

Set out below is the disaggregation of the Group's revenue into the CGUs in management operational reporting:

Revenue by business and geographical areas 2021

SEK 000'	Norway	Sweden*	Denmark**	Total
B2B	1,459,562	1,150,273	1,705,297	4,315,132
B2C	382,463	1,306,925	4,808	1,694,196
Revenue	**1,842,026**	**2,457,198**	**1,710,105**	**6,009,329**

Revenue by business and geographical areas 2022

SEK 000'	Norway	Sweden*	Denmark**	Total
B2B	1,221,900	1,746,118	1,620,222	4,588,239
B2C	472,576	1,853,577	31,905	2,358,058
Revenue	**1,694,475**	**3,599,695**	**1,652,127**	**6,946,297**

*Includes Finland and the Norwegian subsidiary IP-Only Norway AS
**Includes German entities

NOTE 3 DISSAGREGATED REVENUE INFORMATION CONT.

3.2 TIMING OF THE REVENUE RECOGNITION

Timing of revenue recognition for most of the Group's revenues are decided by the rules in IFRS 15. The core principle of IFRS 15 is to recognize revenue in an amount that reflects the consideration to which an entity expects to be entitled in exchange for goods or services. The revenue recognition concepts of IFRS 15 are often illustrated by a five-step model, identifying the contract and the performance obligations, determining correct transaction price and appropriate price-allocation and concluding on the appropriate timing of the revenue recognition.

The appropriate timing of revenue recognition related to the performance obligation is either "over time" (defined as the expected customer retention period) or "at a point in time".

SEK 000'	2022	2021
Goods and services transferred at a point in time	645,163	781,351
Goods and services transferred over time	6,301,134	5,227,979
Revenue	**6,946,297**	**6,009,329**

The Group satisfies a performance obligation over time if one of the following criteria are met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as we perform
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceableright to payment for the performance completed to date

If none of the above criteria are met, control is considered transferred at a point in time, being when the goods/services are delivered to the customer.

3.3 DISTINCT GOODS OR SERVICES IN COMBINED CONTRACTS

When the Group provides goods or services together it determines whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct), and if the promise to transfer the good or service is separately identifiable from the other promises in the contract.

If a contract contains promises to transfer goods or services that are distinct in the context of the contract, the Group allocates the transaction price to each separate performance obligation based on the relative stand-alone selling prices of each good and service.

3.4 PERFORMANCE OBLIGATIONS

The following section relates to "Revenue from contacts with customers" presented above.

Recurring services and subscription fees
The majority of the Groups revenues in both the B2B and B2C markets are recurring, generated from running service contracts and subscription fees. As both the fulfilment of the performance obligation and the customers control/consumption occurs simultaneously the criterias for revenues recognition over time is satisfied for such revenues. Normal practice is advance billing, monthly and quarterly, with credit term in the range of 13-30 days.

Installation and connection fees
Upfront non-refundable payments from customers related to installation and connection activities have been assessed to determine whether they represent a separate performance obligation under IFRS 15. The Group has concluded that these activities not provide an incremental benefit to the customer beyond that which they will receive from the ongoing services and do not constitute a separate performance obligation. The fees are therefore regarded as part of the total transaction price for the contract and recognized over time. When the upfront payment in the initial contract also represents an option of the customer to renew the contract at a lower price, and this represents a material right, these revenues are recognized over the expected customer retention period. As a practical expedient these revenues from prior years have been analyzed on a portfolio-basis and are recognized evenly over the estimated remaining duration of the performance obligation. Estimated duration is calculated baset on histroical churn-rates. Received upfront payments from the customer are treated as contract liabilities and further disclosed for in Note 18.

Other revenue services
Group revenues recognized at a point in time includes fees for various one-time deliverables such as technical equipment, additional services, re-invoicing of incurred expenses and various fees. When such services may be purchased separately and are not

NOTE 3 DISSAGREGATED REVENUE INFORMATION CONT.

closely interrelated with the goods/services provided over time, such charges are treated as separate performance obligations and recognized at a point in time if none of the criterias deciding that “over time” recognition is required.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as shown below. As a practical expedient the numbers are based on the annual portfolio of the relevant historical revenues linearly accrued over the exepected remaining duration of the performance obligation:

Timing of revenue recognition	2022	2021
Within one year	1,384,493	1,589,895
After first year	2,007,441	1,168,755
Total revenue deferred	**3,391,934**	**2,758,650**

The deferred revenues expected to be recognised after the first year is mainly related to long term subscriptions for services. Installation fees closely interlinked with rendering of services performed over time are recognised over the same period. Other remaining performance obligations are expected to be recognised within one year.

3.5 COSTS TO OBTAIN A CONTRACT

GlobalConnect pays commissions and bonuses to external sales agents and to the internal sales force for obtaining contracts. According to IFRS 15, incremental costs for obtaining a contract are recognized as an asset and amortized on a systematic basis consistent with the pattern of the fulfilment of the contract. GlobalConnect should recognize the commissions and bonuses paid to external agents and the internal sales force as an asset. The amortization of the asset follows the estimated length of the obtained contracts. Refer to Note 18.

NOTE 4 OTHER OPERATING INCOME

Other operating income	2022	2021
Gain from the sale of Property Plant and Equipment	-45	34,676
Other rental income	7,899	10,823
Gain from finance leases	190,309	-
Government grants	12,161	499
Other operating income	7,179	121,104
Total other operating income	**217,502**	**167,102**

Other rental income presented above relates primarily to office premises. Refer to Note 13 for infomation on leases.

Government grants and subsidies
The group receives government grants in the form of subsidies related to the roll out of fiber networks.
The subsidies are recognized as other income over time.

NOTE 5 EMPLOYEE BENEFITS AND EXPENSES

Employee benefit expenses	2022	2021
Salaries	1,583,810	1,357,794
Social security costs	270,946	250,012
Pension costs	91,850	85,969
Other emplyee expenses	59,479	20,142
Total employee benefit expenses	**2,006,085**	**1,713,917**

Position	Board fee/salary	Pension cost	Other remuneration	Total
Board of directors	4,459	-	-	4,459
CEO	9,106	546	4,142	13,794
Total remuneration to Board of directors	**13,565**	**546**	**4,142**	**18,253**

Full time employees (FTEs) 2021	Female	Male	Total
Norway	88	329	417
Sweden*	184	493	677
Denmark**	146	483	629
Total	**418**	**1,305**	**1,723**

Full time employees (FTEs) 2022	Female	Male	Total
Norway	97	368	465
Sweden*	210	523	733
Denmark**	162	540	703
Total	**469**	**1,431**	**1,901**

*Includes Finland
**Includes Germany

Management remuneration
Other remuneration for executives in the tables above refer to bonuses. Board fees are decided on in annual general meeting and amounts to SEK 1,744 for 2022 (2021: SEK 2,325) for the parent company. There are no loans or guarantees to Board members, Management group or employees, or their related parties.

Long term incentive plan (LTIP)
Within the Group, there has been established a Long-term Incentive program (LTIP). The parent company Nordic Connectivity AB has under certain circumstances considered likely to make the cash payments to the employees. The employees are employed in different subsidiaries, and the subsidiaries have no obligation to settle the transaction. Because the parent company Nordic Connectivity AB has an obligation to settle the transaction with the employees, and the consideration is cash, the parent measures its obligation as a cash settled share based payment transactions I.e. a liability is recognized in an amount equal to the fair value of the cash settlement transaction, with an corresponding entry to Investment in subsidiary (as a capital contribution). In 2022 costs relating to LTIP of SEK 13,687k (2021: SEK 41,543k) is recorded.

Pension
The group's pension schemes consist mainly of defined contribution pension plans. For defined contribution plans, the contributions are paid to pension insurance plans and charged to the statement of comprehensive income in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations. The Group also has some closed, defined benefit pension plans for some employees and retirees. Thru a defined benefit pension plan, the employees' part of the scheme will be guaranteed a certain level of their pension payments based on their last salary. The level of the pension payment is dependent on the number of years the employee has been with the Group and the obtained level of salary when working.

The Norwegian companies in the Group are obligated to keep an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act. The Group's pension scheme satisfies these requirements.

Defined contribution plan
The majority of the Group's employees are covered by defined contribution pension schemes. Contributions to these schemes are recognized as pension expense as they occur. Total costs related to the Groups contribution plans were SEK 71.8m in 2022 (2021: SEK 67.5m).

Defined benefit pension plan
The Group also has defined benefit pension plans for some former employees. The defined benefit pension plans are overfunded, with total net pension assets amounting to SEK 4,694k at 31 December 2022. To the extent possible, pension premiums are deducted from pension fund. It is Management view that risks related to the defined benefit plan are not material to the Group. At 31 December 2022 total pension funds/assets were SEK 24,863k (2021: SEK 23,932k) and liability SEK 20,169k (2021: SEK 18,869k).

NOTE 6 OTHER OPERATING EXPENSES

Other operating expenses	2022	2021
Office supplies and misc. equipment	8,351	10,298
Variable premises expenses incl power	34,984	27,095
IT costs	181,055	126,667
Marketing and distribution expenses	117,967	84,682
Consulting expenses	361,801	368,639
Other operating expenses	-493,019	-335,581
Total other operating expenses	**211,138**	**281,801**

Capitalized development expenses
Included in the line item "other operating expenses" presented above, there is booked a cost reduction of SEK 676.2k related to projects capitalized in 2022 (2021: SEK 526.2k), including both development and direct costs of PPE projects. For further disclosures on the development projects, see Note 11.

NOTE 7 FEES TO THE APPOINTED AUDITOR

Auditor related fees - EY	2022	2021
Audit fee	9,649	12,900
Audit related services	202	309
Other advisory services	2,371	120
Total auditor fees - EY	**12,222**	**13,329**

NOTE 8 FINANCIAL INCOME AND FINANCIAL COSTS

Finance income	2022	2021
Finance income		
Gain on foreign exhange	46,527	361,276
Gain on financial instrumets at fair value through profit and loss	-	84,171
Interest income	7,956	4,394
Other finance income	6,082	1,614
Total finance income	**60,565**	**451,455**

Finance costs	2022	2021
Loss on financial instruments at fair value through profit or loss	87,531	64,937
Loss on foreign exchange	306,176	316,614
Interest expenses	581,154	1,284,833
Interest costs on lease liabilities	48,201	57,597
Other financial expenses	723	1,929
Total finance costs	**1,023,785**	**1,725,911**

Interest income and interest expenses
Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing, measured and classified at amortized cost in the statement of financial position. Interest cost on lease liabilities relates the Group's leases that are recognized in the balance sheet, for further disclosures see Note 13.

Derivative financial instruments
Gain- and loss on financial instruments measured and classified at fair value through profit or loss relates to interest rate swaps used for hedging (non-hedge accounting) of interest rate risk on the Group's interest bearing debt, for further disclosures see Note 17.4.

NOTE 9 INCOME TAXES

Current income tax expense:	2022	2021
Tax payable	-	1,722
Adjustment for income tax payable for previous years	-1,464	8,401
Change deferred tax/deferred tax assets (ex. OCI effects)	101,188	-28,744
Currency effects	-153,021	-117,174
Total income tax expense	**-53,296**	**-135,795**
Effect of changed tax rate	-	-
Total tax for the year on group level:		
Local companies	146,928	59,688
Foreign companies	-200,224	-195,483
Total tax for the year	**-53,296**	**-135,795**

Current tax liabilities consist of:	31.12.2022	31.12.2021
Income tax payable for the year as above	-	1,722
- of which paid in fiscal year	-	-
- not due for earlier years	-8,825	-766
- tax on group contribution from subsidiaries	-	-
Current tax liabilities 31.12	**-8,825**	**956**

Deferred tax liabilities/-assets:	31.12.2022	31.12.2021
Temporary differences:		
Property, plant and equipment	2,431,731	2,932,998
Intangible assets	7,959,471	7,574,860
Other current assets	-5,321	17,481
Liabilities	-266,838	109,580
Other differences	-30,023	44,293
Currency effects	-	70,443
Total temporary differences	**10,089,020**	**10,679,211**
Losses carried forward (including tax credit)	-2,627,257	-2,025,091
Total temporary differences and losses carried forward	**7,461,763**	**8,654,120**
Temporary differences not included in basis for deferred tax assets	-	-
Tax losses carried forward not included in basis for deferred tax assets	-888,834	304,230
Basis for calculation of deferred tax/deferred tax assets	**6,572,929**	**8,958,350**
Total deferred tax/deferred tax assets		
Gross deferred tax recognized	2,682,934	2,029,466
Gross deferred tax assets recognized	-481,191	-
Currency effects	98,228	-
Total deferred tax/deferred tax assets recognized	**2,299,971**	**2,029,466**

The Group's deferred tax assets are reviewed for impairment. Deferred tax assets from tax losses carried forward are expected to be offset against taxable income within a period of 7 to 10 years.

NOTE 9 INCOME TAXES CONT.

Reconciliation of deferred tax liabilities, net	2022	2021
As of 1 January	2 029 466	2,144,855
Tax expense during the period recognised in profit or loss	101,188	-28,744
Tax expense during the period recognised in OCI	-	-
Exchange rate differences	169,317	-
Deferred taxes acquired in business combinations	-	-86,645
As at 31 December	**2,299,971**	**2,029,466**

Tax charge/-credit of components of other comprehensive income:	2022	2021
Currency translation differences	-	-
Other comprehensive income	**-**	**-**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 20.6 % to 30 %, which results in a difference between the statutory income tax rate in Sweden and the average tax rate applicable to the Group. A reconciliation of the differences between the theoretical tax expense under the rate applicable in Sweden and the actual tax expense is as follows:

Reconciliation of income tax expense	2022	2021
Profit before taxes	**-1,072,965**	**-1,258,127**
Tax expense (local tax rate)	-221,031	-259,174
Permanent differences	17,357	22,247
Effect of deferred tax asset not recognised	-80,723	-
Change to prior year tax expense	36,037	19,065
Effects of changes in tax rate	-	-
Effects of impairment of deferred tax assets	-	-
Effects of foreign tax rates	195,063	82,068
Recognised income tax expense	**-53,296**	**-135,794**

NOTE 10 GOODWILL

	2022	2021
Acquisition cost 01.01.2022	**10 861 506**	**10,615,914**
Additions, acquisition of subsidiaries	1,070,852	-
Currency translation effects	413,763	245,592
Acquisition cost 31.12.2022	**12,346,121**	**10,861,506**
Amortisation and impairments 01.01.2022	**-**	**-**
Amortisation and impairments 31.12.2022	**-**	**-**
Carrying amount 31.12.2022	**12,346,121**	**10,861,506**

10.1 IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

See Note 1 for the Group's accounting policy on impairment on goodwill and intangible assets.

The addition in goodwill during 2022 is related to the Open Universe transaction. Please see Note 22 for more details.

The recoverable amounts have been determined by their value in use.

Value in use (ViU) is calculated based on budget estimate for 2023 and business plan for 2024 and beyond per CGU. Beyond 2023, management has projected the cash flow for the periods 2024-2028. The CGUs are Denmark, Norway and Sweden. The budget process is a detailed and thorough bottom-up process with approval levels on all levels within the Group. Critical assumptions for the ViU estimate is provided for below.

The calculation of value in use for the CGU is most sensitive to the following assumptions:

- Revenue growth
- Free cash flow margin (before tax)
- Pre-tax discount rate
- Terminal growth rate

The cash flow margins are in line with current margins, and in the calculation of value in use they are expected to remain stable over the forecasted period.

Revenue growth
The expected growth in operating revenues are based on the expected high growth in the industry and GlobalConnect's market share. The growth forecast is based on management's expectations of future conditions in the markets, including the entry of new participants to the market.

NOTE 10 GOODWILL CONT.

Free cash flow margin (before tax)
The free cash flow margin is determined from an analysis of historical levels before tax, adjusted for expected changes to cost of materials, salary, other expenses, capital expenditures and changes to working capital.

Pre-tax discount rate
The discount rate reflects the current market assessment of the risks specific to the CGU. The pre-tax discount rate for the Group is estimated based on the weighted average cost of capital (WACC).

Terminal growth rate
The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets. The key assumptions used to determine the recoverable amount for the cash generating unit are presented below:

CGU	Denmark*	Norway	Sweden**
Carrying value goodwill	4,210,874	2,527,768	5,607,479
CAGR of sales in the forecast period	11.6%	11.6%	11.6%
Terminal growth rate	2.5%	2.5%	2.5%
After-tax discount rate	7.1%	7.1%	7.1%

*Includes German entities
**Includes Finland and the Norwegian subsidiary IP-Only Networks AS

The recoverable amount of the cash generating unit (CGU) is higher than its corresponding carrying amount and no impairment loss is recognised in the period. The carrying amount of each of the CGU includes goodwill and intangible assets together with other non-current assets and net working capital less deferred tax from technical goodwill.

There are assumptions made related to the parameters used in the calculation of the recoverable amount of the CGUs. This also includes the allocation of revenue from cross CGU contracts. The current allocation leaves the Denmark CGU vulnerable to negative changes to the parameters.

NOTE 11 INTANGIBLE ASSETS

SEK 000'	Software and technology	Customer relations	Other intangibles	Total
Acquisition cost 01.01.2021	**465,239**	**2,491,831**	**359,287**	**3,316,357**
Additions, acquisition of subsidiaries	-	-	-	-
Additions	368,348	-	-	368,348
Adjustments	-	-	-	-
Currency translation effects	65,027	301,395	55	366,476
Reclassifications	-125,184	-	-	-125,184
Acquisition cost 31.12.2021	**773,430**	**2,793,225**	**359,342**	**3,925,998**
Accumulated depreciation 01.01.2021	**334,062**	**604,652**	**92,396**	**1,031,111**
Depreciation for the year	107,253	249,324	13,942	370,519
Adjustments	-	-	-	-
Currency translation effects	-52,566	-4,428	20	-56,974
Accumulated depreciation 31.12.2021	**388,750**	**849,549**	**106,357**	**1,344,656**
Carrying amount 31.12.2021	**384,680**	**1,943,677**	**252,985**	**2,581,342**

SEK 000'	Software and technology	Customer relations	Other intangibles	Total
Acquisition cost 01.01.2022	**773,430**	**2,793,225**	**359,342**	**3,925,998**
Additions, acquisition of subsidiaries	-	-	1,149,500	1,149,500
Additions	576,289	30	127,562	703,881
Adjustments	-138,439	-	-	-138,439
Currency translation effects	266,989	10,658	261	277,908
Reclassifications	-255,105	-	13,544	-241,561
Acquisition cost 31.12.2022	**1,223,164**	**2,803,913**	**1,650,209**	**5,677,286**
Accumulated depreciation 01.01.2022	**388,750**	**849,549**	**106,357**	**1,344,656**
Depreciation for the year	170,062	259,911	122,182	552,155
Adjustments	-21,378	-	-	-21,378
Currency translation effects	216,694	8,406	6	225,106
Accumulated depreciation 31.12.2022	**754,128**	**1,117,866**	**228,545**	**2,100,539**
Carrying amount 31.12.2022	**469,036**	**1,686,048**	**1,421,663**	**3,576,747**

NOTE 11 INTANGIBLE ASSETS CONT.

11.1 SOFTWARE AND TECHNOLOGY

Software and technology relate to network systems and IT systems. The Group is undergoing constant development to meet the increasing demand for data transparency from users, Management and owners and is already contributing to optimizing administrative routines, enhancement of data and cost savings.

11.2 CUSTOMER RELATIONS

In relation to previous transactions, excess values have been allocated to customer relationships. External consultants have performed the analysis for the 2018 transactions using industry practice. Internal staff have performed the 2019 analysis. The allocated excess values are amortized over 10 years.

11.3 OTHER INTANGIBLES

Other intangibles relate to favorable vendor contracts, amortized over remaining contract time of 9 years, as well as development projects.

11.4 IMPAIRMENT

The Group's intangible assets has been reviewed for impairment indicators as 31. December 2022 and no provision for impairments has been recognized at year end 2022. See Note 1 for the Group's accounting policy on impairment of intangible assets and Note 10 for disclosure on the impairment assessment for goodwill and intangible assets.

11.5 RESEARCH AND DEVELOPMENT COSTS

Expensed research and development costs:
Research and development costs not eligible for capitalization have been expensed in the period incurred. In 2022, the expensed research and development costs have not been tracked but are considered to be of immaterial size.

CAPITALIZED DEVELOPMENT COSTS:

The Group capitalize certain development costs relating to ERP systems, CRM systems and internally generated systems, the costs are presented together with additions in the table above. The costs are capitalized as Software. The contra entry of the addition is booked as a cost reduction of employee benefit expenses and other operating expenses.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

SEK 000'	Telecom networks owned	Telecom networks under construction	Operating equipment	Total
Acquisition cost 01.01.2021	**25,056,102**	**6,920,156**	**1,582,557**	**33,558,815**
Additions, acquisition of subsidiaries	-	-	-	-
Additions	1 ,707,005	3,452,016	9,210	5,168,231
Disposals	-179,587	-162,923	-18,096	-360,606
Currency translation effects	513,130	40,396	50,075	603,602
Reclassifications	816,445	-1,639,393	476,444	-346,503
Acquisition cost 31.12.2021	**27,913,096**	**8,610,252**	**2,100,191**	**38,623,538**
Accumulated depreciation 01.01.2021	**2,017,905**	**211,015**	**544,172**	**2,773,092**
Depreciation for the year	1,316,333	-	362,066	1,678,399
Impairment for the year	9 964	-	-	9,964
Disposals	-187,080	-	-16,189	-203,269
Currency translation effects	317,973	1,133	33,442	352,547
Reclassifications	-	-	-	-
Accumulated depreciation 31.12.2021	**3,475,093**	**212,148**	**923,491**	**4,610,732**
Carrying amount 31.12.2021	**24,438,002**	**8,398,104**	**1,176,700**	**34,012,806**
Economic life (years)	5-40	N/A	3-10	
Depreciation plan	Straight-line method	Not amortised	Straight-line method	

NOTE 12 PROPERTY, PLANT AND EQUIPMENT CONT.

SEK 000'	Telecom networks owned	Telecom networks under construction	Operating equipment	Total
Acquisition cost 01.01.2022	**27,913,096**	**8,610,252**	**2,100,191**	**38,623,538**
Additions, acquisition of subsidiaries	999,893	-	83,250	1,083,143
Additions	2,813,256	4,461,801	12,419	7,287,476
Disposals	-41,204	-862	-169,062	-211,128
Adjustments	53,240	611	-	53,851
Currency translation effects	391,416	16,572	20,986	428,974
Reclassifications	3,397,050	-4,149,133	307,534	-444,549
Acquisition cost 31.12.2022	**35,526,747**	**8,939,241**	**2,355,318**	**46,821,305**
Accumulated depreciation 01.01.2022	**3,475,093**	**212,148**	**923,491**	**4,610,732**
Depreciation for the year	1,699,362	-	410,672	2,110,034
Impairment for the year	15,500	-	-	15,500
Disposals	-9,470	-	-167,875	-177,345
Adjustments	-	-	-	-
Currency translation effects	371,131	521	18,770	390,422
Reclassifications	-	-	-72,473	-72,473
Accumulated depreciation 31.12.2022	**5,551,616**	**212,669**	**1,112,585**	**6,876,870**
Carrying amount 31.12.2022	**29,975,130**	**8,726,572**	**1,242,733**	**39,944,435**
Economic life (years)	5-40	N/A	3-10	
Depreciation plan	Straight-line method	Not amortised	Straight-line method	

12.1 IMPAIRMENT CONSIDERATIONS

The Group's PP&E has been reviewed for impairment indicatorsas 31st of December 2022 and a recognition has been made related to impairment of recorded value of network equipment.

NOTE 13 LEASES

13.1 THE GROUP AS A LESSEE

Right of use asset:

SEK 000'	Telecom Networks	Properties	Operating equimpment	Total
Acquisition cost 01.01.2021	**3,029,233**	**195,523**	**408,302**	**3,633,059**
Additions, acquisition of subsidiaries	-	-	-	-
Addition of right-of-use assets	346,383	32,066	99 957	478,406
Disposals	-99,842	-4,396	-11 435	-115,673
Adjustments	107,917	-	-	107,917
Transfers and reclassifications	-	-	-	-
Currency translation effects	110,343	26,881	1,325	138,548
Acquisition cost 31.12.2021	**3,494,034**	**250,074**	**498,150**	**4,242,258**
Accumulated depreciation 01.01.2021	**453,987**	**70,164**	**6,364**	**530,515**
Depreciation for right-of-use assets	567,541	78,311	59,970	705,822
Disposals	-99,842	-4,396	-11,139	-115,377
Transfers and reclassifications	-4,220	-20,009	-	-24,229
Currency translation effects	35,976	4,150	-	40,126
Accumulated depreciation 31.12.2021	**953,442**	**128,220**	**55,196**	**1,136,858**
Carrying amount of RoA 31.12.2021	**2,540,592**	**121,854**	**442,954**	**3,105,400**
Lease term	3-15 år	1-10 år	3-7 år	
Depreciation plan	Straight line	Straight line	Straight line	

Right of use asset:

SEK 000'	Telecom Networks	Properties	Operating equimpment	Total
Acquisition cost 01.01.2022	**3,494,034**	**250,074**	**498,150**	**4,242,258**
Additions, acquisition of subsidiaries	1,151,274	-	-	1,151,274
Addition of right-of-use assets	268,507	25,431	6,757	300,695
Disposals	-17,622	-4,502	-104,517	-126,641
Adjustments	183,277	-	21,351	204,628
Transfers and reclassifications	-	-	-	-
Currency translation effects	142,415	27,587	7,023	177,025
Acquisition cost 31.12.2022	**5,221,885**	**298,590**	**428,764**	**5,949,239**
Accumulated depreciation 01.01.2022	**953,442**	**128,220**	**55,196**	**1,136,858**
Depreciation for right-of-use assets	780,142	80,957	62,684	923,783
Disposals	-3,546	-4,502	-104,517	-112,565
Transfers and reclassifications	-4,220	-	-	-4,220
Currency translation effects	43,952	8,989	1,705	54,646
Accumulated depreciation 31.12.2022	**1,769,770**	**213,664**	**15,068**	**1,998,502**
Carrying amount of RoA 31.12.2022	**3,452,115**	**84,926**	**413,696**	**3,950,738**
Lease term	3-15 år	1-10 år	3-7 år	
Depreciation plan	Straight line	Straight line	Straight line	

NOTE 13 LEASES CONT.

13.2 RIGHT OF USE ASSETS IN TELECOM NETWORKS

Telecom networks relates to primarily to leased fiber and technical space related to network operations.

13.3 RIGHT OF USE ASSETS IN PROPERTIES

Right of use assets in properties relates to leased office premises. Basis for calculating lease liability and right of use assets on transaction dates is remaining contract term and no exemption for any objects with less than 12 months unless lease contract has been terminated.

13.4 RIGHT OF USE ASSETS IN OPERATING EQUIPMENT

Right of use assets in operating equipment primarily relates to leases of technical equipment. The majority of these leases were already classified as financial leases in local GAAP accounts.

13.5 LEASES RECOGNIZED IN OTHER OPERATING EXPENSES

The lease expenses in 2022 related to short-term leases, low-value assets and variable lease payments are included in other operating expenses with SEK 1,958k (2021: SEK 2,027k) in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

Lease liabilities:

Summary of the lease liabilites in the financial statements	**Total**
At 01.01.2021	3,079,100
Acquisition of subsidiaries	-
New leases recognised during the year	437,106
Disposals during the year	-
Cash payments for the principal portion of the lease liability	-772,675
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	123,193
Adjustments	99,679
Reassessment of the discount rate on previous lease liabilities	-1,725
Currency translation effects	153,666
Total lease liabilites at 31.12.2021	**3,118,343**
Current lease liabilities in the statement of financial position	667,629
Non-current lease liabilities in the statement of financial position	2,450,714

NOTE 13 LEASES CONT.

Summary of the lease liabilites in the financial statements	Total
At 01.01.2022	3,118,343
Acquisition of subsidiaries	1,151,274
New leases recognised during the year	280,788
Disposals during the year	-
Cash payments for the principal portion of the lease liability	-996,813
Cash payments for the interest portion of the lease liability	-
Interest expense on lease liabilities	150,266
Adjustments	204,628
Reassessment of the discount rate on previous lease liabilities	-1,237
Currency translation effects	126,867
Total lease liabilites at 31.12.2022	**4,034,114**
Current lease liabilities in the statement of financial position	883,169
Non-current lease liabilities in the statement of financial position	3,150,946

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office buildings and manufacturing facilities mainly related to future inflation adjustments in Sweden, Norway and Denmark which is not included in the lease liabilities.

The Group does not have any other significant exposure related to its leases which requires further disclosures.

13.6 OPERATING LEASES

As described in Note 3, GlobalConnect's revenue from delivery of dark/unlit fiber and dedicated network capacity including dedicated data center space/colocation is considered operating leases within scope of IFRS 16. Most of these contracts generally do have non-cancellable lease terms between 1 and 3 years. The Group has classified these leases as operating because they do not transfer substantially all the risks and rewards incidental to ownership to the counterparties. The lease payment in these contracts are generally fixed over the lease term.

Subleases:
The Group has subleased part of its office premises, classified as an operating lease. Furthermore, agreements have been made for subleasing some of the Group's equipment on short term contracts.

The Group's lease income from operating leases and operating subleases are presented in the table below:

Lease income from operating leases	2022	2021
Lease income from property, plant and equipment	860,679	740,293
Total income from operating leases	**860,679**	**740,293**
Income from subleasing right-of-use assets	7,899	10,823
Total lease income incl. subleased assets	**868,578**	**751,115**

NOTE 14 OTHER NON-CURRENT ASSETS

Other non-current assets	Note	2022	2021
Investments in associates and other shares		1,288	1,254
Financial lease receivables*		94,532	104,640
Restricted deposits		14,948	14,463
Contract costs	18	148,412	141,008
Pension fund		4,694	23,932
Other non-current receivables		-	3,783
Total other non-current assets		**263,874**	**289,080**

*The present value of future payments of the lease component of leases classified as financial.

NOTE 15 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Other current assets	2022	2021
VAT receivables	12,030	51,907
Current tax receivables	8,825	-
Other current assets	79,087	67,428
Total other current assets	**99,942**	**119,335**

For disclosures on contract assets and costs to obtain a customer, see Note 18.

NOTE 15 TRADE RECEIVABLES AND OTHER CURRENT ASSETS CONT.

Trade receivables	2022	2021
Trade receivables from customers at nominal value	1,509,375	1,349,772
Allowance for expected credit losses	-65,208	-90,762
Total trade receivables	**1,444,167**	**1,259,010**

The credit risk of financial assets has not changed significantly from initial recognition.

As of 31 December the ageing analysis of trade receivables is, as follows:

Nominal values		Past due but not impaired			
Ageing analysis of trade receivables	**Not due**	**<30 days**	**31-90 days**	**>90 days**	**Total**
Expected credit loss					
Trade receivables at 31.12.2021	**742,375**	**445,425**	**53,991**	**107,982**	**1,349,772**

Nominal values		Past due but not impaired			
Ageing analysis of trade receivables	**Not due**	**<30 days**	**31-90 days**	**>90 days**	**Total**
Expected credit loss					
Trade receivables at 31.12.2022	**587,027**	**359,169**	**23,543**	**539,636**	**1,509,375**

NOTE 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2022	31.12.2021
Bank deposits, unrestricted	100,539	628 385
Bank deposits, restricted	30,904	31 699
Total cash and cash equivalents	**131,443**	**660 084**

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. Restricted cash is withheld payroll tax.

NOTE 17 FINANCIAL INSTRUMENTS

17.1 OVERVIEW OF FINANCIAL INSTRUMENTS

Carrying amount of the Group's financial assets and liabilities:

The carrying amount of the Group's financial assets and liabilities are presented in the tables below at their gross amount unless otherwise stated.

Financial asssets	2022	2021
Derivatives not designated as hedging instruments		
Interest rate swaps - NOK	68,943	35,107
Interest rate swaps - SEK	423,103	40,620
Interest rate swaps - DKK	307,948	11,682
Total derivatives not designated as hedging instruments	**799,993**	**87,410**
Financial assets at amortized cost		
Non-current derivatives	-	-
Non-current finacial assets	135,632	144,289
Trade receivables and other current assets	2,416,444	2,103,286
Cash and cash equivalents	131,443	660,083
Total financial assets at amortized cost	**2,683,519**	**2,907,658**

NOTE 17 FINANCIAL INSTRUMENTS

Financial liabilities: Interest-bearing loans and borrowings	Interest rate	Maturity	2022	2021
Financial liabilities at amortized cost				
Other financial liabilities at amortised cost				
Non current contract liabilities			2,007,441	1,168,755
Current contract liabilities			1,384,493	1,589,895
Other provisions			819,707	829,274
Trade and other payables			2,941,796	2,588,900
Total other financial liabilities at amortized cost			**7,153,438**	**6,176,824**
Current lease liability	3,34%	2023	883,169	667,629
Current interest-bearing liabilities		2023	24,324	14,587
Total current interest-bearing loans and borrowings			**907,493**	**682,217**
Non-current interest-bearing loans and borrowings				
Lease liability	3,34%	2028	3,150,946	2,450,714
Bank loan	IBOR+2.5%	2028	33,206,443	25,067,834
Total non-current interest bearing loans and borrowings			**36,357,389**	**27,518,548**

Other financial liabiities	2022	2021
Derivatives not designated as hedging instruments	-	-

	2022		2021	
Fair values	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Non-current derivatives	799,993	799,993	87,410	87,410
Non-current finacial assets	135,632	135,632	144,289	144,289
Trade receivables and other current assets	2,416,444	2,416,444	2,103,286	2,103,286
Cash and cash equivalents	131,443	131,443	660,083	660,083
Total	**3,483,512**	**3,483,512**	**2,995,068**	**2,995,068**
Financial liabilities				
Interest bearing loans and borrowings	37,216,233	37,216,233	28,200,765	28,200,765
Other financial liabilities	7,153,438	7,153,438	6,176,824	6,176,824
Total	**44,369,671**	**44,369,671**	**34,377,589**	**34,377,589**

The Group does not have other significant financial assets and liabilities with an enforceable right of net settlement, presented gross in the statement of financial position.

NOTE 17 FINANCIAL INSTRUMENTS CONT.

17.2 FINANCIAL LIABILITIES

	1 January 2022	Cash flow	Re-classifications	Foreign exchange	Fair value changes	New leases	Other	31 December 2022
Current interest bearing loans and borrowings	14,587	9,737	-	-	-	-	-	24,324
Current lease liability	667,629	215,540						883 169
Non-current interest bearing loans and borrowings	25,067,834	7,320,849	-	-111,416	-	-	-	32,277,267
Non-current lease liability	2,450,714	-996,813		126,867		1,432,062	138,117	3,150,947
Total liabilities from financing activities	**28,200,764**	**6,549,313**	**-**	**15,451**	**-**	**1,432,062**	**138,117**	**36,335,707**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In 2021, a new Senior Facility Agreement of EUR 2.7bn for the GlobalConnect Group was entered into, which included a 7 yrs. Term Loan Facility of EUR 1,950m, Revolving Credit Facility of EUR 150m and a committed Capex Facility of EUR 600m. The loan documentation also included an opportunity to raise additional debt facilities of up to EUR 1,500m in an uncommitted Accordion Facility (Additional Facility). In August 2022 GlobalConnect successfully closed a debt financing process where an Additional Facility under the existing Senior Facility Agreement documentation was put in place. The Group raised additional financing to fund its ambitious growth plan, which includes both growing organically as well as expansion through acquisition of new assets. Despite challenging market conditions and volatile financial markets, a consortium of existing and new Nordic and international banks and financial institutions committed additional Senior Debt Facilities of EUR 1.0 bn. in total, at the same commercial terms and conditions as the existing financing. As part of the process, sustainability incentives aligned with GlobalConnect's ESG strategy were introduced, consisting of KPIs linked to the implementation of science-based targets, diversity targets and employee satisfaction goals throughout GlobalConnect Group. In combination with the debt raising, the Group also amended the Senior Facility Agreement Interest Cover Covenant ("ICR").

The Group may further increase it's long term capital requirements through other incremental facilities under the new Senior Facility Agreement.

17.2.1 CAPEX FACILITY

As part of the financing structure that was entered into in June 2021 and the Additional Facility raised in August 2022, the Group has committed Capex Facilities of EUR 1,600m, where EUR 640m was utilized as of end December 2022. These capex facilities will be used for funding growth and expansion for fiber roll out in the Nordics and Northern Europe over the years to come.

17.2.2 OVERDRAFT AND REVOLVING CREDIT FACILITIES

On top of an Overdraft Facility of EUR 35m to be used for daily working capital purposes, and a Guarantee Facility of EUR 5m (both facilities carved out from the EUR 150m Revolving Credit Facility), the Group has an Original Revolving Credit Facility in place which may be drawn at any time of up to EUR 110m. The Overdraft Facility was undrawn, while EUR 100m was drawn on the Revolving Credit Facility as of end December 2022. The Group may further increase it's short term liquidity through other incremental revolving facilities.

17.2.3 COVENANT REQUIREMENTS

The Group's Junior and Senior Facilities Agreements includes specific financial covenant requirements with regards to the Group's Net Debt Cover and Interest Cover Ratio. The Group aims to ensure that it at all times are able to meet its financial covenants.

Net Debt Cover means the ratio of Consolidated Total Net Debt to Consolidated EBITDA. Net Debt means the aggregated outstanding principal amount of all borrowings of the Group (including the capitalized value of leasing liabilities), less the aggregate amount of cash and cash equivalents of the group. EBITDA means the consolidated profit of the group before deducting interest, taxes, depreciations and amortizations, also adjusted for specific clauses followed by the Junior and Senior Facility Agreements. Interest Cover Ratio means the Consolidated EBITDA to Consolidated Net Finance Charges (as defined in the Junior and Senior Facility Agreements).

There have not been any breach in any financial maintenance covenants for the Group's interest-bearing loans and borrowing in the current or prior periods.

NOTE 17 FINANCIAL INSTRUMENTS CONT.

17.3 AGEING OF FINANCIAL LIABILITIES

Contractual undiscounted cash flows from financial liabilities are presented below:

31.12.2021	Note	Less than 6 months	6 to 12 months	1 to 3 years	More than 3 years	Total
Non-current lease liabilities	13	-	-	2,002,887	447,826	2,450,714
Non-current interest bearing liabilities	17	-	-	-	25,067,834	25,067,834
Non-current derivatives	19	-	-	-87,531	-	-87,531
Current lease liabilities	13	-	667,629	-	-	667,629
Trade and other payables	20	1,234,254	-	-	-	1,234,254
Total cash flows		**1,234,254**	**667,629**	**1,915,356**	**25,515,661**	**29,332,900**

31.12.2022	Note	Less than 6 months	6 to 12 months	1 to 3 years	More than 3 years	Total
Non-current lease liabilities	13	-	-	2,649,506	501,440	3,150,946
Non-current interest bearing liabilities	17	-	-	-	33,206,443	33,206,443
Non-current derivatives	19	-	-	-	-929,921	-929,921
Current lease liabilities	13	-	883,169	-	-	883,169
Trade and other payables	20	1,782,813	-	-	-	1,782,813
Total cash flows		**1,782,813**	**883,169**	**2,649,506**	**32,777,962**	**38,093,450**

17.4 FINANCIAL RISK AND CAPITAL MANAGEMENT

17.4.1 OVERVIEW

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments and enters derivative transactions.

The Group is exposed to a range of risks affecting its financial performance, including market risk (interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice, risk management and hedging.

Risk management is carried out by Group management with assistance from its owners under policies approved by the Board. All risk management activities are carried out by personnel with the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board reviews and agrees policies for managing each of these risks, which are summarized below.

17.4.2 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk especially comprises two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk are mainly loans and borrowings, trade receivables, trade payables and lease liabilities.

17.4.3 INTEREST RATE RISK

IInterest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Senior and Junior Facilities which have base interest rates in NIBOR, CIBOR, STIBOR and EURIBOR. The Group hedges some of the interest rate risk using interest rate swap contracts, however the Group does not utilize hedge accounting.

17.4.4 INTEREST RATE SENSITIVITY

The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks.

NOTE 17 FINANCIAL INSTRUMENTS CONT.

17.4.5 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (revenue and expenses denominated in a foreign currency), external financing through interest bearing liabilities and the Group's net investments in foreign subsidiaries.

The majority of revenues are denominated in SEK, NOK and DKK (and some in EUR), while the majority of the Group's interest bearing liabilities are denominated in SEK, NOK and DKK, thus the Group has an implicit hedge where a change in NOK and DKK will increase/decrease finance costs with an opposite effect on revenues. The Group also limits its foreign currency exposure through having similar currencies for its revenues and operating expenses. The Group's equity is mainly denominated in SEK, NOK and DKK. As a result of the debt raise process in August 2022 where a new Euro denominated capex facility was put in place, the current utilization of that facility has been hedged through Cross Currency Swaps where both the notional amount in local currency and interest rates are hedged. The Group does not hedge other currency exposure with financial instruments at the current time but monitors the net exposure.

Interest rate sensitivity, 31.12.2022 (MSEK)	Increase/decrease in basis points	Effect on profit before tax	Effect on equity
Interest rate - NOK	+/- 100	7.5	-
Interest rate - DKK	+/- 100	2.2	-
Interest rate - SEK	+/- 100	1.9	-
Interes ratet - EUR	+/- 100	1.3	-

17.4.6 FOREIGN CURRENCY SENSITIVITY

The following table demonstrates the sensitivity to a possible increase or decrease in the exchange rates, holding all other variables constant:

Foreign currency sensitivity, 31.12.2022 (MSEK)	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase/decrease in SEK/EUR	31.12.2022	+/- 10%	387	-
Increase / decrease in SEK/NOK	31.12.2022	+/- 10%	752	-
Increase / decrease in SEK/DKK	31.12.2022	+/- 10%	699	-

Foreign currency exposure, 31.12.2022	Trade receivables	Trade payables	Cash and cash equivalents*	Current interest bearing debt*
NOK	15%	15%	51%	23%
DKK	40%	23%	45%	20%
SEK	45%	62%	4%	46%
EUR/Other currencies	0%	1%	0%	11%
Total	**100%**	**100%**	**100%**	**100%**

* Cash pool

NOTE 17 FINANCIAL INSTRUMENTS CONT.

17.4.7 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing incremental revolving facilities. Liquidity risk management implies maintaining sufficient cash and marketable securities, and to maintain available funding through committed credit facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and the Senior Facilities to finance working capital and investments. The Group has flexible debt financing through revolving credit facilities as part of the Senior Facilities and may further draw funds or establish additional incremental revolving facilities if deemed necessary.

See Note 17.4 for an overview of the maturity profile of the Group' financial liabilities with corresponding cash flow effect.

17.4.8 CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables), from its financing activities, including deposits with banks.

The Group manage its credit risks by trading only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating, short-term liquidity, and financial position. The Group has a policy of limiting the credit exposure to any single financial institution and bank, and actively manages its exposure to achieve this objective. The Group obtains sufficient collateral (where appropriate) from customers as a means of mitigating the risk of financial loss from defaults.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to losses has been insignificant and the overall credit risk is assessed as low.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, product type, customer type and rating etc. For an overview of the ageing of trade receivables and the expected credit losses recognized for trade receivables and contract assets, please refer to Note 15 and Note 18.

Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables and contract assets disclosed in Note 15 and Note 18. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

17.4.9 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may in cooperation with the lending parties (bank syndicate) issue new shares or debt or do appropriate adjustments to the existing debt or equity.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing loans and borrowings that define capital structure requirements. See Note 17.2 for the Group's interest bearing loans and borrowings, and related financial covenant. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Senior Facility Agreement was refinanced in 2021 and amended in 2022, but no major changes were made in the objectives, policies or processes for managing capital during the years ended 31 december 2022.. For refinancing details please see Note 17.1.

NOTE 17 FINANCIAL INSTRUMENTS CONT.

17.5 FAIR VALUE MEASUREMENT

17.5.1 VALUATION TECHNIQUES:

The valuation of financial instruments is performed by the Group's treasury department in connection with external advisors. The valuation techniques used are individually adapted to each financial instrument and should take advantage of as much as possible of the available information in the market.

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates. In addition, it is management's opinion that the fair value of investments in other shares approximate their carrying amounts, and that the deviations are not material for the consolidated financial statements.

INTEREST-BEARING LOANS AND BORROWINGS

The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF-method applying a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

The fair values of the Group's interest-bearing loans and borrowings (bank loans) are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as at 31 December 2022 is assessed to be insignificant.

INTEREST RATE SWAPS

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using external advisors, and where deemed necessary the Group has sought to substantiate the received external calculations, inter alia with valuation techniques using market observable input for calculation of present value of the interest rate swap instrument at the reporting date.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

31.12.2022	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets disclosed at fair value					
Derivatives					
Interest rate swaps	799,993		x		
Cross currency swaps	129,717		x		

31.12.2021	Carrying amount	Fair value	Level 1	Level 2	Level 3
Assets disclosed at fair value					
Derivatives					
Interest rate swaps	87,410		x		

NOTE 18 CONTRACT ASSETS AND LIABILITIES, AND CAPITALIZED CONTRACT COSTS

Contract assets	31.12.2022	31.12.2021
As of 1 January	141,008	105,790
Additions during the year	7,404	35,219
Total contract assets as of 31 December	**148,412**	**141,008**
Non-current	148,412	141,008
Current	-	-

The Group contract assets refer to capitalized provisions/sales costs. Unbilled revenue is included in other current assets with an amount of SEK 275m as of December 2022 (2021: SEK 234m).

Contract liabilities	31.12.2022	31.12.2021
As of 1 January	2,758,650	2,109,529
Additions during the year	633,284	649,121
Total Contract liabilities as of 31 December	**3,391,934**	**2,758,650**
Non-current	2,007,441	1,168,755
Current	1,384,493	1,589,895

Contract liabilities relates to installation and connection fees, which the Group normally receives upfont. The Group have concluded that installation and connection activities do not represent a separate performance obligation, and the received upfront payment are accounted for as a contract liability until the related performance obligation is satisfied. For further information, see disclosures in Note 3.

Capitalized contract costs	2022	2021
Costs of obtaining a contract	148,412	141,008
Costs to fullfill a contract	-	-
Total capitalized contract costs	**148,412**	**141,008**

Contract costs comprise the incremental costs of obtaining a customer contract, mainly sales commission paid to third party retailers and direct sales bonus and commissions to employees. Capitalized contract costs are recognized on a straight-line basis over the estimated customer retention period.

In the 2022 financial year, capitalized contract costs of SEK 29,364k (2021: SEK 28,721k) were amortized.

Capitalized contract costs	2022	2021
Costs of obtaining contracts as of 1 January	141,008	105,790
Additions during the year	7,404	35,219
Costs of obtaining contracts as of 31 December	**148,412**	**141,008**

NOTE 19 PROVISIONS

Non-current provisions:	31.12.2022	31.12.2021
Non-current derivatives	-	-87,531
Other non-current provisions	-4,897	19,157
Other accruals	799,538	807,860
Total non-current provisions	**794,641**	**739,486**

Non-current provisions:	2022	2021
Non-current provisions 01.01:	739 486	866,628
Adjustments	-8,322	8,740
Amounts used	63,478	-135,882
Non-current provisions 31.12:	**794,641**	**739,486**

Current provisions:	31.12.2022	31.12.2021
Prepaid leases	-	-
Other current provisions	977,153	1,126,972
Other accruals	169,580	213,129
Total current provisions	**1,146,733**	**1,340,101**

Current provisions:	2022	2021
Current provisions 01.01:	1,392,008	691,348
Additions	-149,819	436,460
Amounts used	-95,456	212,293
Current provisions 31.12:	**1,146,733**	**1,340,101**

Prepaid leases
A significant part of the Group's business-to-business customer portfolio relates to customers who have prepaid for multiannual leases. The received prepayments are deferred and booked at nominal values as a liability in the statement of financial position. The deferred revenue is recognized in the statement of profit or loss on a straight-line basis over the lease term.

19.1 CURRENT AND NON-CURRENT PROVISIONS

The group classifies its provisions in the following categories:

- Salary-related costs: Contains a provision for accrued holiday pay, unspent vacation days, accrued bonuses,
- restructuring and other salary-related accruals
- Project related cost: incurred costs not yet invoiced
- Invoices in transit: provisions are made only when they relate to periods before balance sheet date and if they are valid

NOTE 20 TRADE AND OTHER PAYABLES

Trade and other payables	31.12.2022	31.12.2021
Trade payables	1,510,268	1 234 211
VAT payable	11,482	-
Withholding payroll taxes and social security	102,196	-
Other payables	158,867	43
Total trade and other payables	**1,782,813**	**1 234 254**

In 2021 VAT payable and withholding payroll taxes and social security where included in Note 19.

For an overview of the term date of trade and other payables, reference is made to Note 17.4.

VAT payable	31.12.2022	31.12.2021
Denmark*	-	-
Norway	-	-
Sweden**	11,482	-
Total VAT payable	**11,482**	**-**

*Includes German entities

**Includes Finland and the Norwegian subsidiary IP-Only Networks AS

NOTE 21 INTERESTS IN OTHER ENTITIES

Nordic Connectivity AB is the ultimate parent of the GlobalConnect Group.

Name of subsidiary	Capital share	Voting share	Number of shares	Book value	Corporate identity number	Registered in	Result	Equity
Nordic Connectivity Midholding AB	100%	100%	25 000	23,655,387	559251-3260	Stockholm	-7,229	23,552,717

Consolidated entities	Owner	Registered office	Nationality	Share-holding	Group's voting ownership share	Functional currency
Nordic Connectivity Midholding AB	NordicConnectivity AB	Stockholm	Sweden	100%	100%	SEK
Nordic Connectivity Holding AB	Nordic Connectivity Midholding AB	Stockholm	Sweden	100%	100%	SEK
GlobalConnect Group Holding AB	Nordic Connectivity Holding AB	Stockholm	Sweden	100%	100%	SEK
Kapany BidCo AB	GlobalConnect Group Holding AB	Stockholm	Sweden	100%	100%	SEK
GlobalConnect AB	Kapany BidCo AB	Uppsala	Sweden	100%	100%	SEK
IPMF Holding AB	Kapany BidCo AB	Stockholm	Sweden	100%	100%	SEK
Brynet AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
IP-Only Produktion AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
Sura Vision AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
Arvalio Networks AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
IP-Only Networks AS	GlobalConnect AB	Fornebu	Norway	100%	100%	NOK
GlobalConnect Oy	GlobalConnect AB	Vantaa	Finland	100%	100%	EUR
IP-Connect Ab	GlobalConnect AB	Mariehamn	Finland	100%	100%	EUR
GlobalConnect AS	GlobalConnect Topholding AS	Fornebu	Norway	100%	100%	NOK
GlobalConnect Topholding AS	GlobalConnect Group Holding AB	Fornebu	Norway	100%	100%	NOK
Xfiber AS	GlobalConnect AS	Fornebu	Norway	100%	100%	NOK
GlobalConnect Invest DK A/S	GlobalConnect Group Holding AB	Copenhagen	Denmark	100%	100%	DKK

NOTE 21 INTERESTS IN OTHER ENTITIES CONT.

Consolidated entities	Owner	Registered office	Nationality	Share-holding	Group's voting ownership share	Functional currency
GlobalConnect A/S	GlobalConnect Invest DK A/S	Copenhagen	Denmark	100%	100%	DKK
Netteam Technology A/S	GlobalConnect Invest DK A/S	Copenhagen	Denmark	100%	100%	DKK
GlobalConnect Netz GmbH	GlobalConnect A/S	Hamburg	Germany	100%	100%	EUR
GlobalConnect GmbH	GlobalConnect Netz GmbH	Hamburg	Germany	100%	100%	EUR
Bardufoss Kabel TV AS	GlobalConnect AS	Bardufoss	Norway	100%	100%	NOK
Open Universe AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
IP-Only Square AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK

All subsidiaries presented above are consolidated in these group financial statements.

During 2022, Homenet AS and Lynet Internett AS were merged into GlobalConnect AS.

Investments in other shares as of 31.12:

Entity	Owner	Registered office	Nationality	Shareholding	Group's voting ownership share	Carrying value in the consolidated financial position	Result for the year ending December 31	Equity as of December 31
Bjørvika IKT AS*	GlobalConnect AS	Bærum	Norway	33,3%	33,3%	32	-1	960
Ishavslink AS	GlobalConnect AS	Alta	Norway	12,0%	12,0%	71	4,941	12,573
Stamfiber AS*	GlobalConnect AS	Bodø	Norway	16,7%	16,7%	17	194	3,721

*Numbers from the Financial Statement 2021

NOTE 22 BUSINESS COMBINATIONS

On the second of February 2022, the Group acquired Open Universe – Communication Operator from Telenor. The acquisition also includes Telenor's SDU (single dwelling units) business in Sweden.

Open Universe is a wholesale operator in the Nordic countries. Open Universe manages active network and provides Layer-2 bitstream wholesale access services to multiple retail service providers, offering retail services in the networks of real estate owners. The acquisition of Open Universe includes approximately 200,000 connected homes.

The acquisition of the SDU Villafiber includes 14,000 connected homes. The SDU fiber network is a natural add-on to the group's existing fiber business. The communication operator platform Open Universe will give the group a market leading position in the industry.

100 % of the voting equity is acquired on both SDU and Open Universe. The two entities acquired in the transaction was established by the seller through a carve out of assets prior to the transaction. The group then acquitted 100 % of the shares in the newly established entities.

The fair values of identifiable assets and liabilities at the acquisition date are presented below. The goodwill arising from the transaction consist of expected synergies from combining the group's existing operations with the operations of the Open Universe business.

TRANSACTION COSTS RELATED TO THE SDU ASSETS:

SEK 000'	Fair value recognised on acquisition
ASSETS	
Non-current assets	
Property, plant and equipment	1,010,433
Total non-current assets	**1,010,433**
Current assets	
Cash and cash equivalents	25
Total current assets	**25**
Total assets	**1,010,458**
Non-current liabilities	
Deferred tax	113,985
Non-current liabilities	343,120
Total non-current liabilities	**457,105**
Current liabilities	
Trade and other payables	-
Income tax payable	-
Current provisions	-
Total current liabilities	**-**
Total liabilities	**457,105**
Total identifiable net assets at fair value	**553,352**
Cash consideration paid	553,352
Goodwill arising on acquisition	**0**

NOTE 22 BUSINESS COMBINATIONS CONT.

The fair value of the trade receivables is equal to its gross amount as none of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The deferred tax liability comprises the deferred tax on the excess values of the acquired assets.

SEK 000'	
Purchase consideration to the SDU assets	**Fair value**
Liabilities assumed	343,120
Cash consideration paid	553,352
Total consideration	**896,472**

OPEN UNIVERSE ASSETS:

SEK 000'	Fair value recognised on acquisition
ASSETS	
Non-current assets	
Tangible fixed assets	70,247
Intangible assets	13,100
Customer relationships	1,136,400
Total non-current assets	**1,219,747**
Current assets	
Trade and other receivables	-
Cash and cash equivalents	-
Total non-current assets	**-**
Total assets	**1,219,747**
Non-current liabilities	
Deferred tax liability	196,349
Non-current liabilities	70,222
Current liabilities	
Current provisions	-
Total current liabilities	**-**
Total liabilities	**266,571**
Total identifiable net assets at fair value	**953,176**
Cash consideration paid	2,024,027
Goodwill arising on acquisition	**1,070,851**

The deferred tax liability comprises the deferred tax on the excess value of the acquired assets.

NOTE 22 BUSINESS COMBINATIONS CONT.

SEK 000'	Fair value
Purchase consideration for OpenUniverse assets	
Liabilities assumed	70,247
Cash consideration paid	2,024,027
Total consideration	**2,094,274**

BUSINESS COMBINATION 2021

Homenet AS acquired 100 % of the shares in Bardufoss Kabel TV in 2021. The acquisition price for the shares amounted to mSEK 33. The assets acquired through the acquisition of the company consists mainly of fiber network to B2C customers. The purchase price is allocated to the fiber network and the customer base of the company with mSEK 5 and mSEK 23 respectively.

BUSINESS COMBINATION 2023

On the first of February 2023 the Group acquired 100 % of the shares in the Swedish company Lyssna & Njut AB. The company operates a fibre network in Håbo municipality and the city of Bålsta. This is a medium-sized municipality with a population of around 22,000 situated in the Uppsala County.

The purchase price for the shares amounted to SEK 100m.

A preliminary purchase price allocation shows excess values of SEK 86m.

The preliminary allocation of the excess value is as follows:	
Customer relations	SEK 52m
Fixed assets	SEK 26m
Goodwill	SEK 24m
Deferred tax	SEK 16m

NOTE 23 RELATED PARTIES

Related parties are Group companies, major shareholders, members of the Board and Management in the parent company and the Group subsidiaries. Note 1 and Note 21 provides information about the Group's structure, including details of the subsidiaries and the holding company. The agreements on remuneration to the CEO and Board of Directors appear in Note 5.

All transactions within the Group or with other related parties are based on the principle of arm's length.

During 2022, there have not been any transactions with other related parties.

NOTE 24 COMMITMENTS

24.1 OTHER COMMITMENTS
The Group does not have other significant commitments to disclose.

24.2 ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES
For assets pledged as security and guarantee liabilities, reference is made to Note 17.2.

24.3 CONTINGENT ASSETS AND LIABILITIES
The Group has no contingent assets or liabilities that meet the criteria for disclosure.

24.4 DISPUTES AND CLAIMS
The group is involved in litigation cases and disputes. The group considers all cases separately and evaluates the need for recognizing provisions related to the cases. Provisions are recognized when it is considered probable that the group will have to settle the cases in the form of economic outflows.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

In February 2023, the Group acquired aquired the company Lysna & Njut AB. For more information see Note 22.

Mubadala has purchased a minority share in Nordic Connectivity AB. The transaction was closed in April 2023.

Financial Statements **for Parent**

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FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Comprehensive Income

SEK 000'	Notes	2022	2021
Revenue			
Other operating income	P2	30,806	14,200
Total revenue and other operating income		**30,806**	**14,200**
Employee benefit expenses	P3	-25,895	-18,348
Other operating expenses	P4,P5	-3,778	-18,466
Operating profit		**1,133**	**-22,614**
Finance income	P6	11	138
Finance costs	P6	-4,325	-589
Profit after financials		**-3,180**	**-23,065**
Group contribution			
Profit before tax		**-3,180**	**-23,065**
Income tax expense	P7	-4,049	4,185
Loss for the year		**-7,229**	**-18,881**

SEK 000'	Notes	2022	2021
Loss for the year		-7,229	-18,881
Total comprehensive income for the year		**-7,229**	**-18,881**

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Financial Position

For the year ending 31 December

SEK 000'	Notes	2022	2021
ASSETS			
Non-current assets			
Shares in subsidiaries	P8	23,655,387	23,637,663
Deferred tax assets	P7	135	4,185
Total non-current assets		**23,655,522**	**23,641,848**
Current assets			
Inter Company receivables	P9	52,894	8,369
Other current assets	P7,P9	54,853	17
Cash and cash equivalents	P10	2,602	1,952
Total current assets		**110,348**	**10,338**
TOTAL ASSETS		**23,765,871**	**23,652,186**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	P11	236	236
Total restricted equity		**236**	**236**

SEK 000'	Notes	2022	2021
Non-restricted equity			
Share premium		23,568,827	23,568,827
Retained earnings		-16,346	-28,445
Total non-restricted equity		**23,552,481**	**23,540,382**
Total equity		**23,552,717**	**23,540,619**
Current liabilities			
Tax liability	P7	-	112
Inter Company liabilities	P12	3,041	2,129
Other liabilities	P13	208,175	106,154
Trade payables	P13	1,938	2,230
Total current liabilities		**213,154**	**110,625**
Total liabilities		**213,154**	**111,567**
TOTAL EQUITY AND LIABILITIES		**23,765,871**	**23,652,186**

FINANCIAL STATEMENTS FOR PARENT

Statement of Cash Flows

For the year ending 31 December

SEK 000'	Notes	2022	2021
Cash flow from operating activities			
Profit before tax		-3,180	-23,065
Adjustments to reconcile profit before tax to net cash flow			
Depreciation, amortisation and impairment		-	
Net finance income and finance costs	P6	4,313	451
Working capital adjustment			
Changes in trade and other receivables	P9	-99,361	-711
Changes in trade and other payables	P12	-292	23,947
Changes in provision and other liabilities	P12	103,482	-2,116
Net cash flow from operating activities		**4,962**	**-1,494**

SEK 000'	Notes	2022	2021
Cash flow from investing activities			
Interest received		11	138
Net cash flow from investing activities		**11**	**138**
Cash flow from financing activities			
Proceeds from long-term debt		-	943
Interest paid		-4,325	-589
Net cash flow from financing activities		**-4,325**	**354**
Net change in cash and cash equivalents		649	-1,003
Cash and cash equivalents, beginning av period		1,952	2,955
Cash and cash equivalents, end of period		**2,601**	**1,952**

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Changes in Equity

For the year ending 31 December

	Restricted equity	Unrestricted equity		
SEK 000'	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Balance as of January 1, 2021	**236**	**23,568,827**	**-11,429**	**23,557,635**
Total comprehensive income	**-**	**-**	**-18,881**	**-18,881**
Group contribution	-		1,864	1,864
Balance as of December 31, 2021	**236**	**23,568,827**	**-28,445**	**23,540,619**
Total comprehensive income	**-**	**-**	**-7,229**	**-7,229**
Group contribution	-	-	19,328	19,328
Balance as of December 31, 2022	**236**	**23,568,827**	**-16,346**	**23,552,717**

P1 ACCOUNTING POLICIES APLLIED BY THE PARENT COMPANY

The annual financial statement for the parent company is prepared according to "Årsredovisningslagen och Rådet för finansiell rapporterings rekommendation RFR 2 Redovisning för juridiska personer". These policies are different from IFRS in certain areas outlined below.

SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognized at cost in the parent company's statement of financial position. Impairment loss is recognized when required. Acquisition costs which are expensed in the group accounts are recognized as part of the cost price in the parent company's statement of financial position.

DIVIDEND FROM SUBSIDIARIES

Dividend from subsidiaries is recognized as financial income in the parent company's profit and loss when the dividend is received.

GROUP CONTRIBUTION

Group contributions are booked directly against equity in the receiving company and as part of the cost price in the contributing company.

LEASED ASSETS

All leased assets are classified as operational leasing in the parent company's financial statement.

P2 OTHER OPERATING INCOME

Other operating income	2022	2021
Other rental income	30,806	14,200
Total other operating income	**30,806**	**14,200**

Other rental income is mainly related to office space.

Income and cost	2022	2021
Income from sales of services within the group	100%	100%
Cost from purchases from within the group	0%	0%

P3 EMPLOYEE BENEFITS AND EXPENSES

Employee benefit expenses	2022	2021
Salaries	16,708	11,730
Social security costs	5,312	3,674
Pension costs	3,797	2,893
Other emplyee expenses	78	51
Total employee benefit expenses	**25,895**	**18,348**

Average numbers of employees	2022	2021
Women	1	1
Men	2	2
Total	**3**	**3**

None of the executives in the parent company have agreements to receive severance pay.

Position	Board fee	
	2022	2021
Board of directors	1,744	2,325
Total remuneration to Board of directors	**1,744**	**2,325**

Average numbers of employees	2022	2021
Women	14%	17%
Men	86%	83%
Total	**100%**	**100%**

CEO in Nordic Connectivity AB is employed in GlobalConnect A/S. For more information see Note 5 in the Group's financial statement.

P4 OTHER OPERATING EXPENSES

Other operating expenses	2022	2021
Consultancy fees	-116	15,630
Insurance	302	319
Loss on receivables	982	32
Other operating expenses	2,609	2,484
Total other operating expenses	**3,778**	**18,466**

P5 AUDIT FEE

Audit related fees - EY	2022	2021
Audit fee	1,581	1,860
Tax advisory services	-	309
Total auditor fees	**1,581**	**2,169**

P6 FINANCIAL INCOME AND FINANCIAL COSTS

Finance income and finance costs	2022	2021
Finance income		
Foreign exchange gain	11	-
Other finance income	-	138
Total finance income	**11**	**138**
Finance costs		
Interest expenses	4,317	-
Other financial costs	7	589
Total finance cost	**4,325**	**589**

P7 INCOME TAXES

Income tax expense:	2022	2021
Change in deferred tax	-4,049	-4,185
Total income tax expense	**-4,049**	**-4,185**

Deferred tax liabilities/assets conists of:	31.12.2022	31.12.2021
Deffered tax liability/asset for the year as above	-4,049	-4,185
- of which paid in fiscial year	-	-
- not due for earlier years	-	-
Current tax liabilities/assets 31.12	**-4,049**	**-4,185**

Reconciliation of income tax expense	2022	2021
Profit before taxes	**-3,180**	**-23,065**
Tax expense (local tax rate)	-687	18,083
Permanent differences	-3,362	797
Current tax liabilities/assets 31.12	**4,049**	**-4,185**

P8 SHARES IN SUBSIDIARIES

Shares in subsidiaries consists of shares in Nordic Connectivity Midholding AB. The book value of the shares amounts to SEK 23,655m. For information regarding all the companies in the group, please refer to Note 21 of the financial statement of the GlobalConnect Group.

P9 IC TRADE RECEIVABLES AND OTHER CURRENT ASSETS

IC Trade receivables and other current assets	2022	2021
IC Trade receivables	52,894	8,369
Other current assets	54,853	17
Total IC Trade receivables and other current assets	**107,747**	**8,386**

P10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	2022	2021
Bank deposits, unrestricted	2,602	1,952
Total cash and cash equivalents	**2,602**	**1,952**

P11 SHARE CAPITAL AND INVESTOR INFORMATION

THE ULTIMATE PARENT

The majority owner of the Company is, Riddle Holdco S.a.r.l which is indirectly owned by EQT Infrastructure III SCSP and EQT Infrastructure IV SCSP, both domiciled in Luxembourg.

Share capital in Nordic Connectivity AB	Number of shares authorised and fully paid	Par value per share (SEK)	Financial position(mSEK)
At 1 January 2022	235,577,220	0.001	236
At 31 December 2022	**235,577,220**	**0.001**	**236**

Shareholders in Nordic Connectivity AB at 31.12.2022	Shares	Ownership	Voting rights
Legal entity			
Riddle Holdco S.a.r.l	233,887,686	99.3%	99.3%
Other	1,689,534	0.7%	0.7%
Total	**235,577,220**	**100.0%**	**100.0%**

The outstanding shares have different voting rigths:

Share Class	Votes	Number of shares
Common A	10	22,821,250
Common B	1	24,294,193
Pref C	10	188,172,722
Pref D	1	289,054
Pref E	1	1

P12 INTER COMPANY LIABILITIES AND OTHER LIABILITIES

Inter Company liabilities and other liabilities	2022	2021
Inter Company liabilities	3,041	2,129
Other current liabilities	208,175	106,154
Total Intercompany liabilities and other liabilities	**211,216**	**108,283**

P13 TRADE AND OTHER PAYABLES

Trade and other payables	2022	2021
Trade payables	1,938	2,232
Other payables	-	-2
Total trade and other payables	**1,938**	**2,230**

P14 YEAR-END APPROPRIATIONS

APPROPRIATION OF EARNINGS	
The Board of Directors proposal for disposition of available funds:	
Share premium	23,568,827
Retained earnings	-28,445
Loss for the year	12,099
	23,552,481

The board proposes that this sum be appropriated as follows:

To be carried forward	**23,552,481**

P15 SUBSEQUENT EVENTS

For more information see Note 25 in consolidated financial statement.

Oslo, 25.04.2023

Eric Albert Elzvik
Chairman of the Board

Pernille Lyngvold Erenbjerg
Board Member

Per Morten Torvildsen
Board Member

Carl Sjölund
Board Member

Marco Eric Visser
Board Member

Anders Ösmark
Board Member

Billy Olsson
Board Member

Mounir Taysir Barakat
Board Member

Sophie Khalid Ali Albustani
Board Member

Martin Lippert
CEO

Building a better working world

Auditor's Report

To the general meeting of the shareholders of Nordic Connectivity AB, corporate identity number 559228-2353

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Nordic Connectivity AB the year 2022-01-01 -2022-12-31. The annual accounts and consolidated accounts of the company are included on pages 59-121 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-58. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

Auditor's Report cont.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group'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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Connectivity AB for the year 2022-01-01 – 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board

Auditor's Report cont.

of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor´s opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 18-54, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.
A statutory sustainability report has been prepared.

Stockholm, 25 April 2023
Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant

Alternative Performance Measures

GlobalConnect presents certain financial measures, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority, are not accounting measures defined or specified in IFRS and are, therefore, considered alternative performance measures. GlobalConnect believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of group's operations. In addition, they are seen as useful indicators of GlobalConnect's financial position and ability to obtain funding. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

EBITDA
Earnings before interest, tax, depreciation and write/downs of tangible assets and in/house developed software, and amortization of customer contracts.

EBITDA MARGIN
EBITDA expressed as a percentage of net sales.

ADJUSTED EBITDA
EBITDA before non-recurring.

ADJUSTED EBITDA MARGIN
Adjusted EBITDA as a percentage to net sales

EBIT
Earnings before interest and taxes.

ADJUSTED EBIT
EBIT before other non-operating cost.

EQUITY RATIO
Total equity as a percentage of total equity and liabilities.

NET INTEREST/BEARING DEBT (NIBD)
Total of current and non-current interest-bearing liabilities less bank deposits.

NET LEVERAGE
NIBD divided by adjusted EBITDA.

OPERATIONAL CASH FLOW
Cash flow from operational activities.

ADJUSTED CASH FLOW FROM OPERATIONS
Operational cash flow before other income and expenses

FREE CASHFLOW
Adjusted operational cash flow less investments in tangible assets and in-house developed software and the sale of tangible assets.

Operating profit (EBIT)
Net profit + interests + taxes

Operating margin (EBIT), %

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

Capital Expenditure
Acquisitions of intangible assets and property, plant and equipment.
E.g. fiber optics, network equipment, capitalization of hours, IT system development.

Cash conversion

$$\frac{(\text{EBITDA + Changes in working capital \& other}^{1)})}{\text{EBITDA}} * 100$$

Recurring revenue
Recurring revenue is mainly subscription fees based on monthly contracted revenues from customers, generally charged upfront monthly or quarterly. All subscription fees goes into the recurring revenues in addition to recurring variable fees like traffic for unified communications, power usage for datacenter/telehousing.

[1)] E.g. tax, IFRS adjustments etc.