



# 25 Years of Connection

# Content

## 01

### THIS IS GLOBALCONNECT

|                                  |    |
|----------------------------------|----|
| CEO Message                      | 04 |
| Company Presentation             | 06 |
| Business Strategy                | 07 |
| 2023 in Review                   | 10 |
| Highlights 2023                  | 11 |
| The Digital Highway of the North | 12 |
| Fiber Breakthrough in Finland    | 13 |

## 02

### SUSTAINABILITY

|   |    |
|---|----|
| Board ESG Champion Letter                       | 16 |
| Guide to Sustainable Topics                     | 17 |
| 2023 Sustainability Market Trends               | 18 |
| GlobalConnect's Sustainability Focus Areas 2023 | 19 |
| GlobalConnect's Stakeholders                    | 20 |
| Sustainability Pillars (ESG)                    | 21 |
| ESG Targets and Achievements 2023               | 22 |
| Environmental Impact                            | 24 |
| Social Impact                                   | 32 |
| Governance Impact                               | 41 |

## 03

### FROM THE BOARDROOM

|                            |    |
|----------------------------|----|
| Corporate Governance       | 48 |
| Corporate Leadership Team  | 50 |
| Board of Directors' Report | 51 |

## 04

### FINANCIAL STATEMENTS

|                                  |     |
|----------------------------------|-----|
| Financial Statements for Group   | 56  |
| Notes for Group                  | 61  |
| Financial Statements for Parent  | 99  |
| Notes for Parent                 | 104 |
| Auditor's Report                 | 110 |
| Alternative Performance Measures | 113 |

# 01 This is GlobalConnect

|                                  |    |
|----------------------------------|----|
| CEO Message                      | 04 |
| Company Presentation             | 06 |
| Business Strategy                | 07 |
| 2023 in Review                   | 10 |
| Highlights 2023                  | 11 |
| The Digital Highway of the North | 12 |
| Fiber Breakthrough in Finland    | 13 |



# CEO Message



2023 brought winds of challenge and change in the world. Uncertainty is on the rise, and at the same time, the year underpinned the greater meaning of what we do in GlobalConnect as champions of connectivity's essential role in society. GlobalConnect continued to deliver both solid business growth and increased positive impact for our stakeholders and the world around us.

The weather in 2023 has been extreme and caused havoc and widespread disruption in the Nordics on numerous occasions. Storms have swept across our region, causing record-breaking winds and water levels and severely threatening access to critical pillars of society like water, transport, electricity, and internet. We in GlobalConnect have been tested on our ability to keep connections and services available throughout the extreme conditions. Our entire critical infrastructure has passed the test again and again – just as our competent technicians and employees train and prepare for.

2023 was characterized by numerous storms in so many other ways too. All of us feel the effects of global economic uncertainty and increased geopolitical tension, the latter moving physically closer still to our region. Other storms bring strong winds of change to the way we live, work, and think. Increased complexity and the hasty development of transformational technology such as artificial intelligence and quantum technology inspire and challenge people in almost every field of human effort as well as change the way we at GlobalConnect work and think.

This backdrop underpins the important responsibility we have in GlobalConnect, building a resilient digital infrastructure and protecting these critical pillars that our digital society rests on. Looking back, 2023 serves as a testimony to how we keep delivering strongly on our promise to connect people, businesses, and society across the Nordics.

In a time when data traffic surges, half of all internet traffic to and from the Nordics – one of the most digitalised regions in the world – passes through our infrastructure. GlobalConnect's fiber network now spans more than 215,000 kilometers, connecting 847,556 homes, 30,000 businesses and several large hyperscalers. Our datacenter business has also grown to a total of 46 MW IT load capacity.

As we continue to grow, I remain proud of our company's resilience and all we have achieved. Collectively and individually. Even in a challenging environment, GlobalConnect reached a revenue of SEK 7.6bn in 2023, which represents 6.2 percent year-over-year growth. Our strong recurring revenue is a testament to the value we bring to our customers, and I thank all our loyal customers for their continued trust in GlobalConnect.

With adding value to our customers and to society at heart, we continue to invest substantially in connecting our region and growing our fiber footprint. In 2023, we invested across all markets with more than SEK 5.8bn. Our organic and inorganic investments aim to futureproof the Nordics while growing and consolidating our business to add more value to our customers. We continued to build 'the digital highway', a new backbone fiber cable spanning 2,600 kilometers from Luleå in the north of Sweden to Berlin and the heart of Europe. It is the largest Nordic digital infrastructure project in a decade and will serve as a critical infrastructure connection between

the Nordics and mainland Europe, futureproofing our region, improving national security, and attracting global tech investments. Another important part of our network expansion is the continued investment in areas with low fiber penetration, and we have begun connecting homes in Finland with full force. In 2023, we continued to make strategic acquisitions of especially fiber stretches, underlining our consolidation as one of the leading and fastest-moving digital infrastructure providers in Europe.

GlobalConnect's strong ownership is key to our continued growth and ambitions. In 2023, we welcomed Mubadala as new minority shareholder. The combination of our owners' expertise and eagerness to invest on the one hand, and our unique market position and services on the other, position us well for years of sustained success.

The aftermath of Storm Hans and other extreme weather events are stark reminders of the pressing challenges posed by climate change. The urgency of the climate crisis and increased inequality calls for critical action. Sustainability is no longer an option for businesses – in GlobalConnect, we view it as a license to operate. Building on a very strong foundation, we accelerated and continued to deliver on our sustainability ambitions in 2023. Working ambitiously with sustainability is not about complying with reporting legislation; it is about viewing it as a strategic opportunity and integrating it into all corners of our business and beyond, contributing to a more sustainable future for our industry.

As one of the leading providers of critical digital infrastructure in Northern Europe, we experience first-hand how connectivity empowers society and improves lives. We hold a crucial role in keeping society running. While digitalisation is an important enabler of sustainable development, the environmental footprint of our industry is increasing as the demand for being digitally connected increases significantly year over year.

It is our responsibility to explore innovative solutions and ensure a responsible value chain that contributes to limiting our negative carbon footprint and social impact. Not only because our many stakeholders demand us to, but because we believe it is the right thing to do.

We stay committed to the United Nations Global Compact 10 principles as well as the United Nations Sustainable Development Goals. In 2023, our sustainability targets were validated by the Science Based Targets initiative, promising to reduce our direct and indirect carbon emissions significantly. Further, as part of our commitment to putting actions behind words, we are constantly measured on how we deliver on our ESG goals as part of our sustainability-linked loan. It is not an option for GlobalConnect to postpone taking responsible and sustainable action on the mark we leave on people and planet.

Amid all the headwinds the world faced in 2023, GlobalConnect stayed focused and continued to deliver growth and more importantly, value to our customers and to the world around us. Through it all, our employees and stakeholders have remained resilient and adaptable, proving every day that GlobalConnect is a champion of connectivity. There will be plenty of challenges along the way, but we dive into it all with a mindset that technology and connectivity will solve problems, not create new ones.

  
CEO, Martin Lippert



- COMPANY PRESENTATION

# Who We Are

GlobalConnect is one of the leading digital infrastructure and connectivity providers in the Nordic region. We provide end-to-end connectivity solutions and internet services, from the fiber in the ground to the cloud in the sky and everything in between.

Today, connectivity is a vital component of almost every aspect of our lives and is an enabler of everything from healthcare and transportation to education and entertainment. More than 50% of all data traffic in the Nordics passes through our network. This represents a huge responsibility and illustrates the important role that GlobalConnect plays in today's society.

Our mission is to keep society up and running and to enable innovations that deliver a better tomorrow. Guided by our commitment to innovation, sustainability and an easy customer experience, we have set ourselves the goal of being the leading digital infrastructure and connectivity provider in the Nordics, shaping the future of the digital revolution.

With our extensive 215,000 km fiber network and 35,000 m2 of data center space, we operate three pan-Nordic business areas:



## B2B

Connecting enterprises and public institutions with secure end-to-end connectivity solutions.



## B2C

Connecting private households with robust fiber-based broadband services that will last for generations.



## Carrier

Selling access to our fiber network to operators, carriers and system integrators worldwide that need a Nordic partner to carry their data, making GlobalConnect the gateway to the Nordics.

## • BUSINESS STRATEGY

# Becoming the Leading Sustainable Connectivity Provider, Future-Proofing Northern Europe and Beyond

We focus our energy on what truly creates value, with a strategy that maximizes the potential of our cross-border digital infrastructure. We have a resilient and sustainable business model that is well proven following the turbulence of recent years.

Our strategy, which we set in 2020, remains the same and has three core objectives:

**1.****WE WILL UTILIZE AND EXPAND OUR NETWORK**

We will continue to build out our infrastructure and maximize its utilization to meet the ever-growing demand in Northern Europe and realize the full potential of our network, with a holistic view on customer and market demand.

**2.****WE WILL USE OUR NETWORK SMARTER WITH MANAGED END-TO-END CONNECTIVITY**

We will build a world-class managed end-to-end connectivity proposition to Northern European businesses to deliver an even more seamless and secure customer experience.

**3.****WE WILL SCALE OUR BUSINESS AS WE GROW**

We will continue to transform our business and find smarter ways of working to reduce waste and increase our efficiency, resilience and sustainability.



## 1.

WE WILL UTILIZE AND  
EXPAND OUR NETWORK

Our history and DNA are fundamentally about providing connectivity to society. We have created value by utilizing our unique and dense fiber network and metro edge data center portfolio across northern Europe. We are creating and delivering unique value-added services integrated on top of this core infrastructure for our three customer segments, namely B2B, B2C and carrier.

We are the preferred partner in the carrier segment in our region. This includes global tech companies and international operators, and we are always there when they need increased bandwidth or greater data center capacity. The recent developments in generative artificial intelligence have already translated into a faster increase in data processing demand within data centers from hyperscalers. Coupled with the access to renewable electricity offered by our region, this represents a growth opportunity in terms of GlobalConnect expanding its data center provision and fiber capacity to support the associated data traffic increase.

In the B2C segment, we continue to invest in network expansion, and the success of this can be seen in the volume and revenue growth for this segment. To maintain our growth momentum, we adapt to changes in the market. This might mean shifting our expansion commitments and efforts from mature markets to new markets or repositioning our business

model in line with regulatory and competition changes. While markets like Norway and Sweden are maturing, we are now shifting our efforts towards accelerating our fiber roll-out expansions in Denmark and Finland.

B2B customers often require internet access across multiple locations as well as more complex connectivity solutions. This means that we continue to expand our network, while leasing third-party fiber in some locations that have existing fiber. Either way, we ensure integrated services for the customer, and deliver the same level of quality to both businesses and the public sector.

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 and to support the digital development of society, while enabling us to realize cross-segment synergies.







Business customers are increasingly concerned about security as we are seeing more and more cyber-attacks on both corporations and public institutions. Offering integrated connectivity security is therefore becoming a key differentiator in this segment. Our managed end-to-end connectivity offerings, SmartConnect and SmartFiber, make connectivity easy and secure for our customers. They encompass both managed LAN and SD-WAN and enable security offerings far beyond those provided by a pure-play fiber provider. The market has responded positively to our new offering, with customers seeing us as a partner that delivers business-critical solutions. In addition to security features, customers recognize the value of buying managed network services over stand-alone products and equipment, allowing them to focus their attention on their core business. We will continue to develop these solutions and will stay relevant to customers' future connectivity needs.

To improve the customer experience and our delivery capacity, we are investing in a state-of-the-art IT platform for managed end-to-end connectivity. Operationally, this will enable improved efficiency and streamlined operations across markets, including by automating some manual processes. Commercially, it will give customers new and innovative ways of interacting with us, making it easier for them to get an overview of their services, order new connections and request upgrades, via our self-service portal.

Our managed end-to-end connectivity solutions are key to serving our customers with superior speed and quality. SmartConnect and SmartFiber have already proven their value, although there is significant business potential from existing customers who are still buying traditional internet products. To support these customer offerings, B2B customers will, going forward, be served by a pan-Nordic organization, unlocking synergies across Nordic sales, support and operations.



Although fiber technology is the most sustainable and energy-efficient way to deliver internet services, we recognize the adverse impacts of our activities, and act to be a leading sustainable connectivity provider. Our ongoing business transformation aims at finding smarter ways of working so that we can reduce waste and improve our efficiency and resilience, thus becoming a more sustainable business. From a business perspective, inflation and the increased cost of capital are further adding to the importance of operating a lean organization and achieving capital-efficient growth.

Our efficiency and sustainability targets go hand in hand with our scalability targets. For our revenue to grow faster than our cost base, we need to have scalable systems and processes. We are currently in the process of simplifying our IT systems landscape and processes. This includes decommissioning old, insecure and inefficient systems and platforms, and migrating to resilient solutions that provide enhanced security and automated processes. In 2023, we implemented a pan-Nordic organizational setup to fully capture cross-border scale synergies. Not only are there cost savings to achieve, but leveraging resources and expertise across countries will give our customers more resilient services.

Additionally, we are establishing more transparent and actionable KPI reporting, both in relation to our business operations, financials and sustainability. This will enable us to proactively respond to market opportunities, improve our operational performance and take better informed decisions, and this in turn will help us to reduce waste, improve our margins and optimize capital allocation.

# 2023 in Review

## Financial

7.6bn

REVENUE AND OTHER INCOME

5.8bn

CAPEX

4.0bn

ADJUSTED EBITDA

53.2%

ADJUSTED EBITDA %

6.2%

REVENUE GROWTH

11.4%

RECURRING REVENUE GROWTH

## Operational

215,000

OWNED AND LEASED KM FIBER

25

DATACENTER LOCATIONS

847,556

HOMES CONNECTED  
PORTFOLIO 2023

46

MW IT LOAD CAPACITY

## ESG

43%

WOMEN IN TOP MANAGEMENT

8.0/10

EMPLOYEE ENGAGEMENT SCORE

100%

ELECTRICITY CONSUMPTION  
COVERED BY RENEWABLE ENERGY  
IN CONSUMPTION

# Highlights 2023



Full launch in the  
Finnish FTTH market

In February 2023, GlobalConnect's first customers in Finland were connected, specifically in Laaksolahti, Espoo. GlobalConnect has now fully launched in the Finnish FTTH market.




Technology  
Innovation Award

GlobalConnect was awarded the Technology Innovation Award 2023 at the Datacloud Global Congress for its pioneering liquid cooling work. GlobalConnect is the first collocation provider in Europe to offer customers the cutting-edge technology of submerged cooling, specifically at our data center in Tastrup. The technology is a real game-changer as it reduces data center power consumption for cooling by up to 90%.



The digital highway  
of the North

Work on GlobalConnect's new mega-capacity fiber cable that runs from the north of Sweden to Berlin entered its final stages in 2023. This project is another milestone in GlobalConnect's work to future-proof the Nordics as a preferred region for global tech and innovative industries. The project was finalized in March 2024.



Launch of a pan-  
Nordic customer  
journey system

GlobalConnect launched a common pan-Nordic system for the entire GlobalConnect customer journey.



Approval of Science  
Based Targets

In June 2023, our sustainability targets were validated by the Science Based Targets initiative.

# The Digital Highway of the North

GlobalConnect is connecting the Nordics for the future with its installation of a mega-capacity fiber cable that runs from the very north of Sweden all the way to Berlin. The cable represents an important milestone and a record infrastructure project that will ensure robust and high-speed capacity in our region. The project started in 2021 and entered its final stages as 2023 came to an end.

The cable is a digital highway spanning land and sea that runs for 2,600 km and features five unique subsea cables in the Baltic Sea. The backbone fiber cable can transport an amount of data approximately equivalent to all the data currently being produced in the Nordics or almost one billion people using streaming services at the same time. It will enable a robust digital infrastructure with more options in terms of route traffic, safer connectivity and better conditions for digital services. The cable is the largest project of its kind in our region and a very important step on GlobalConnect's ambitious journey of becoming the leading digital infrastructure provider in Nordics and beyond.

The existing backbone between Sweden and Germany is almost two decades old and lacks the capacity and resilience required to support growth and protect our data. GlobalConnect's new digital highway has been designed for the future and is needed in order for large amounts of data to be transported into, out of and across the Nordics, connecting the region to the rest of the world. It will help eliminate fiber shortage risks and contribute significantly to both EU and national goals for digital infrastructure development. Equally importantly, it will help future-proof the Nordics as an ever more preferred area for global tech, innovative industries and future investment. Some of the largest technology companies in the world are starting to view our region as a very attractive place to set up data centers, largely thanks to its easy access to natural cooling, our robust digital infrastructure and our

renewable electricity. In addition to increasing the region's attractiveness to international companies looking to accelerate their green transition, the new digital highway will also help boost investment in more fossil-free energy generation. In October 2023, the digital highway reached Malmö and Copenhagen. On its route southwards from Luleå in Sweden, the highway has been an accelerator for digital transformation and helped regions with their commitments to be at the forefront of the development of 5G. Simultaneously, GlobalConnect has been working hard to enable affordable and accessible broadband services along its path, with services for everything from local residents to large multinational companies and regional business communities. The cable is therefore closing the digital divide and providing the region with better conditions for new economic activity by providing reliable digital infrastructure for decades to come.

The project has involved many unique challenges. One of the most notable was the need to clear bombs from the Second World War from the seabed off the German coast. With one final stretch between Bornholm and Sassnitz remaining at the end of 2023, GlobalConnect is set to reach a huge milestone in its efforts to build the first-ever digital highway from the very top of Scandinavia to the heart of Europe. The project will make Bornholm a new digital hub for critical infrastructure that connects Sweden and Denmark with Germany and continental Europe and so opens up new and exciting opportunities.

# Fiber Breakthrough in Finland

Following a successful pilot and the connection of its first customers, GlobalConnect has now fully launched in the Finnish FTTH (fiber-to-the-home) market. With the lowest fiber penetration in the Nordics, Finland has huge potential to increase our pan-Nordic footprint.

As part of our mission to consolidate fiber as the preferred technology for fixed broadband connections, GlobalConnect initiated a pilot project in 2022 in the Helsinki region to explore the Finnish FTTH market. The pilot was a success, and in February 2023 the first customers were connected, specifically in the Laaksolahti district of Espoo. Thousands more have now been connected. GlobalConnect is now looking to roll out a high-speed fiber optic network to many more areas in Finland, taking the country on the same fiber journey as its Nordic neighbours.

While a more mature country like for example Sweden has approximately 93 percent fiber coverage, Finland has 60 percent. Today, many Finns are dependent on mobile-based broadband solutions, but we believe fiber will be an important foundation for its society's infrastructure in the near and also more distant future, given the increasing demand and importance of network robustness and data capacity across society. GlobalConnect has a long-term commitment to and ambitious growth targets in Finland, which is now our most important emerging market. With plans to invest half a billion euros in the coming years, GlobalConnect will seek to serve private

households, as well as the country's municipalities as they seek to digitize. With its rollout in Finland, GlobalConnect has an FTTH offering for private consumers in all its markets. This is in addition to GlobalConnect's strong and diverse enterprise offering, meaning all parts of society can reap the benefits of the connectivity services offered by GlobalConnect's extensive fiber network.

GlobalConnect has more than 20 years of experience of rolling out digital infrastructure and proven strategies for navigating the complexity of FTTH deployment, which requires meticulous planning and precise execution. To Finland we bring the experience and know-we have gained from our large-scale rollouts in Sweden and Norway, as well as in Denmark since 2020 and in Northern Germany since 2021. With 50 percent of all data passing in and out of the Nordics already going through GlobalConnect's networks, we are extremely proud to be providing digital access to an increasing number of Finnish customers. Initially, our ambition is to build future-proof fiber to households in Helsinki, Hyvinkää, Espoo, Lahti, Nokia, Riihimäki, Hämeenlinna, Järvenpää, Turku, Vaasa, Vantaa, Hollola and Tornio.



# 02 Sustainability

---

|   |    |
|---|----|
| Board ESG Champion Letter                       | 16 |
| Guide to Sustainable Topics                     | 17 |
| 2023 Sustainability Market Trends               | 18 |
| GlobalConnect's Sustainability Focus Areas 2023 | 19 |
| GlobalConnect's Stakeholders                    | 20 |
| Sustainability Pillars (ESG)                    | 21 |
| ESG targets and achievements 2023               | 22 |
| Environmental Impact                            | 24 |
| Social Impact                                   | 32 |
| Governance Impact                               | 41 |

---



# Introduction

Climate change, the biodiversity crisis, ecosystem degradation and increased inequality are urgent issues requiring critical action. Businesses can no longer choose to embrace sustainability; we rather believe sustainability is required to operate. It needs to permeate our entire organization and strategic decisions. After having built a very strong foundation, in 2023 we accelerated our sustainability ambitions and worked to integrate sustainability into all corners of our business.

Digitalization is an important enabler of sustainable development as connectivity can cut emissions from travel and increase social equality. However, the ICT sector accounts for around 2%\* of global greenhouse gas (GHG) emissions. As the demand for being and staying connected increases significantly year on year, the global GHG emissions from the sector are projected to increase to 14%\* by 2040. This will have an increasingly negative impact on people and the planet. We are therefore continuously and constructively working to improve both our own operations and the sector as a whole.

As one of the leading providers of critical digital infrastructure in Northern Europe, GlobalConnect experiences first-hand how connectivity empowers societies and improves lives, and our experience inspires us to constantly enhance our sustainability efforts. We play a crucial role in keeping societies running, impacting everything from hospitals, schools and nursing homes to the police and private homes. We therefore feel a responsibility to explore innovative solutions and

ensure a responsible value chain that helps limit our negative carbon footprint and social impact. We are doing this not only because our many stakeholders expect us to focus more on sustainability, but also because we believe it is the right thing to do.

We remain committed to the Ten Principles of the United Nations' Global Compact as well as to the United Nations' Sustainable Development Goals. These valuable strategic frameworks are guiding stars for our sustainability efforts. In 2023, we took new and important steps on our sustainability journey. This included implementing a sustainability framework that applies to the entire company. This framework is not only about mitigating negative impacts on our business but also addressing the impact we have on our customers, other stakeholders and society as a whole to ensure that we leave a positive mark on people and the planet. Accordingly, our risk assessment is continually updated. We want to ensure that we not only comply with upcoming regulations but more importantly use them as a strategic opportunity, integrating ESG into our corporate strategy.

# Board ESG Champion Letter

At GlobalConnect, we continue to be on an important and ambitious sustainability journey. In 2023, one of the many important sustainability milestones we achieved was having our science-based targets (SBTs) validated by the Science-Based Target initiative (SBTi). This validation has accelerated our sustainability efforts, which are intended to ensure we achieve our commitment to having a positive impact on people and the planet while running a responsible business fit for growth.

At GlobalConnect, we strive to be a sustainability change-maker within our sector, and 2023 was testament to this ambition. The year demonstrated that sustainability initiatives can be relatively sensitive to economic instability. Inflation and the risk of recession have led to significant increases in interest rates globally and contributed to a decrease in investment in green stocks. This shows that in times of economic instability sustainability efforts are unfortunately often downscaled.

We at GlobalConnect have done quite the contrary and the global events of the last year have driven us to focus even more on how to ensure secure, innovative and sustainable solutions. And, with demand for connectivity rapidly growing, we are aiming to ensure that our solutions are ever more responsible. In 2023, we were determined to continue our ambitious sustainability journey, and we are very proud of our many achievements, which include:

- Having our science-based targets (SBT) validated by the Science Based Targets Initiative (SBTi) in June 2023. This was an important milestone in our ambition to reduce our carbon emissions in line with the Paris Agreement and to define an actionable roadmap on how to get there. It shows our commitment to an ambitious carbon reduction journey in the period up to 2030.
- To help raise awareness of CO<sub>2</sub>e consumption in our industry and to support our customers on their sustainability journeys, GlobalConnect initiated a Product Carbon Performance project. As part of this project, we launched our Customer Carbon Calculator, which is a calculator that delivers an estimate of the carbon footprint of the services provided to each customer, starting with our SmartConnect solution. Our ambition is for the calculator to cover an increasing range of products and services. This will provide our B2B customers with valuable activity-based data on the emissions associated with all our products' life-cycle stages, as well as with our network infrastructure and data centers.
- Our EUR 1 billion Sustainability Linked Loan agreement contains sustainability incentives consisting of KPIs

that are linked to the implementation of science-based targets, diversity targets and employee satisfaction goals throughout the GlobalConnect Group.

- Winning the 'Sustainability Linked Loan of the Year' award at the Environmental Finance's Bond Awards 2023. This represents important recognition of GlobalConnect's sustainability ambitions and dedication to ensuring that financial and sustainability matters are aligned.
- Increasing our emphasis on diversity across the organization, which included introducing concrete initiatives to increase the number of women in leadership positions as well as implementing a non-biased recruitment process. An important achievement for increasing diversity in our organization was committing to the Diversity Pledge launched by The Confederation of Danish Industries. By signing the pledge, we have committed to women holding 40% of leadership positions at the Group level.
- Introducing leadership training for all leaders to further strengthen our employee engagement efforts and increase our focus on mental health, wellbeing and belonging throughout the organization.
- Expanding our internal sustainability capabilities by ensuring that sustainability expertise is present right across the organization, which will strengthen the strategic efforts on our ESG agenda and enable our employees to drive change locally.

All these excellent achievements throughout 2023 strengthened our organization and set us up for continued growth. Our sustainability journey doesn't end here, however. Rather, it is just getting started and, with the many initiatives underway at GlobalConnect, we have expanded our toolbox for implementing critical and strategic sustainability initiatives that will equip our business so it is fully fit for the future.



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



# Guide to Sustainable Topics

## RISKS AND THEIR MANAGEMENT

| Subject Area                  | Overview       | Social conditions & employees | Environmental  | Human Rights | Anti-Corruption |
|-------------------------------|----------------|-------------------------------|----------------|--------------|-----------------|
| Business model                | 6, 7, 45       | -                             | -              | -            | -               |
| Policy and results            | 18, 41-45      | 33, 34, 43                    | 18, 22, 23, 25 | 43           | 44              |
| Risks and Management of those | 18, 36, 41, 43 | 43                            | 25-31          | 43           | 44              |
| Objectives and results        | 25-44          | 33-36                         | 25-31          | 43           | 44              |

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.

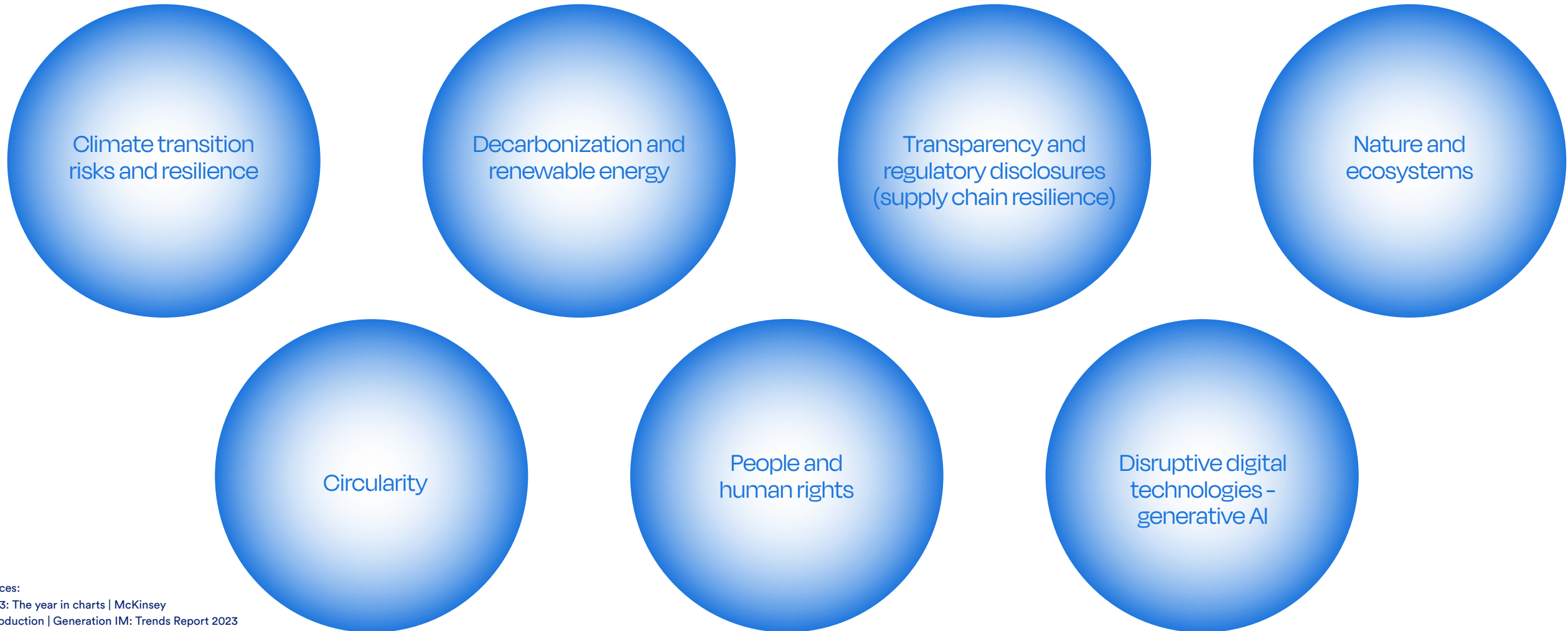
For reference, the Board of Directors' report, starting on page 51, provides a detailed description of GlobalConnect, its operations and its business model.

Our goals and activities are primarily found in this chapter and the work we do on sustainability governance in specific is described under the section Governance Impact, starting on page 45.

The basis for our sustainability work is our code of conduct, our group policies and our strategy. Our policy work is described on pages 18 and 41-45. 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 16.

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 36. From the table to the right you can find information on specific topics such as human rights and anti-corruption.

# 2023 Global Sustainability Trends



Sources:


\*2023: The year in charts | McKinsey

\*Introduction | Generation IM: Trends Report 2023

# GlobalConnect's Sustainability Focus Areas in 2023



Climate change and environmental concerns



Cyber Security and a secure and robust infrastructure



Creating long-term value for society and investors



Tracking transparency



Ensuring products and services with a positive impact on society and the environment



Genuinely sustainable corporate purpose

# GlobalConnect's Stakeholders



## Employees

First and foremost, our achievements are the 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 also want to ensure a strong sense of belonging. We therefore measure the engagement and wellbeing of our employees on a bi-weekly basis to gather feedback and identify areas for improvement. Our employee engagement score is now the highest on record. We can track personal development in our HR system, PeopleConnect. Our diversity and inclusion program focuses on non-biased recruitment processes and leadership training. It enables us to ensure a diverse and passionate workforce, while giving future talent the best possible experience when applying for a job.



## Customers

Being a partner to and collaborating with customers is key. We listen and learn to better understand the interests and needs of our customers. This helps us to better shape our strategy to meet their expectations and to deliver greater value to them. 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 what we call the E A S Y framework: Expertise, Availability, Speed and You. This is the foundation of our customer promise, as well as of the value-led behaviors we want to see in our employees. With a high level of service and constant development, we measure customer satisfaction in all segments.



## Society and 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 in which we operate, broadening our perceptions and bridging gaps through connectivity. Furthermore, we strive to help underserved communities, which is to say places with a special need for technological improvement that are outside GlobalConnect's current areas of operation. This is important to us as it not only 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.



## Suppliers, contractors and partners

We have close collaborations with our strategic and critical suppliers and contractors, and we 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 Ten 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. We thereby seek to minimize supply chain risks and make sure we, in turn, live up to our customer promise.



## Investors and owners

We receive strong support and involvement from our owners at EQT and Mubadala, with their passion for future-proofing companies. We work with our owners to establish a long-term, responsible and sustainable approach to leadership, creating value through their active involvement and ownership. Together, GlobalConnect and our owners work closely on strategic aims to support the shareholder return generated by innovative digital infrastructure solutions.



## Governments and industry organizations

The regulatory landscape is changing rapidly, and we applaud new regulatory actions as they are a means for us to more strategically integrate sustainability into our organization. We value the ambition and push of governments and industry organizations to achieve the UN's SDGs and the Paris Agreement, as well as compliance with the CSRD, the EU Taxonomy, the Norwegian Transparency Act and other regulatory measures. 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 positioned to better adjust to regulatory requirements, customer expectations and societal interests.

# GlobalConnect's Sustainability Pillars (ESG)

At GlobalConnect, sustainability is an integral part of our corporate strategy, and our ambition goes beyond complying with the bare minimum of what is expected and involves taking active, effective and measurable steps. We regard sustainability as a strategic tool that will make us a business fit for purpose for the future. Our holistic approach to ESG results in greater transparency, concrete actions and a greater good, and involves a strategic aim of addressing the full scope of sustainability, namely environmental, social and governance factors. GlobalConnect continuously works to make progress. We are also rising to the challenge with clearer targets in order to create clear results, engagement and value, both internally and externally.



## Environmental

- Carbon reduction targets backed by the SBTi validation of GlobalConnect's SBTs and concrete carbon reduction measures across the organization.
- Measuring our customers' carbon footprint when they procure products and services from GlobalConnect.
- Optimizing our refurbishment processes in collaboration with strategic partners.
- A biodiversity pilot project as a first step to increasing our future biodiversity efforts.



## Social

- Enhancing our organisational knowledge of and culture around sustainability through education/training and awareness building.
- Accelerating towards being a preferred place to work by having a diverse and inclusive workforce.
- Striving for a high level of physical and mental health, safety and wellbeing for employees, creating a strong sense of belonging.



## Governance

- Enabling the fair and innovative management of sourcing, in relation to all contractors and suppliers.
- Zero tolerance for bribery, as well as anti-corruption measures.
- Being a proactive partner for customers that enables their visions and targets by offering data transparency, services and solutions.
- Being an enabler for all aspects of secure and resilient connected societies.

- ESG TARGETS AND ACHIEVEMENTS 2023

# GlobalConnect's ESG Targets in 2023

## Environmental targets

---

GlobalConnect has set carbon reduction targets for our direct and indirect planetary impact through a carbon reduction roadmap. The aim is for the targets to be achieved in collaboration with the stakeholders in our value chain. The reduction targets are in line with climate science and are intended to be consistent with limiting the global temperature increase to 1.5°C above pre-industrial levels.

Reducing our carbon emissions across our entire organization in 2023. Taking 2022 as the baseline year, we have committed to linear year-on-year reductions up to 2030. Our carbon emissions will be in line with our SBTs. GlobalConnect's SBTs are:

- Scope 1: a 42% reduction.
- Scope 2: 100% renewable electricity.
- Scope 3: a 25% reduction.

## Social targets

---

- Enhance our organisation's knowledge of and culture around sustainability through education/training and awareness building, improving our overall employee engagement.
- Further accelerate our status as a preferred place to work by fostering a diverse and inclusive workforce.
- Achieve a high level of mental and physical health, safety and wellbeing for employees.

## Governance targets

---

- Facilitate fair and innovative management of sourcing, contractors and suppliers, for example financial suppliers as well as suppliers of hardware.
- Be a proactive partner for customers that enables their visions and targets, offering data transparency, services and solutions.
- Be an enabler for all aspects of secure and resilient connected societies.

- ESG TARGETS AND ACHIEVEMENTS 2023

# GlobalConnect's 2023 ESG Achievements

## Environmental achievements

- Achievements in 2023:
  - 100% of our electricity consumption is covered by renewable energy\*
  - we implemented a carbon reduction roadmap to achieve our goal of reducing our GHG emissions across scope 1+3 in line with our science based targets
- Worked with suppliers across our value chain to reduce carbon emissions by optimizing refurbishment processes and improving recycling efforts
- Launched our Customer Carbon Calculator tool. The tool identifies our customers' CO<sub>2</sub>e footprint based on the products and services the individual customer purchases from GlobalConnect (launched in Norway in 2023)
- Conducted a pilot project relating to biodiversity

\*GlobalConnect's baseline emissions for scope 2 (market-based) amount to 0% of total GHG emissions. GlobalConnect has committed to continuing to source 100% renewable electricity annually through to 2030. GlobalConnect purchases Energy Attribute Certificates (EAC) to cover 100% of its annual electricity consumption.

## Social achievements

- As part of the D&I program implemented a more non-biased recruitment process
- Implemented new leadership training among other things focusing on diversity and inclusion
- Committed to the Diversity Pledge launched by The Confederation of Danish Industries, committing GlobalConnect to ensuring women hold 40% of leadership positions, not only in Denmark but also at the Group level
- Increased our employee engagement score in Peakon that measures employee satisfaction, well-being and belonging
- Rolled out our 'Sustainability Academy' to all leaders in 2023

## Governance achievements

- Implemented initiatives to increase the number of women in leadership positions and on the Board of Directors
- Proactive measures taken to ensure the seamless integration of our Supplier Code of Conduct among our many suppliers
- Initiated a process to assess our suppliers' risks related to sustainability
- Reported successfully on our Sustainability Linked Loan KPIs for the first time
- Implemented strong whistle-blower mechanisms



# Environmental Impact

|                               |    |
|-------------------------------|----|
| Targets and Achievements 2023 | 25 |
|-------------------------------|----|

## ENVIRONMENTAL IMPACT STORIES

|   |    |
|---|----|
| Carbon Reduction Goals Validated by the Science Based Target Initiative | 26 |
| Award winner: Innovative Cooling Technology in Data Centers             | 27 |
| Customer Carbon Calculator  | 28 |
| Biodiversity Pilot Project  | 29 |
| Infrastructure Resilience Towards Climate Change                        | 30 |
| Optimizing our Refurbishment Process                                    | 31 |

We are increasingly seeing and experiencing the grave impacts of the climate and biodiversity crises, including extreme weather events, loss of species and massive ecosystem degradation. These environmental challenges pose significant risks to businesses globally. Immediate action is needed to ensure that we increase our positive environmental impact on the planet. As a response, GlobalConnect is consistently tracking our carbon emissions across all 3 scopes, and we are actively working to reduce our greenhouse gas (GHG) emissions through science based targets (SBTs) validated by the Science Based Target initiative (SBTi) in line with the Paris Agreement.

Additionally, GlobalConnect's sustainability linked loan agreement includes sustainability measures. We will see an increase or decrease in our interest rate margin depending on whether or not we meet predetermined sustainability KPIs, including our SBTs. As part of this, we have committed to linear year-on-year emissions reduction journey, with either positive or negative financial implications.

When expanding our data centers and infrastructure, or supplying fiber to buildings and homes, we apply new ways of thinking to address outdated technology and approaches. An example of this is our use of micro-trenching when exca-

vating. Research has shown that micro-trenching when laying new fiber cables, as opposed to digging normal trenches, reduces the associated GHG emissions by as much as 90%. Another example is our immersive cooling technology, which involves using a special liquid rather than air to cool equipment and reduces data center power consumption for cooling by up to 90%.

Furthermore, we have explored and implemented additional environmental initiatives across our organization. These include:

- Tracking our product's carbon performance to make it easy for our large B2B customers to track their carbon footprint, which they can do using our Customer Carbon Calculator;
- Exploring recycling initiatives and optimizing our refurbishment process;
- Investigating how we can limit the impact of excavation work and the installation of fiber in soil through a biodiversity pilot project with the aim of increasing our positive impact on nature and biodiversity.



• ENVIRONMENTAL IMPACT

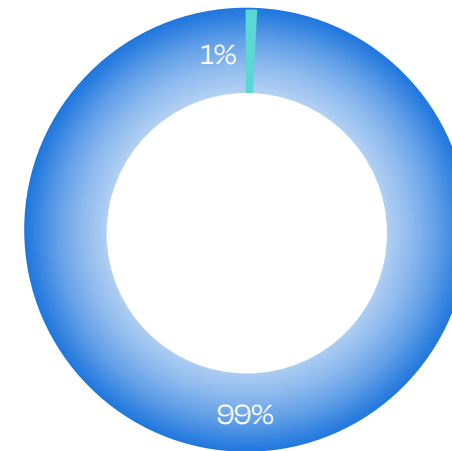
# Targets and Achievements



In 2023, GlobalConnect committed to an ambitious carbon reduction journey towards 2030. We have set SBTs that have been validated by the SBTi, joining other companies in taking action to reduce our GHG emissions. GlobalConnect's SBTs are aligned with the Paris Agreement's long-term temperature pathway, limiting global temperature increase to well below 2°C, pursuing to limit the increase to 1.5°C.

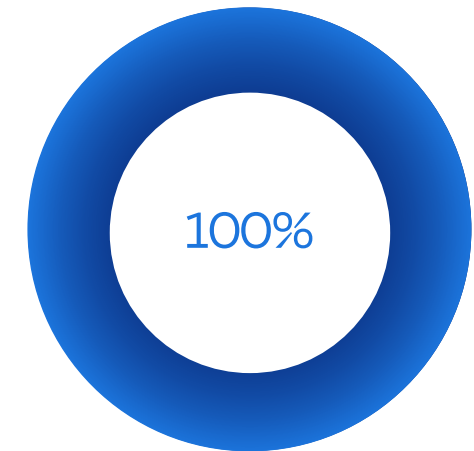
Since 2020, 100% of GlobalConnect's electricity consumption has come from verifiable renewable energy sources. With our SBTi validation we have committed to continuing to source 100% renewable energy each year through to 2030. In 2023, we reached the target of ensuring that 100% of our electricity consumption was covered by renewable sources by procuring renewable energy through Energy Attribute Certificates (EAC).

**GLOBALCONNECT GHG EMISSIONS**  
by Scope



- **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.

**RENEWABLE ELECTRICITY SHARE**  
% share of verifiable renewable electricity consumption



• ENVIRONMENTAL IMPACT STORY

# Carbon Reduction Goals Validated by the Science Based Target Initiative

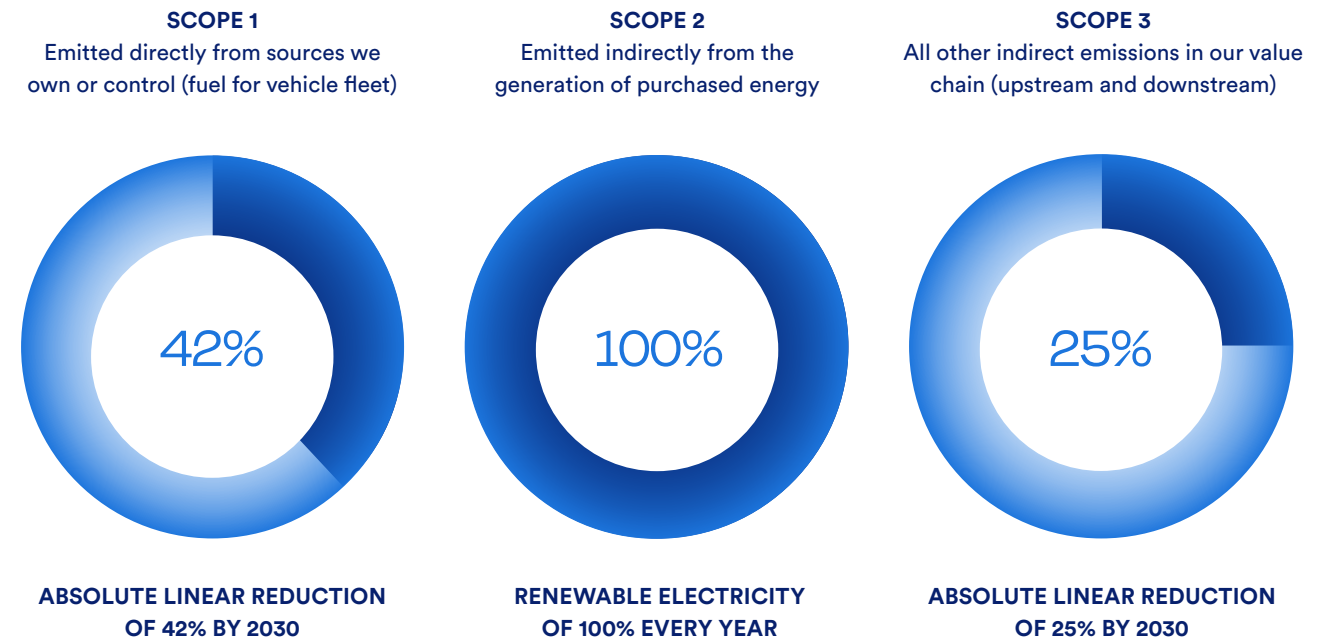
In June 2023, GlobalConnect reached a significant milestone with the validation of our SBTs by the SBTi. We have committed to an ambitious carbon reduction journey towards 2030 and defined an actionable roadmap on how to get there with the aim of reducing our GHG emissions.

With our SBTi validation, GlobalConnect commits to reducing its scope 1 and 2 emissions in line with the UN ambition stated in the Paris Agreement of limiting global warming to well below 2.0 degrees Celsius, pursuing to limit the increase to 1.5 degrees Celsius. GlobalConnect has also committed to decarbonization throughout its value-chain by working to reduce GHG emissions across Scope 3.

In addition, by linking GlobalConnect's ESG performance to our sustainability linked loan agreement, we have accelerated our carbon reduction efforts with a commitment to linear year-on-year reductions until 2030, with financial implications.

Committing to this agenda by formally becoming part of the SBTi is not only important for us as a company today. It also proves our long-term commitment to reducing our environmental footprint and to cementing what type of company we want to be in the future.

The SBTs for GlobalConnect are as follows



- ENVIRONMENTAL IMPACT STORY

# GlobalConnect Recognized for its Innovative Cooling Technology in its Data Centers

In 2023, GlobalConnect was awarded the "Technology Innovation Award" for the revolutionary submerged cooling technology deployed in the data centers in Denmark to reduce power consumption.

In 2023, GlobalConnect won the "Technology Innovation Award" at the Datacloud Global Awards for the most innovative tech solution in a data center. The award is testament to our innovative standard-setting approach and to how we are continuing our commitment to more environmentally friendly and efficient data center operations.

GlobalConnect is the first co-location provider in Europe to offer the cutting-edge cooling technology, specifically in our data centers in Denmark. Submerged cooling reduces the need for diesel and refrigerants. By submerging servers in a specially developed cooling liquid, up to 90% less power is needed for cooling compared with conventional air cooling. The servers are also able to operate at a higher temperature, meaning they can operate 25% more efficiently without the risk of overheating. This makes the new technology particularly suitable for companies with high-capacity needs, such as global tech companies.

Submerged cooling requires only one-fifth of the space needed with traditional air cooling. As a result, the four cooling tanks currently installed in GlobalConnect's data centers in Denmark contain computing power equivalent to roughly 120 square meters of data center space with air cooling.

Additionally, new data centers have a power usage effectiveness (PUE) value of 1.28. This is almost 25% lower than the European average and 30% lower than the U.S. average, which are 1.7 and 1.8 respectively.

Submerged cooling is a real game changer. This innovative technology is a key element in GlobalConnect's work to achieve our ambitious environmental goals. Simultaneously help our customers to achieve their own environmental goals. We are excited to see how this new technology - with GlobalConnect leading the way - will revolutionize the data center industry.



## • ENVIRONMENTAL IMPACT STORY

# Customer Carbon Calculator

To help customers understand and reduce their GHG emissions, GlobalConnect has launched the Product Carbon Performance (PCP) project. As part of the PCP we introduced our Customer Carbon Calculator (CCC), which enables customers to measure and manage the carbon footprint associated with their use of GlobalConnect products and services.

Measuring greenhouse gas (GHG) emissions is essential to managing one's carbon footprint effectively. Faced with increasing expectations in terms of measuring and reporting their emissions, more companies are seeking information from their suppliers on their GHG emissions. In recognition of this, GlobalConnect has launched the PCP project. The long-term goals of the project are to help our customers make smarter and more sustainable decisions, to prolong the lifetime of our products, and to reduce CO<sub>2</sub>e emissions.

In 2023, we received an increasing number of requests for information relating to CO<sub>2</sub>e emissions. Customers are increasingly seeking to better understand their exposure to the risks associated with climate change and want to know the carbon footprint of the products and services they procure from GlobalConnect. We therefore launched our CCC tool as part of the PCP project. The tool gives customers an overview of the CO<sub>2</sub>e footprint associated with the products and services they purchase from GlobalConnect. The carbon footprint includes the production and use of the customer premise equipment (CPE) installed during the subscription period.

In 2023 the CCC calculations were made automatic for large customers in Norway. GlobalConnect's ambition is to make data about customers' use of its products and services available to all customers. This will enable them to make good decisions as it will allow them to map activity-based data and the main sources of emissions from all products' lifecycles, including network infrastructure and data centers. This, in turn, will enable them to set specific targets and implement mitigating measures.

Furthermore, our sales teams started using the CCC tool to make potential customers aware of their potential CO<sub>2</sub>e footprint even prior to them procuring a product or service from GlobalConnect.

## • ENVIRONMENTAL IMPACT STORY

# Biodiversity Pilot Project

At GlobalConnect, we recognize that action is needed to protect biodiversity and that we have a role to play. In 2023, we launched a biodiversity pilot project as an attempt to counteract our negative impact on nature and enhance the biodiversity of local ecosystems.

Biodiversity is crucial to human life and the health of our planet. However, there has been an average drop in species populations of 69% since 1970, posing a critical threat to ecosystems. Urgent action is required if we are to halt and reverse nature loss.\*

Recognizing that just reducing our own environmental impact is not enough, GlobalConnect launched a biodiversity pilot project in 2023. We want to have a positive impact on the environment and to effectively contribute to the protection of biodiversity. Disturbing soil when excavating and installing fiber in soil impacts the local environment. Work of this type can have a negative impact on things such as:

1. Soil ecology and biochemical processes
2. Native vegetation types and insect habitats
3. Biodiversity and ecosystem functioning

Our biodiversity pilot therefore investigated how GlobalConnect could compensate for its impact on local ecosystems and also contribute positively to biodiversity.

The pilot project involved taking initial steps to counteract the negative impacts of excavation work and to enhance biodiversity by planting local flower seeds in greenfield areas in collaboration with a local municipality.

The pilot project generated important learnings and valuable experience that will help form the foundation for how we intend to expand our biodiversity efforts in the coming years.

\*WWF (2022) Living Planet Report 2022 – Building a nature-positive society. Almond, R.E.A., Grooten, M., Juffe Bignoli, D. & Petersen, T. (Eds). WWF, Gland, Switzerland.

## • ENVIRONMENTAL IMPACT STORY

# Infrastructure Resilience Towards Climate Change

In August 2023, the storm 'Hans' hit Norway, Sweden and Denmark. Norway was hit the hardest, with large parts of the country under extreme pressure from massive flooding and landslides. The event was one of the worst of its type in the last 25 years.

This extreme weather event, which caused flooding, landslides, wind damage and power outages, had a direct impact on GlobalConnect and put our critical infrastructure and our ability to keep communication and services available to the test like never before.

GlobalConnect's Operations team drew up a continuity plan intended to protect GlobalConnect's infrastructure and installations for each country based on various possible scenarios. We initially concentrated on Norway and Sweden, while also paying close attention to Denmark and Finland. In collaboration with our field technician service providers in Norway and Sweden, we were able to deploy mobile generators at strategic locations as well as to access drainage pumps and other necessary equipment. Due to the high risk of flooding in Norway, a working group was formed to conduct preparatory analyses of locations that could be at risk. This group worked continuously in response to new alerts, and we inspected numerous sites throughout the week.

Moreover, the planning and collaborative work of the national Service Desks, Customer Operations and Carrier business, which worked 24/7 to handle and inform our customers, also played a crucial role.

The incident proved that GlobalConnect is well prepared. We executed fast and professionally when "Hans" hit and thus minimized potential downtime for numerous customers. It showed that we are delivering on our strategic commitment to be a provider of critical digital infrastructure in the Nordic countries and that our business is geared for future extreme weather events resulting from the climate crisis.

- ENVIRONMENTAL IMPACT STORY

# Optimizing our Refurbishment Processes

It is evident that there is an increased need to move towards a circular economy involving the elimination of waste and the maximal reuse of resources. At GlobalConnect, we want to do our part by finding new and smart ways of reducing and recycling our electronic waste.

GlobalConnect has an ambition to reuse as much of our hardware as we can, even down to the tiniest components. In 2023, GlobalConnect started work to optimize a number of its refurbishment processes and has the ambition of rolling these improvements out across the group in the coming years. This will result in more than 1000+ devices being shut down, saving power, money and decreasing operational risk.

One of the ways in which we are looking to further optimize our refurbishment processes is by engaging in collaborative partnerships. In 2023, we entered into one such partnership with Hexatronic. As part of this, GlobalConnect and Hexatronic have launched a joint pilot project consisting of a regional recycling initiative in the northern parts of Sweden.

The pilot project aims to explore the possibility of redirecting unused ducts from customer sites back to the production facility for recycling and reuse in the creation of new ducting. From 2024, Hexatronic will start receiving recycled materials from unused ducts from GlobalConnect to a Hexatronic site in Hudiksvall.

There is a significant opportunity for recycled materials to be reused in cable ducting, which is essential for fiber optic networks. This innovative approach ensures that the recycled materials come from the same type of product, maintaining high quality and longevity. The partnership approach benefits all parties involved and represents a win-win situation. The approach will decrease the overall environmental impact of fiber projects and create a sustainable source of high-quality recycled material for the production of new ducting products. Through this collaboration, we can help make the industry more environmentally friendly and efficient.





# Social Impact

|                                     |    |
|-------------------------------------|----|
| Objectives for 2023 and Key Actions | 33 |
| Human Relations                     | 35 |
| People Oriented Risks               | 36 |

## SOCIAL IMPACT STORIES

|   |    |
|---|----|
| PeopleConnect – Building ONE culture of GlobalConnectors      | 37 |
| Leadership Focus – Building High-Performing Leaders           | 38 |
| Talent Acquisition – Making Recruitment EASY at GlobalConnect | 39 |
| Diversity and Inclusion                                       | 40 |

As a leading connectivity provider for everything from private homes and businesses to critical infrastructure, GlobalConnect creates change for and has a direct positive impact on societies. We recognize that our unique position comes with a huge responsibility to consciously, systematically and sustainably do work that meets community needs and ensures that people can live safe and well, with no one left behind.

GlobalConnect is committed to taking responsibility in relation to the social dimensions of the 2030 Agenda for Sustainable Development. We are doing this together as one company through tools such as our improved and unified HR system, PeopleConnect. We are implementing various well-being initiatives and working to create one strong and innovative culture by, for example, improving gender equality and diversity in the workplace. We are also expanding our in-house talent acquisition team in order to attract and retain people and talent, with a focus on enhancing a culture of inclusion, equity and belonging. Aligning our operations with the UN Social Development Goals, and making deliberate efforts to manage and maintain relationships with other businesses that are also creating social impact, is also part of our work to create an attractive culture.

GlobalConnect believes in unconscious bias training to address biases and explore the origins of stereotypes and prejudice. In 2023, our Corporate Leadership Team (CLT)/ Executive Leadership Team (ELT) were strengthened, bringing in fresh ideas and expertise. This also resulted in the ratio of women in CLT/ELT increasing to 43 percent. Furthermore, we implemented extensive leadership training because high-performing leaders must also go beyond making financial profits and really think about societal wellbeing as well.



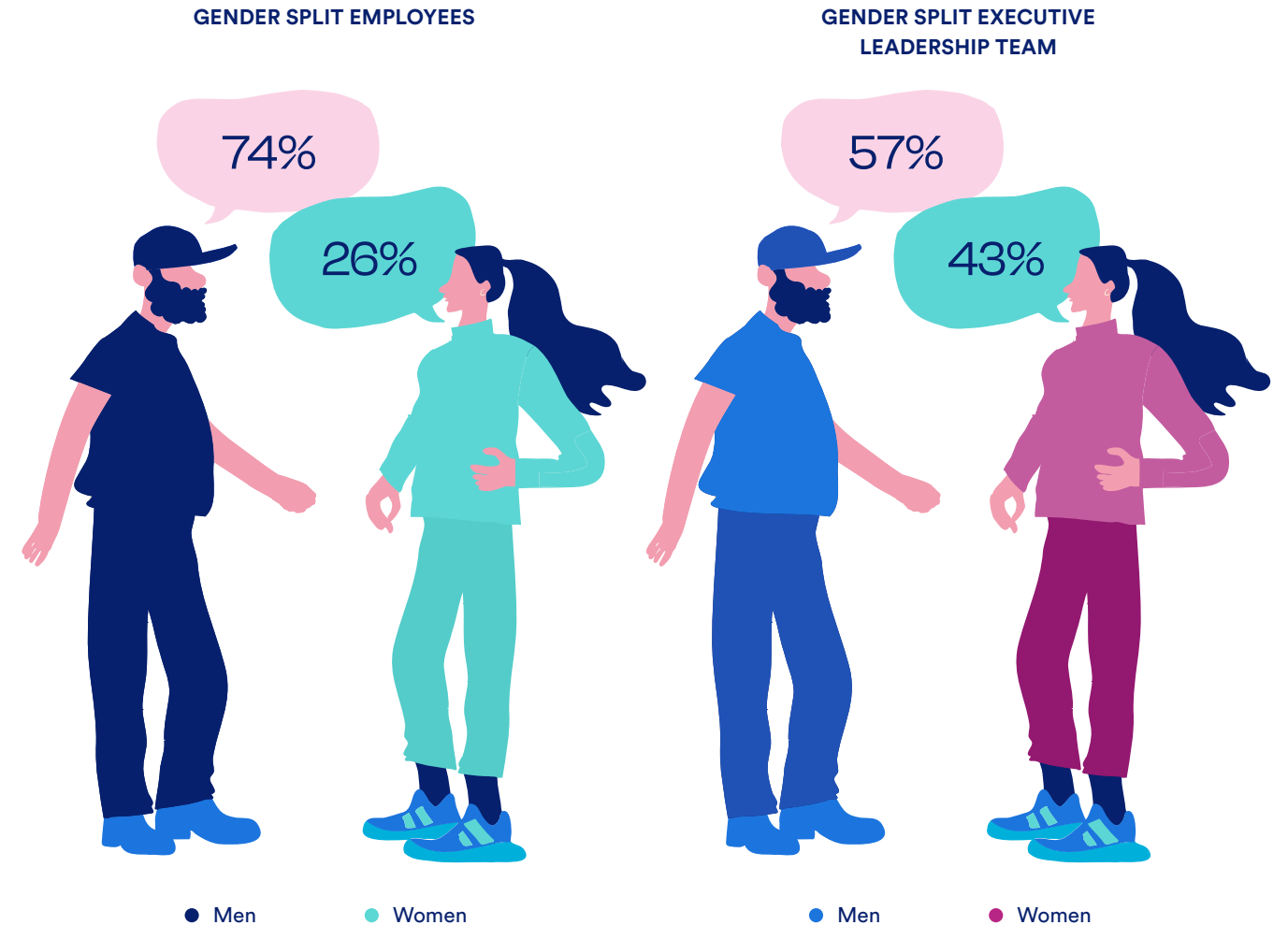
• SOCIAL IMPACT

# Objectives for 2023 and Key Actions

We are determined to lead by example and to inspire those around us to be inclusive and fair, and we seek to create work environments where diversity, the right to equal opportunities and the freedom to express opinions are valued. In 2023, GlobalConnect launched new social impact initiatives and continued to act on the responsibility that comes with being a leader in our industry.

### SETTING GENDER EQUALITY TARGETS

Promoting gender equality is crucial to accelerate sustainable development and create more effective work environments. It is fundamental to social cohesion and prosperity, and we can measure the progress made. Women are part of GlobalConnect's leadership teams and decision-making processes more than ever before. The proportion of women in the Corporate Leadership Team (CLT) and the Executive Leadership Team (ELT) increased in 2023 to 43% from 38% in 2022. We operate in a male-dominated industry, and at GlobalConnect in 2023 the gender split among all employees was 26% women and 74% men (25%/75% in 2022). By means of our improved recruitment processes, we are determined to improve the proportion of women across the group. We also acknowledge and respect that there are many ways to identify gender diversity in addition to the male/female binary.



## • SOCIAL IMPACT

### EQUAL PAY FOR EQUAL WORK

In 2023, we were able to see how we were performing thanks to our improved modules and functions in PeopleConnect, our unified HR system containing all employee-related data, including compensation. The overview provided through PeopleConnect enables us to conduct analysis in accordance with the guiding principles set out in our common group policy for compensation:

- Reward consistent high performance
- Provide individual and differentiated salary increases
- Be in line with the market
- Demonstrate a fair and transparent process to all employees
- Ensure equal pay for equal work regardless of gender, nationality, religious belief, sexual orientation, etc.

Even though equal pay for equal work is one of the European Union's founding principles, the gender pay gap in Europe is around 13%, according to European Commission and the latest available statistics from 2021. We recognize this problem and with improved routines for pay transparency and yearly equal pay analysis, we act whenever and wherever gender pay gaps persist. Through this work, we continue to promote labor rights and the founding principle that all employees have the right to receive equal remuneration for work of equal value. These principles are also part of the foundation of the job structure GlobalConnect has built with an external advisor, Mercer. All employees within HR are trained in the framework of this job structure, including necessary grading and benchmarking to ensure equality. To track progress, both compensation and its impact on engagement were part of our bi-weekly engagement survey in 2023. For example, the extent to which employees agree with the claim 'The processes for determining pay at our organization seem fair and unbiased' is measured. Currently, we are in the mid-tier on this benchmark for technology companies and will keep on adding initiatives and actions to drive continuous improvement.

### INTRODUCTION OF A REVISED RECRUITMENT POLICY TO PROMOTE GENDER EQUALITY

As part of our continuing commitment to diversity, GlobalConnect introduced a revised recruitment policy in 2023. This policy encourages leaders to interview both female and male candidates for every vacant position.

### INTRODUCTION OF A MANDATORY UNCONSCIOUS BIAS COURSE FOR LEADERS

At the end of 2023, we launched a diversity awareness course that is mandatory for all leaders at the GlobalConnect Group. The purpose of the course is to help leaders investigate their own biases and to learn more about facilitating a diverse and inclusive work environment.

### INTRODUCTION OF COMPREHENSIVE LEADERSHIP TRAINING

Improving leadership skills will always be a work in progress, and better strategies for developing high-performing leaders was a main focus for GlobalConnect in 2023. With change all around us, learning how to adapt is key to our success and overall wellbeing. In 2023, GlobalConnect launched comprehensive leadership training that is intended to ensure its key personnel are equipped for the critical and multifaceted role they have at the organization. Since its launch, 118 leaders from across the group have completed the new training program. In 2024, even more leaders will complete the training.



• SOCIAL IMPACT

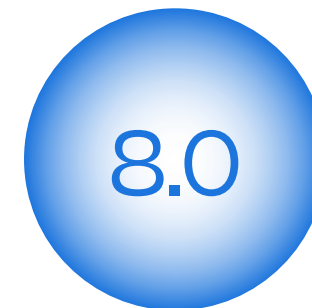
# Human Relations



We believe true excellence emerges in an environment that is not only diverse and inclusive but also fosters a deep sense of belonging. At the core of our organization lies a profound commitment to attracting, developing and retaining highly committed individuals who possess the right skills to drive our collective success.

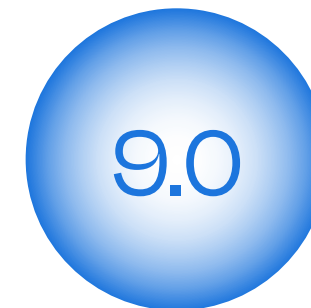
While prioritizing the wellbeing of our employees is a fundamental commitment, it also correlates positively with their engagement. We are committed to offering a healthy and

balanced work environment that promotes both mental and physical wellness. In the countries where we operate, we organize diverse group training sessions to support physical wellbeing and foster cross-departmental connections. Additionally, through partnerships with different gym chains, we provide discounted memberships to encourage regular exercise. Our initiatives also go beyond physical wellbeing, and initiatives such as meditation and mental wellbeing programs have been offered, reflecting our dedication to sustainable health for all our employees.



### ENGAGEMENT SCORE

By the end of 2023, GlobalConnect had achieved its target score for engagement of 8.0 (7.9 in 2022) as measured by its bi-weekly surveys. This means that we are in the 'good' range when compared to other technology companies. We are nonetheless continuously striving to be in the top 25% of companies for engagement. Our dedication to GlobalConnect's shared goals and promises persists. Together we navigate change, support one another and improve our engagement score.



### 'PEOPLE FROM ALL BACK- GROUNDS ARE TREATED FAIRLY AT GLOBALCONNECT'

Our score for the claim 'People from all backgrounds are treated fairly at GlobalConnect' was 9.0 out of 10 in the 2023 engagement survey (8.9 in 2022). At GlobalConnect, our score for this claim has been stable in this range for a number of years, which is a source of pride for us.



### 'I'M CONFIDENT I WON'T BE SUBJECT TO HARASSMENT AT GLOBALCONNECT'

GlobalConnect is similarly proud of the feedback employees have given when presented with the statement 'I'm confident I won't be subject to harassment at GlobalConnect'. The score is still stable at 8.8 out of 10 (the same score as in 2022)

- SOCIAL IMPACT

# People-oriented Risks

GlobalConnect continuously strives to be a preferred place to work. Recognizing that our people are our most valuable asset, we actively mitigate risks to make a positive difference for the people at GlobalConnect.

| PEOPLE ORIENTED RISK   | DESCRIPTION OF RISK  | LEVEL OF RISK  | ACTION/MITIGATION   |
|--|--|--|---|
| <b>NOT ATTRACTING AND RECRUITING PEOPLE/THE RIGHT TALENT</b> | <ul style="list-style-type: none"> <li>• Not receiving applications</li> </ul>   |  Low      | <ul style="list-style-type: none"> <li>• Ensuring the right people with the right capabilities and competencies are attracted, through an expansion of our in-house talent acquisition team. Revising our recruitment policy and processes to increase the diversity of our candidate pool and improve the candidate experience</li> <li>• Employer Branding initiatives</li> </ul>   |
| <b>NOT DEVELOPING AND RETAINING PEOPLE</b>                   | <ul style="list-style-type: none"> <li>• Employees seeking job opportunities elsewhere if growth opportunities are not provided within the organization</li> <li>• Level of engagement</li> <li>• Level of turnover</li> </ul>   |  Medium   | <ul style="list-style-type: none"> <li>• Performance management processes, including annual appraisal processes, people reviews and succession planning</li> <li>• Closely following up on the engagement scores from our bi-weekly engagement surveys, and implementing relevant actions to maintain engagement.</li> <li>• Leadership training</li> <li>• Diversity &amp; Inclusion initiatives such as revised policies, tools, trainings and annual Equal Pay analysis</li> </ul> |
| <b>HIGH PERFORMING LEADERS</b>                               | <ul style="list-style-type: none"> <li>• Level of effectiveness</li> <li>• Decreased engagement in teams</li> </ul>  |  Medium | <ul style="list-style-type: none"> <li>• Implementing leadership training and development paths/plans for leaders</li> <li>• Leader review process</li> </ul>   |
| <b>ONE UNIFIED CULTURE</b>                                   | <ul style="list-style-type: none"> <li>• Not having shared values and alignment between employees and organizational goals</li> <li>• Reduced collaboration and sense of belonging</li> <li>• Risk without a unified culture to guide behavior and interactions</li> <li>• Less productive work environment</li> </ul> |  Low    | <ul style="list-style-type: none"> <li>• Making organizational changes to align and harmonize</li> <li>• Aligned training and processes to support the development of one culture and EASY behaviors</li> <li>• Launching a pan-Nordic employee handbook</li> <li>• Improving modules and functions in PeopleConnect</li> </ul>   |

## • SOCIAL IMPACT STORY

# PeopleConnect — Building ONE Culture of GlobalConnectors

We continue to use our HR system, PeopleConnect, to streamline processes and procedures with the aim of creating a strong foundation for ensuring one company with one culture and that leaders can work easily across borders.

In 2023, we improved some of the modules and functions in PeopleConnect, our unified HR system that is designed to digitalize and organize people processes such as performance management, succession planning, recruitment and the annual salary review process. During the year we aligned the global processes in the system. Furthermore, we aligned our ways of working and leadership training activities. We also made various functions in the system self-service and decreased administrative tasks.

The core of the system, Employee Central, contains all employee-related data. Leaders can view and extract reports with relevant data about employees in their team, no matter where the employees are located.

Annual Appraisal and Objectives and Development are modules that facilitate the whole process from an employee's self-assessment and the leader's evaluation of his or her previous year's performance to the setting of the employee's objectives and development goals for the coming year. One part of the self-assessment and evaluation process is considering the extent to which employees carried out tasks in accordance with our defined value-led behaviors in the EASY framework. Regardless of the countries in which the leader and employee are located, the process is completely aligned and harmonized for all.

The Salary Review module was for the first time completed simultaneously in the system across the group. The ratings produced by the leaders in the previous year's annual appraisal and information on employees salary level compare to market benchmark serve as the foundation for performance-based salary reviews. All managers participate in the same training and receive tools, including matrices, to assess their employees' salaries in a fair and consistent manner.

Leader Review and Succession Planning are new modules now being used for the first time. The modules and processes involved ensure the leaders concerned are evaluated fairly in order to facilitate succession planning.

The Learning Management System (LMS) in PeopleConnect is built like a library of courses. Any course and training can be launched through the module and targeted at all employees and/or specific segments. It is through the LMS that the Sustainability Academy training for leaders was launched in 2023.

Harmonizing leadership behaviors and how people processes are managed throughout the group is essential to build one culture. Aligning people processes, as well as operating an integrated system for managing them, paves the way for operations and leadership based on inclusion and equality. The benefits we have observed from having a unified system have paved the way for our systems and processes to be further harmonized in the coming years.

## • SOCIAL IMPACT STORY

# Leadership Focus — Building High- Performing Leaders



In 2023, one of GlobalConnect's focuses was developing high-performing leaders through comprehensive training and clear definitions of leadership behaviors.

GlobalConnect is on an ambitious growth journey, while also seeking to create a better and more sustainable tomorrow. Meeting this challenge requires leaders who can drive breakthrough innovation and achieve a competitive edge, while also having the thoughtfulness and authenticity needed to create engagement and build trust. This past year, exploring effective leadership development solutions was a priority for GlobalConnect.

EASY. These four letters represent our value-led behaviors and reflect who we are: Expertise, Available, Speed, You. GlobalConnect strives to simplify the complicated – to be EASY to work with. Based on this, we also outlined our desired leadership behaviors in order to maximize team productivity and overall engagement at the speed and scale required to operate in an era of constant change.

To enable leaders to explore fresh ways of thinking and discover exciting new directions, GlobalConnect has implemented a comprehensive leadership training course that spans over 7 weeks. The overall aim of the course is to equip participants with the essential tools needed in a leadership role. Through hands-on exercises and dynamic discussions, participants learn about relevant theories and leadership best practices, such as how to use a growth mindset and to lead change, as well as how to empower employees and promote

autonomy through hybrid leadership. It is imperative that leaders create trust, while using employee feedback and questions to create better conversations and stronger relationships. Leadership skills may come more or less naturally to people, but for all participants we emphasise the importance of the lifelong process that begins with self-awareness and personal insight. The training has run both physically and virtually. Besides discussing leadership behavior, participants have also gained a network of peers.

Over one-third of the leaders at GlobalConnect completed the training in 2023, and we will invite more leaders to complete the course in the coming period. By aligning processes in the HR system PeopleConnect, we hope to reduce the administrative tasks required of leaders and to release time for them to focus on being effective and creating engagement.

- SOCIAL IMPACT STORY

# Talent Acquisition — Making Recruitment EASY at GlobalConnect

Last year we expanded our talent acquisition team and improved our recruitment processes through various initiatives in order to help attract and retain the best talent.

GlobalConnect is growing rapidly, both organically and through acquisitions, while simultaneously seeking to build a unified company culture as the foundation of our organization. We recognize that our people are our most valuable asset.

We communicate GlobalConnect's identity, which is to say our values and culture, with a clear aim: to secure the loyalty of current employees and attract a diverse range of new candidates who will envision their future with us. We use an evidence-based recruitment approach to ensure consistent quality and reliable results. We have enhanced the hiring process and expanded our candidate network with a diverse pool of talent, giving recruiting leaders a wider range of candidates from which to choose. In the context of gender diversity and in order to support the organization in reaching our gender goals, our improvements have resulted in a better balance of genders in the final stages of recruitment processes.

In 2023, GlobalConnect expanded its talent acquisition team significantly in order to meet our commitment to provide end-to-end support to all leaders when recruiting and to ensure each recruitment process is tailored to the individual role for which we are hiring. We also took this step in recognition of the importance of a great candidate and user experience and in the belief that recruitment is the first step in building an organization's human capital.

Furthermore, GlobalConnect's decision to invest in and expand its talent acquisition team has given us better control of the entire recruitment cycle, right from the identification of staffing needs to filling them, via the onboarding of new hires as well. Our work in this area has also ensured we hire new employees on time and on budget, and in the first year alone, focusing more on these processes in-house significantly cut external costs for the company.



## • SOCIAL IMPACT STORY

# Diversity & Inclusion



GlobalConnect is committed to fostering a work environment in which all employees feel respected and valued and has sought to achieve this by improving its HR processes and increasing its leadership training.

At GlobalConnect, we strongly believe in having a diverse workforce and work environment. In 2023, we continued to improve our HR processes, with matters such as recruitment and salary reviews high on the agenda. We also had a clear focus on building an inclusive culture in which everyone is treated with respect, because including and welcoming different perspectives and ideas also brings increased innovation and better solutions.

However, there is still work to be done. GlobalConnect operates in a male-dominated industry. In general, there is a lack of diversity in technical and digital professions. Such under-representation is unfortunate. It is a matter of diversity, but also of talent and skills. At GlobalConnect, more women are taking on leadership positions. The proportion of women in the Corporate Leadership Team/Executive Leadership Team was 43% in 2023 (38% in 2022). Across all employees, the gender split was 26% women and 74% men, which represents a small increase in the proportion of women from 2022, when it was 25%. HR will continue to monitor the gender balance across the group, as well as to monitor the gender pay ratio and to take action on any unexplained differences in the annual equal pay analysis.

Welcoming change and not being afraid to adapt, GlobalConnect is also very conscious of diversity as a matter far broader than the gender balance. To be better positioned to reach its diversity goals, GlobalConnect has revised our recruitment policies to strongly encourage leaders to keep equality, inclusion and diversity in mind when onboarding new talent. All job ads are now run through a special tool, Develop Diverse, with an emphasis on increasing diversity through inclusive communication. The overall aim is to attract the best candidates regardless of gender, age, ethnicity, functional ability and/or neurodiversity.

Equally importantly, we implemented an “unconscious bias” course for all leaders at the end of 2023 to help them learn more about facilitating a diverse and inclusive work environment. We monitor scores relating to diversity and inclusion (D&I) at the group in our engagement survey Peakon in order to detect and act upon any warning signs.





# Governance

|  |    |
|--|----|
| Security   | 42 |
| GDPR   | 42 |
| Embracing Responsibility in Our Supply Chain - The GlobalConnect Journey | 43 |
| Anti-Corruption and Bribery  | 44 |
| Sustainability Governance  | 45 |
| The auditor's opinion  | 46 |

GlobalConnect is a trusted partner and provider of critical digital infrastructure, and we strongly believe that implementing good governance principles, from decision-making to the distribution of rights and responsibilities, is key to meeting the expectations of customers and society, as well as to protecting stakeholders and supply chains. With sustainability integrated into our corporate governance and organizational structure, we strove to ensure continuous improvement and measured progress across a range of metrics in 2023.

Gender diversity and equity continue to be a high-profile governance issue for GlobalConnect. The proportion of women in executive positions increased last year, while improved pay transparency helped further promote equal remuneration for work of equal value. In 2023, GlobalConnect launched a mandatory diversity awareness course for all leaders. We also introduced new and comprehensive leadership training to further secure a strong compliance culture geared towards sustainable corporate success. Financial governance serves as the backbone of any organization and now involves greater emphasis on the ethical management of funds. GlobalConnect received recognition last year for its work on sustainability-linked financing, an initiative we will continue to build on in our corporate governance practices.

GlobalConnect has a particular responsibility to operate with integrity and with the highest level of ethical standards. We continually focus on strengthening our processes, policies and training to ensure they are effective and purpose-driven. We operate with the conviction that better decision-making is achieved when people with different backgrounds and perspectives come together with a common ambition.

- GOVERNANCE IMPACT

# Security

Security is a key focus area for GlobalConnect. Our group-wide security team, Group Security, governs the entire domain of security, from cyber, physical and personnel security to crisis management and supplier security. Group Security has an internal governance, risk and compliance (GRC) function that drives continuous improvement and risk-based compliance within the various security domains. Audits, improvement programs and technical security tests were conducted in 2023 to identify and mitigate vulnerabilities and reduce the overall level of risk faced by the company.

Our commercial success, our reputation and the trust of the societies we operate in depend on our ability to deliver reliable and secure services to customers. Failing to meet customer or regulatory requirements might have an adverse impact on our business and could lead to fines, contractual penalties and the loss of customers.

The cyber security threat landscape is evolving quickly, fuelled both by geopolitical unrest and technological developments in artificial intelligence. Cyber attacks aimed at GlobalConnect can result in disruption to services and the loss of data.

GlobalConnect has an overall objective of having 'no major security incidents'. What this means is that we seek to avoid incidents that could have a major or severe financial and/or operational impact on our business.

Our strategy for meeting this objective is a combination of preventive and detective security measures, supported by continuity planning and a well-established crisis management framework. Preventive security includes both technical measures based on security and industry best practices as well as soft measures such as company-wide awareness training. Asset visibility and data analysis are a key foundation in our security strategy. GlobalConnect has a dedicated security operations center (SOC) that monitors, analyses and responds to events and alerts to prevent early indicators of a system having been compromised from turning into incidents. In 2023, GlobalConnect's SOC obtained the TF-CSIRT accreditation.

#### SELECTED ACHIEVEMENTS IN 2023:

- No major security incidents affecting business operations or customer services
- Revised security governance for the group released
- TF-CSIRT accreditation obtained by GlobalConnect's SOC
- Increased media presence through articles and presentations
- Greater awareness of security by means of several phishing simulations and mandatory training modules
- Security of key systems increased by the 2023 security program

# GDPR

Connectivity is our business, and it is crucially important that GlobalConnect ensures data privacy and GDPR compliance. The confidentiality, integrity and availability of data are always top priorities when conducting any processing activity.

At GlobalConnect we strive to get better and therefore we continuously review and when necessary, update our data privacy protection documentation to ensure adherence to the General Data Protection Regulation (GDPR) and other related data protection regulations. We focus on transparency in the way we work whilst remaining compliant with GDPR.

As part of their onboarding, new employees are made aware of our privacy policies and code of conduct.

All our employees are required to have a reasonable level of knowledge about the processing of personal data and how it is to be handled and protected. We conduct GDPR awareness training, enabling our employees to recognize and manage personal data issues.

GlobalConnect takes such measures not only because doing so is a basic legal requirement but also and more importantly because we truly believe in the fundamental right of our customers, employees and stakeholders to be confident that we treat their personal data with care and respect.

- GOVERNANCE IMPACT

# Embracing Responsibility in Our Supply Chain — The GlobalConnect Journey

As we navigate the complex landscape of global business, human rights due diligence is particularly relevant to ensure that our sourcing is ethical and continuously improves. In 2023, GlobalConnect took important steps to ensure a responsible supply chain.

## SUPPLIER CODE OF CONDUCT REVISED AND INTEGRATED INTO GLOBALCONNECT'S PROCUREMENT POLICY

In 2023, GlobalConnect took a significant step forward by updating and improving our Supplier Code of Conduct. This foundational document is in accordance with the UN Global Compact and outlines the ethical and social standards that we expect our suppliers to uphold. By reaffirming and updating this code, we demonstrated our commitment to responsible sourcing and ethical business practices.

Recognizing the integral role that the products and services we procure play in our business, GlobalConnect took proactive measures to ensure the seamless integration of our Supplier Code of Conduct. In 2023, our Procurement Policy and Instructions were extensively revised, and this included incorporating a requirement that the Supplier Code of Conduct form part of all procurement activities. This ensures that ethical considerations are a fundamental part of our procurement process.

Our revised Procurement Policy emphasizes the importance of responsible sourcing, encouraging suppliers to share our commitment to sustainability, fair labor practices, and environmental stewardship. In addition, GlobalConnect has a policy regarding anti-corruption and bribery.

## ASSESSING SUPPLIER RISKS

In the telecommunications sector, the main human rights risks revolve around labor conditions at sub-contractors and anti-corruption and bribery. Issues such as the freedom of expression and labor rights in the supply chain also pose significant challenges, requiring vigilance and proactive measures in order for human rights to be safeguarded throughout the industry.

GlobalConnect has initiated a process to assess our suppliers' risks in relation to sustainability. This will allow us to identify and understand potential challenges in our supply chain and so to address issues collaboratively with the suppliers.

Our sustainability risk assessment addresses various dimensions, including environmental impact, labor practices, human rights and general corporate responsibility. By assessing and engaging with our suppliers on these issues, we not only demonstrate our commitment to sustainability but also that we expect continuous improvement within our supply chain.

Our assessment process is based on UN Global Compact and Transparency International frameworks, supplemented with information from suppliers' answers to our own questionnaires. This process is collaborative and reflects our belief in creating a shared commitment to responsible business practices and improvement.

## TRANSPARENCY AND ACCOUNTABILITY

A responsible supply chain is built on transparency and accountability. GlobalConnect is committed to providing stakeholders with a clear understanding of our supply chain practices and their impact. Through regular reporting and communication channels, we share information on our progress, challenges and initiatives aimed at improving the sustainability of our supply chain.

## SUPPLIER RELATIONSHIP MANAGEMENT

We have recently launched a supplier relationship management framework, which we anticipate will provide valuable perspectives from our strategic and critical suppliers. This insight will feed positively into our decision-making processes, while also ensuring that our expectations concerning sustainable business practices are anchored with suppliers at the leadership level.

As we move forward, we remain committed to transparency, accountability and stakeholder engagement. Our responsible supply chain is not just a reflection of our values but also a proactive approach to addressing the evolving challenges in the global business landscape. Together with our suppliers and stakeholders, we are shaping a future where ethical considerations are an important part of business decisions, thereby fostering a sustainable and responsible supply chain for generations to come.

- GOVERNANCE IMPACT

# Risks and Anti-Corruption and Bribery

GlobalConnect has a zero-tolerance approach to corruption, bribery and money laundering. We are a large company based in multiple locations and countries and have more than 1,900 employees, many of whom handle large contracts with private companies and public authorities. This creates a serious risk of bribery and fraud in the 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 to support our day-to-day decision-making in areas including gifts and hospitality and dealing with the public sector.

In 2023, GlobalConnect expanded various of its programs and initiatives to ensure corporate anti-corruption compliance, and has new group functions in place to further strengthen its detection and prevention efforts. Employees and external consultants are required to participate in an online awareness training program in order to ensure they are all up to date on our values, ethical behaviors and high standards. When new employees are being onboarded, they are guided on where to find information on the Code of Conduct and bribery and anti-corruption.

We encourage employees and stakeholders to speak out if they have any ethical concerns. The necessary functions are in place for employees and external consultants to report potential breaches of policies and guidelines to their manager, HR and/or legal. Anyone can report any concern they have anonymously through our local whistle-blower channels.

Our policies are updated on a regular basis to reflect the latest regulatory requirements and best practices. Concerns relating to matters raised by employees and others through our Speak Out program are also taken into account.

The Group Legal and Compliance team is responsible for enforcing our Code of Conduct, and it looks into any issues regarding possible violations. Our Audit Committee and the Board act as important control functions continuously. In 2023, two cases were reported to the Audit Committee.



## • GOVERNANCE IMPACT

# Sustainability Governance

At GlobalConnect, we acknowledge the urgency of taking the steps to make our business fit for purpose for the future. Therefore, our Board of Directors and management are strongly committed to ensuring sustainability matters go hand in hand with financial matters.

In short, GlobalConnect is committed to acting now to create a better future, where we can deliver innovative and sustainable connectivity for all.

This commitment requires a strong sustainability governance structure and a diverse organization as the foundation for ensuring the commitment is implemented and executed on. It requires us to deliver not only financial capital, but environmental and human capital as well, while we continuously listen and learn so we can improve and do even better.

GlobalConnect welcomes the increasing importance of ESG. At the same time, we recognize that understanding how the world is changing and what the consequences of the changes will be for companies can be challenging. On the one hand, there is a complex landscape of sustainability regulation that obliges us to continue looking at the risks, impacts and opportunities related to our company. On the other hand, we see how our stakeholders are increasingly concerned with ESG matters that affect our financial position and operational performance.

GlobalConnect closely follows up on recommendations and guidance issued by relevant organizations and regulatory authorities, and on the disclosures stakeholders and markets are required to have. We have a framework for determining the targets we set for our ESG goals, as well as a team dedicated to driving this agenda. At the same time, we apply a sustainability lens to strategic business decisions to ensure that we are governing our business in a way that limits financial risks as well as environmental and social risks and impacts. We identify risks and gaps related to our business and sustainability

efforts regularly by conducting double materiality assessments and setting sustainability KPIs. We therefore welcome new ESG legislation because the only way we can create systemic change is by requiring all companies to consider ESG factors.

Our sustainability governance structure was created to foster continuous improvement and coordinated decision-making while increasing transparency. When reviewing and monitoring company strategy in general, the senior management and Board of Directors also have the ultimate responsibility for considering sustainability as a strategic priority. In addition, GlobalConnect has an elected Board ESG Champion who serves to guide the central sustainability team part of the CEO Office as an enabling function. The teams involved meet regularly to brainstorm strategies and goals, while also making sure relevant stakeholders are involved in policy development through active participation. Additionally, opportunities, risks and strategic steps are constantly reviewed. The Board of Directors approves major new strategies, as well as their rollout. 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 associated action plans and progress reviews are owned by the central sustainability team. With a group function for sustainability, we 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.

Additionally, GlobalConnect is committed to contributing on a broader societal level in order to help address some of the sustainability challenges we see in the industry. We want there to be broad industry collaboration that works to mitigate the ESG risks and impacts we face. We therefore encourage transparency and open dialogue with stakeholders and governing bodies.



## The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 14-45, 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, 19 April 2024

Ernst & Young AB

Oskar Wall  
Auktoriserad revisor

# 03 From the Boardroom

|                           |    |
|---------------------------|----|
| Corporate Governance      | 48 |
| Corporate Leadership Team | 50 |
| Board of Directors Report | 51 |





# Corporate Governance

## Implementation and reporting on corporate governance

GlobalConnect's Board of Directors ("The Board") is responsible for ensuring that GlobalConnect 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

GlobalConnect'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 2023 are:

- Eric Elzvik (Chair of the Board)
- Pernille Erenbjerg (Board member)
- William Lindström (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 GlobalConnect'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:

- Pernille Erenbjerg (Chair)
- William Lindström
- Gabriella Sundkvist (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 2023 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 2023 provide information on the remuneration in 2023.

## Remuneration of executive personnel

The remuneration paid to executive personnel is decided by the Board of Directors. The notes of the Financial Statements for 2023 provide information on the remuneration in 2023.

## 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



Lasse Pilgaard  
Executive Vice President, Group CFO



Charlotta Rehman  
Executive Vice President B2C  
and People & Brand



Per Morten Torvildsen  
Executive Vice President,  
Carrier and NetCo



Anna Granö  
Executive Vice President B2B

# 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. 84% % 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 215,000km 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 7,611m in 2023 compared to SEK 7,164 in 2022. In 2023, EBITDA was SEK 3,642m compared to SEK 3,465m in 2022.

Depreciation and amortization increased from SEK 3,575m in 2022 to SEK 4,007m in 2023. The increase is mainly related to higher investments in infrastructure. Net financial expenses were SEK 2,594m and is mainly related to external financing costs. As a result, GlobalConnect had a loss of SEK 2,635m in 2023, compared to a loss of SEK 1,020m in 2022.

### FINANCIAL POSITION

GlobalConnect had assets of SEK 64,347m at December 31, 2023 compared to SEK 63,001m at December 31, 2022. The increase is mainly related to higher investments in infrastructure and M&A activities.

At year end, GlobalConnect had current assets of SEK 2,020m, mainly related to bank deposits and trade receivables. GlobalConnect had equity of SEK 13,838m at December 31, 2023 compared to SEK 16,768m at December 31, 2022. The change consists of this year's losses.

As of 31 December 2023, GlobalConnect locked in fixed rates derivatives for SEK 27,377m of total group interest-bearing borrowing of SEK 36,951m. 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 customer segments and industries where no single customer represents a significant share of annual sales. GlobalConnect has a credit policy and system support to ensure consistent and appropriate assessment and management of credit risks across the group.

GlobalConnect's financial risk also relates to currency fluctuations as GlobalConnect operates in several countries with revenues, costs and investments mainly settled in SEK, DKK, NOK and EUR. Changes in exchange rates will also affect the reported 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 31.12.2023 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.

At December 31, 2023, GlobalConnect had SEK 54m in cash, down from SEK 131m at the end of 2022. Free cash flow before Debt Service ended at SEK -1,849m for 2023 vs. SEK -5,425m in 2022. The Group continued to invest heavily in fiber-infrastructure across the Nordics and total Capital expenditures ended at SEK 5,758m in 2023 vs. SEK 9,184m for 2022. Excluding Capital expenditures, the Group generated a Free Cash flow of SEK 5,386m for the full year 2023, down from SEK 8,682m in 2022.

#### RISK FACTORS

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

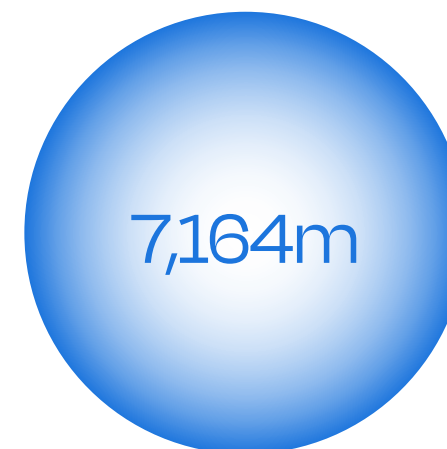
#### OPERATIONAL RISK

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.

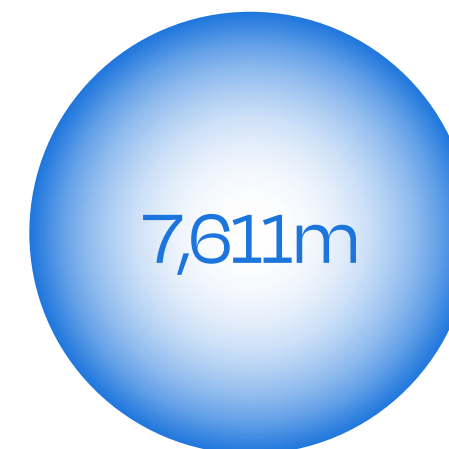
The markets both within the B2C and B2B segment are characterized by growth, competitiveness and technological development. The Groups ambition is to increase market share in the B2C-fibre segment and in selected B2B / Carrier-segments with a strong support from the owner.

#### FINANCIAL RISK AND RISK MANAGEMENT

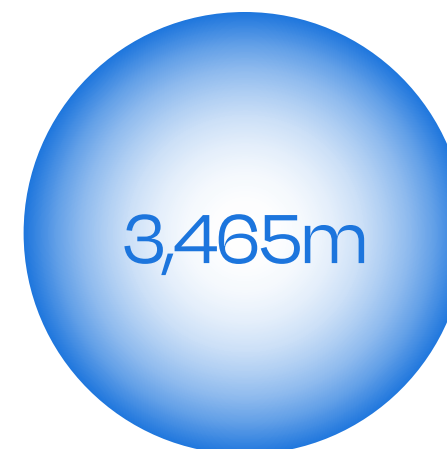
Financial risk is managed centrally at the group level. The Board of Directors and management of GlobalConnect continually address the company's management and control including earnings, liquidity, and financial position. The Board of Directors frequently evaluate whether the prerequisites



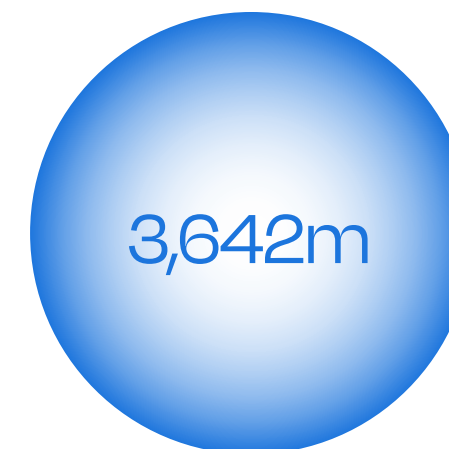
REVENUE AND OTHER INCOME  
2022



REVENUE AND OTHER INCOME  
2023



EBITDA 2022



EBITDA 2023

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

We are committed to offering a healthy and balanced work environment that promotes mental and physical wellness and aims to reduce absences due to illness and the number of sick days. Throughout 2023, we organized diverse group training sessions, both through external vendors and based on employees' initiatives and suggestions. Through partnerships with various gym chains, we provide discounted memberships to encourage regular exercise. Our initiatives also extend beyond physical well-being and activities such as meditation have been offered, ensuring that GlobalConnect promotes sustainable health for all employees.

GlobalConnect reported two work-related injuries during 2023. Out of these, one injury was reported in Denmark and one in Norway. Various work environment committees in GlobalConnect held regular meetings throughout the year with the goal of collaborating on issues in the work environment and improving areas in need. At the end of 2022, we rolled

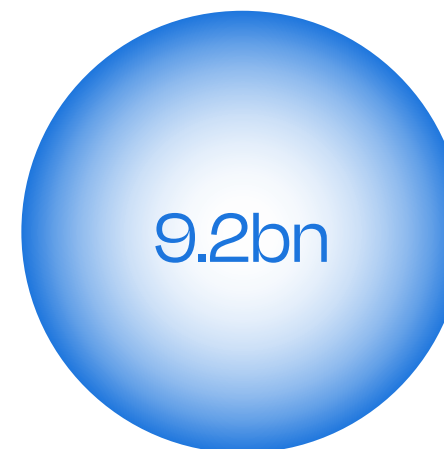
out a work environment training program using an external vendor, targeting all leaders with direct reports in Sweden. This training has been ongoing during the first half of 2023 to involve and educate new leaders.

### Equal Opportunities and Discrimination

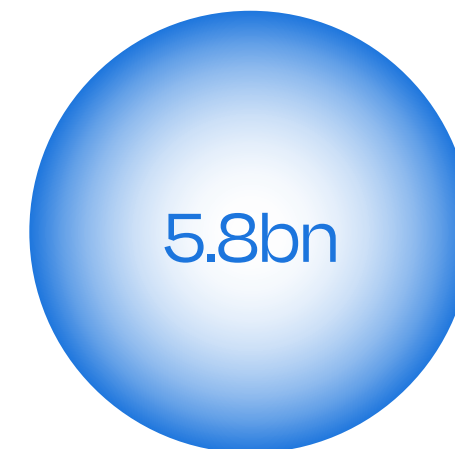
In GlobalConnect we are determined to create a work environment where diversity, equal opportunities and freedom to express opinions are valued. In line with the Discrimination Act's objective, we want to promote equal opportunities for all and ensure fair treatment. It is included in our policies and regulations to prevent discrimination in every aspect, regarding salary, promotion, recruitment, working conditions, career opportunities etc.

GlobalConnect are working actively and systematically in people processes to ensure a workplace with equal opportunities and no discrimination.

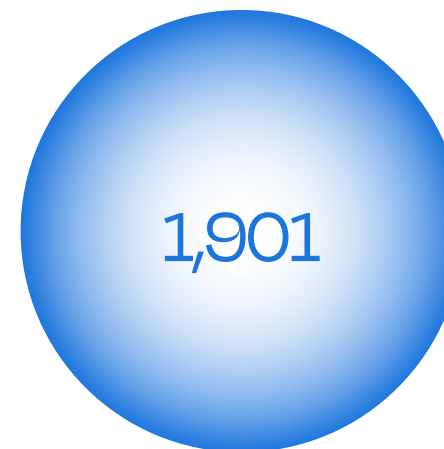
We have continued improving modules and functions in the people data system PeopleConnect to further harmonize all people processes in the group, such as salary review, annual appraisal and succession planning. By expanding our in-house Talent Acquisition team, we are supporting leaders end-to-end by using an evidence-based recruitment approach making sure our recruitment process is equal and fair. A focus has also been to have a more diverse candidate pool and to increase the ratio of women, across the group and for leading positions. To support this, we have revised the recruitment policy and implemented an unconscious-bias training for all leaders in the group. A key target for GlobalConnect is to be a "preferred place to work". Key elements to reach this have



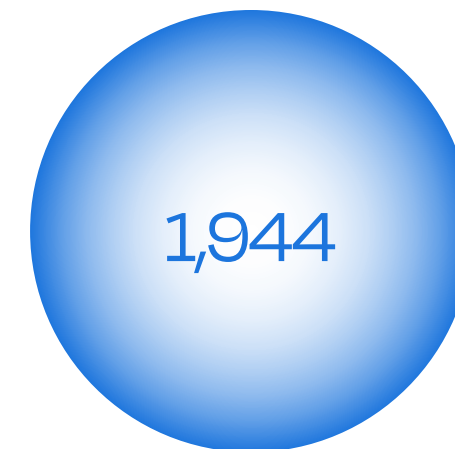
CAPEX 2022



CAPEX 2023



FTE 2022



FTE 2023

been to focus on building high-performing leaders, attracting and developing talent and building one company culture with high employee-involvement, employee satisfaction and engagement. Surveys on the work environment are conducted bi-weekly to follow the engagement and act on any areas in need of improvement.

## 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 2023 financial year is included in the Annual Report, for further information see page 14.

## Subsequent Events

In December 2023, the decision to carve out GlobalConnect Outsourcing Services, Denmark was made. From 2024, Unit IT, a Danish owned complete supplier of IT infrastructure, operations, and support for small and medium sized companies in Denmark will be the new owners of GlobalConnect Outsourcing Services, Denmark.

## 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 | -16,346    |
| Loss for the year | -889       |
|                   | 23,581,290 |

The board proposes that this sum be appropriated as follows:

|                       |            |
|-----------------------|------------|
| To be carried forward | 23,581,290 |
|-----------------------|------------|

# 04 Financial Statements

|                                  |     |
|----------------------------------|-----|
| Financial Statements for Group   | 56  |
| Notes for Group                  | 61  |
| Financial Statements for Parent  | 99  |
| Notes for Parent                 | 104 |
| Auditor's Report                 | 110 |
| Alternative Performance Measures | 113 |



# Financial Statements for Group

## FINANCIAL STATEMENTS FOR GROUP

|  |    |
|--|----|
| Consolidated Statement of Comprehensive Income | 57 |
| Consolidated Statement of Financial Position   | 58 |
| Consolidated Statement of Cash Flow            | 59 |
| Consolidated Statement of Changes in Equity    | 60 |

## NOTES FOR GROUP

|         |   |    |
|---------|---|----|
| Note 1  | Accounting Policies and Other Information                       | 61 |
| Note 2  | Significant accounting judgements, estimates and assumptions    | 66 |
| Note 3  | Dissaggregated Revenue Information                              | 68 |
| Note 4  | Other Operating Income  | 70 |
| Note 5  | Employee Benefits and Expenses                                  | 71 |
| Note 6  | Other Operating Expenses  | 72 |
| Note 7  | Fees to the Appointed Auditor                                   | 72 |
| Note 8  | Financial Income and Financial Costs                            | 72 |
| Note 9  | Income Taxes  | 73 |
| Note 10 | Goodwill  | 75 |
| Note 11 | Intangible Assets   | 77 |
| Note 12 | Property, Plant and Equipment                                   | 78 |
| Note 13 | Leases  | 80 |
| Note 14 | Other Non-Current Assets  | 83 |
| Note 15 | Trade Receivables and Other Current Assets                      | 83 |
| Note 16 | Cash and Cash Equivalents                                       | 84 |
| Note 17 | Financial Instruments   | 84 |
| Note 18 | Contract Assets and Liabilities, and Capitalized Contract Costs | 91 |
| Note 19 | Provisions  | 92 |
| Note 20 | Trade and Other Payables  | 93 |
| Note 21 | Interests in Other Entities                                     | 94 |
| Note 22 | Business Combinations   | 96 |
| Note 23 | Related Parties   | 98 |
| Note 24 | Commitments   | 98 |
| Note 25 | Events After the Reporting Period                               | 98 |



## FINANCIAL STATEMENTS FOR GROUP

## Consolidated Statement of Comprehensive Income

| SEK 000'  | NOTES      | 2023              | 2022              |
|---|------------|-------------------|-------------------|
| Revenue   | 3          | 7,578,977         | 6,946,297         |
| Other operating income                          | 4          | 32,322            | 217,502           |
| <b>Total revenue and other operating income</b> |            | <b>7,611,299</b>  | <b>7,163,799</b>  |
| Cost of materials and service charges           |            | -1,448,334        | -1,481,306        |
| Employee benefit expenses                       | 5          | -2,254,120        | -2,006,085        |
| Other operating expenses                        | 6,7        | -266,577          | -211,138          |
| Depreciation, amortization and impairment       | 10, 11, 12 | -4,006,981        | -3,575,014        |
| <b>Operating profit</b>                         |            | <b>-364,714</b>   | <b>-109,745</b>   |
| Finance income                                  | 8          | 71,349            | 60,565            |
| Finance costs                                   | 8          | -2,664,720        | -1,023,785        |
| <b>Profit before tax</b>                        |            | <b>-2,958,084</b> | <b>-1,072,965</b> |
| Income tax expense                              | 9          | 323,012           | 53,296            |
| <b>Loss for the year</b>                        |            | <b>-2,635,073</b> | <b>-1,019,669</b> |
| <b>LOSS ATTRIBUTABLE TO:</b>                    |            |                   |                   |
| Equity holders of the parent                    |            | -2,635,073        | -1,015,295        |
| Non-controlling interests                       |            | -                 | -4,374            |

| SEK 000'   | NOTES | 2023              | 2022              |
|--|-------|-------------------|-------------------|
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>             |       |                   |                   |
| Equity holders of the parent                                   |       | -2,635,073        | -1,015,295        |
| Non-controlling interests                                      |       | -                 | -4,374            |
| <b>Loss for the year</b>                                       |       | <b>-2,635,073</b> | <b>-1,019,669</b> |
| <b>COMPREHENSIVE INCOME</b>                                    |       |                   |                   |
| Items that subsequently may be reclassified to profit or loss: |       |                   |                   |
| Exchange differences on translation of foreign operations      |       | -294,745          | 478,164           |
| Total items that may be reclassified to profit or loss         |       | -294,745          | 478,164           |
| Other comprehensive income for the period                      |       | -294,745          | 478,164           |
| <b>Total comprehensive income for the period</b>               |       | <b>-2,929,818</b> | <b>-541,505</b>   |

## FINANCIAL STATEMENTS FOR GROUP

## Consolidated Statement of Financial Position

For the year ending 31 December

| SEK 000'   | NOTES | 2023              | 2022              |
|--|-------|-------------------|-------------------|
| <b>ASSETS</b>  |       |                   |                   |
| <b>Non-current assets</b>                                  |       |                   |                   |
| Deferred tax assets  | 9     | 429,023           | 481,191           |
| Goodwill   | 10    | 12,155,371        | 12,346,121        |
| Intangible assets  | 11    | 3,265,124         | 3,576,747         |
| Property, plant and equipment                              | 12    | 42,751,480        | 39,944,435        |
| Right of use assets  | 13    | 3,349,724         | 3,950,738         |
| Other non-current assets                                   | 14    | 376,339           | 263,873           |
| <b>Total non-current assets</b>                            |       | <b>62,327,061</b> | <b>60,563,105</b> |
| <b>Current assets</b>                                      |       |                   |                   |
| Trade receivables  | 15    | 1,319,263         | 1,444,167         |
| Prepayments  |       | 551,373           | 762,649           |
| Other current assets                                       | 15    | 95,780            | 99,942            |
| Cash and cash equivalents                                  | 16    | 53,984            | 131,443           |
| <b>Total current assets</b>                                |       | <b>2,020,401</b>  | <b>2,438,201</b>  |
| <b>TOTAL ASSETS</b>  |       | <b>64,347,462</b> | <b>63,001,305</b> |
| <b>EQUITY AND LIABILITIES</b>                              |       |                   |                   |
| <b>Equity</b>  |       |                   |                   |
| Share capital  |       | 236               | 236               |
| Share premium reserve                                      |       | 25,777,701        | 25,777,701        |
| Retained earnings  |       | -11,939,439       | -9,009,621        |
| <b>Equity attributable to equity holders of the parent</b> |       | <b>13,838,498</b> | <b>16,768,316</b> |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                          |       | <b>13,838,498</b> | <b>16,768,316</b> |

| SEK 000'                             | NOTES | 2023              | 2022              |
|--------------------------------------|-------|-------------------|-------------------|
| <b>Non-current liabilities</b>       |       |                   |                   |
| Deferred tax liabilities             | 9     | 2,485,805         | 2,781,162         |
| Lease liabilities                    | 13    | 2,817,911         | 3,150,946         |
| Interest bearing liabilities         | 17    | 36,950,581        | 32,277,267        |
| Contract liabilities                 | 18    | 2,564,225         | 2,007,441         |
| Provisions                           | 19    | 756,171           | 794,641           |
| <b>Total non-current liabilities</b> |       | <b>45,574,693</b> | <b>41,011,458</b> |
| <b>Current liabilities</b>           |       |                   |                   |
| Current tax liability                | 9     | 425               | -                 |
| Lease liabilities                    | 13    | 938,604           | 883,169           |
| Contract liabilities                 | 18    | 1,463,884         | 1,384,493         |
| Interest bearing liabilities         | 17    | 136,593           | 24,324            |
| Current provisions                   | 19    | 1,118,352         | 1,146,733         |
| Trade and other payables             | 20    | 1,276,413         | 1,782,813         |
| <b>Total current liabilities</b>     |       | <b>4,934,270</b>  | <b>5,221,531</b>  |
| <b>Total liabilities</b>             |       | <b>50,508,963</b> | <b>46,232,989</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>64,347,462</b> | <b>63,001,305</b> |

## FINANCIAL STATEMENTS FOR GROUP

## Consolidated Statement of Cash Flow

For the year ending 31 December

| SEK 000'   | NOTES  | 2023              | 2022              |
|--|--------|-------------------|-------------------|
| <b>Cash flow from operating activities</b>                         |        |                   |                   |
| Profit before tax  |        | -2,958,084        | -1,072,965        |
| <b>Adjustments to reconcile profit before tax to net cash flow</b> |        |                   |                   |
| Depreciation, amortisation and impairment                          | 11, 12 | 4,006,981         | 3,575,014         |
| Net finance income and finance costs                               | 8      | 2,593,371         | 963,220           |
| <b>Working capital adjustment:</b>                                 |        |                   |                   |
| Changes in trade and other receivables                             | 15     | 340,341           | -182,616          |
| Changes in provision and other liabilities                         | 19     | -28,381           | 66,943            |
| Changes in trade and other payables                                | 20     | -505,975          | 276,056           |
| Re-classification of short term obligations in opening balance     |        | -                 | -134,755          |
| <b>Other items</b>   |        |                   |                   |
| Cost to obtain customer contracts                                  |        | -170,696          | -132,881          |
| Other adjustments  |        | 159,708           | -9,198            |
| <b>Net cash flow from operating activities</b>                     |        | <b>3,436,264</b>  | <b>3,348,819</b>  |
| <b>Cash flow from investing activities</b>                         |        |                   |                   |
| Purchase of property, plant and equipment                          | 12     | -5,059,402        | -5,460,384        |
| Acquisition of shares in subsidiaries, net of cash acquired        |        | -158,178          | -3,197,044        |
| Purchase of intangible assets/development expenditures             | 11     | -540,519          | -526,319          |
| Interest received  |        | -                 | -                 |
| <b>Net cash flow from investing activities</b>                     |        | <b>-5,758,100</b> | <b>-9,183,747</b> |

| SEK 000'  | NOTES | 2023             | 2022             |
|---|-------|------------------|------------------|
| <b>Cash flow from financing activities</b>                |       |                  |                  |
| Governments grants  |       | 472,162          | 409,833          |
| Proceeds from long-term debt                              | 17    | 4,345,574        | 7,294,529        |
| Repayment of long-term debt                               | 17    | -                | -37,800          |
| Proceeds from short-term debt                             | 17    | 103,390          | -                |
| Payments for the principal portion of the lease liability | 13    | -1,061,209       | -996,813         |
| Interest paid   | 8     | -1,911,254       | -1,336,969       |
| Other adjustments   |       | -                | -                |
| <b>Net cash flow from financing activities</b>            |       | <b>1,948,663</b> | <b>5,332,779</b> |
| <b>Net change in cash and cash equivalents</b>            |       |                  |                  |
| Effect of change in exchange rate                         |       | 294,715          | -26,491          |
| Cash and cash equivalents, beginning av period            | 16    | 131,444          | 660 083          |
| <b>Cash and cash equivalents, end of period</b>           |       | <b>53,984</b>    | <b>131,443</b>   |

## 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, 2022        | 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   |
| Total comprehensive income           | -             | -             | -2,929,818        | -2,929,818   | -                         | -2,929,818   |
| Balance as of December 31, 2023      | 236           | 25,777,701    | -11,939,439       | 13,838,498   | -                         | 13,838,498   |

## 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 GlobalConnect'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 GlobalConnect 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 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10, that is, when GlobalConnect 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.

Total comprehensive income (profit or loss and each component of other comprehensive income, OCI) are attributed to the equity holders of the parent company.

### 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. Acquisition related costs are expensed as incurred and included in other operating expenses.

When GlobalConnect 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. See Note 2 for the GlobalConnect'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 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 DERIVATIVE 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.

### 1.6 REVENUE FROM CONTRACTS WITH CUSTOMERS

GlobalConnect is a provider of fiber-based data communication and related services to businesses, operators and public sector. GlobalConnect'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. IFRS 15 Revenue from contract with customers apply for GlobalConnect'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.

GlobalConnect 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 disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts

## NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

with customers are provided in Note 2.

GlobalConnect 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, GlobalConnect 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.

GlobalConnect 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 GlobalConnect acts as the principal in a transaction. For content-based services and the resale of services from content providers where GlobalConnect acts as the agent, revenues are recognized net of direct costs.

### Variable consideration

If the consideration in a contract includes a variable amount, GlobalConnect 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, GlobalConnect's revenues are considered fixed.

### Significant financing component

Generally, GlobalConnect receives short-term advances from its customers. Using the practical expedient in IFRS 15, Global-

Connect 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.

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

When revenue will be recognized over several reporting periods GlobalConnect 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 GlobalConnect 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 GlobalConnect has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before GlobalConnect 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 GlobalConnect performs under the contract.

### 1.7 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 GlobalConnect 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.

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.

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.

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.

### 1.8 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, GlobalConnect 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.

GlobalConnect assesses at each reporting date, whether there is an indication that property, plant and equipment may be impaired. 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 GlobalConnect's telecom network infrastructures, including an inventory for spare parts.

### 1.9 LEASES

#### Identifying a lease

At the inception of a contract, GlobalConnect 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.

#### GlobalConnect as a lessee

At the lease commencement date, GlobalConnect 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 of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Amount expected to be payable by GlobalConnect under residual value guarantees
- The exercise price of a purchase option, if GlobalConnect is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects GlobalConnect's exercising an option to terminate the lease.

GlobalConnect 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, GlobalConnect 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.

GlobalConnect 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 GlobalConnect

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. GlobalConnect 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. GlobalConnect applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

#### GlobalConnect as a lessor

For contracts where GlobalConnect 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 is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

When GlobalConnect 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, GlobalConnect 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. GlobalConnect recognizes costs incurred in earning

the lease income as costs of materials and service charges. GlobalConnect 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.

#### 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

If GlobalConnect subleases an asset classified as a finance lease GlobalConnect as the intermediate lessor will derecognize the right-of-use asset related to the sublease and recognize 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 GlobalConnect recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on GlobalConnect's net investment in the

## NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

lease. GlobalConnect aims to allocate finance income over the lease term on a systematic and rational basis.

### 1.10 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.

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

### 1.11 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

GlobalConnect'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 GlobalConnect'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.

#### Financial assets measured subsequently at fair value through profit or loss:

GlobalConnect 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.

GlobalConnect has not designated any financial asset to FVTPL at the reporting date of the financial statements.

#### Financial assets measured subsequently at fair value through other comprehensive income:

GlobalConnect does not hold financial assets categorized as fair value through other comprehensive income (FVOCI) as of the reporting date.

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 measured subsequently at fair value through profit or loss:

GlobalConnect 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.

Except for derivatives, GlobalConnect 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 GlobalConnect.

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.

### 1.12 IMPAIRMENT OF FINANCIAL ASSETS

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

GlobalConnect 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 GlobalConnect 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.

GlobalConnect applies a simplified approach (as applicable for trade receivables, contract assets and lease receivables) in calculating ECLs, where GlobalConnect does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. GlobalConnect 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.

#### Derecognition of financial instruments

##### Financial assets

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, GlobalConnect has transferred its rights to receive cash flows from the asset.

##### 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.



## NOTE 1 ACCOUNTING POLICIES AND OTHER INFORMATION CONT.

---

### 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.

### 1.13 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.

### 1.14 PROVISIONS

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.

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.

### 1.15 NEW ACCOUNTING STANDARDS

GlobalConnect has adopted the changes in IAS 1 that are effective from 1 January 2023. GlobalConnect has disclosed significant information about accounting principles instead of disclosing significant accounting policies. The changes does not have a material impact on the group's financial statements, but affects how accounting principles, assessments and estimates are presented.

From January 1, 2023, the changes in IAS 12 Income Taxes are applied, resulting in limitations of the exception for initial recognition of temporary differences in cases where transactions give rise to equal taxable and deductible temporary differences. The change does not have a material impact on the group's financial statements

GlobalConnect 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 GlobalConnect's impairment considerations:

GlobalConnect 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, GlobalConnect estimates the asset's recoverable amount.

Recoverable amount in the impairment tests performed at year end 2023 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 10.

### 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, GlobalConnect makes significant judgements in the following areas:

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

GlobalConnect 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. GlobalConnect 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. GlobalConnect 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.

GlobalConnect 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 – GLOBALCONNECT AS A LESSEE

GlobalConnect determines the lease term as the non-cancelable 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, GlobalConnect 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 GlobalConnect 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 GlobalConnect's fibre and data center/colocation leases.

#### 2.3.3 CLASSIFICATION OF OPERATING VS. FINANCE LEASES – GLOBALCONNECT AS A LESSOR

For agreements where GlobalConnect acts as a lessor, GlobalConnect classify its leases as either operating or finance leases. If GlobalConnect 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.

GlobalConnect 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, GlobalConnect generally assess such leases as operating.

Subleases where GlobalConnect 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 GlobalConnect's operating and finance leases.

## NOTE 2 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONT.

---

### 2.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

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

#### Identifying performance obligations - connection fees

In many of GlobalConnect'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.

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

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

GlobalConnect 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.

### NOTE 3 DISSAGREGATED REVENUE INFORMATION

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

Parts of GlobalConnect'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 GlobalConnect'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

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

| SEK 000'                              | 2023             | 2022             |
|---------------------------------------|------------------|------------------|
| Revenue from contracts with customers | 6,604,116        | 6,085,618        |
| Lease income from operating leases    | 974,860          | 860,679          |
| <b>Total revenue</b>                  | <b>7,578,977</b> | <b>6,946,297</b> |

Lease income from operating leases are recognized 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 GlobalConnect's revenue into the CGUs in management operational reporting:

#### Revenue by business and geographical areas 2022

| SEK 000'       | Norway           | Sweden*          | Denmark**        | Total            |
|----------------|------------------|------------------|------------------|------------------|
| B2B and GCC    | 1,522,861        | 1,178,550        | 1,896,904        | 4,598,315        |
| B2C            | 472,576          | 1,853,577        | 21,827           | 2,347,981        |
| <b>Revenue</b> | <b>1,995,438</b> | <b>3,032,127</b> | <b>1,918,732</b> | <b>6,946,297</b> |

#### Revenue by business and geographical areas 2023

| SEK 000'       | Norway           | Sweden*          | Denmark**        | Total            |
|----------------|------------------|------------------|------------------|------------------|
| B2B and GCC    | 1,443,133        | 1,245,077        | 2,222,493        | 4,910,703        |
| B2C            | 542,821          | 2,044,924        | 80,529           | 2,668,274        |
| <b>Revenue</b> | <b>1,985,954</b> | <b>3,290,000</b> | <b>2,303,022</b> | <b>7,578,977</b> |

\*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 GlobalConnect'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'  | 2023             | 2022             |
|---|------------------|------------------|
| Goods and services transferred at a point in time | 558,811          | 645,163          |
| Goods and services transferred over time          | 7,020,165        | 6,301,134        |
| <b>Revenue</b>                                    | <b>7,578,977</b> | <b>6,946,297</b> |

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

- The customer simultaneously receives and consumes the benefits provided by GlobalConnect's performance as we perform
- GlobalConnect's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- GlobalConnect's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right 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 GlobalConnect 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, GlobalConnect 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 GlobalConnect's 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. GlobalConnect 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 based on historical churn-rates. Received upfront payments from the customer are treated as contract liabilities and further disclosed for in Note 18.

### NOTE 3 DISSAGREGATED REVENUE INFORMATION CONT.

#### 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 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 expected remaining duration of the performance obligation:

| Timing of revenue recognition | 2023             | 2022             |
|-------------------------------|------------------|------------------|
| Within one year               | 1,463,884        | 1,384,493        |
| After first year              | 2,564,225        | 2,007,441        |
| <b>Total revenue deferred</b> | <b>4,028,108</b> | <b>3,391,934</b> |

The deferred revenues expected to be recognized 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 recognized over the same period. Other remaining performance obligations are expected to be recognized 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                             | 2023          | 2022           |
|--|---------------|----------------|
| Gain from the sale of Property Plant and Equipment | -             | -45            |
| Other rental income                                | 3,271         | 7,899          |
| Gain from finance leases                           | 1,499         | 190,309        |
| Government grants                                  | 17,799        | 12,161         |
| Other operating income                             | 9,752         | 7,179          |
| <b>Total other operating income</b>                | <b>32,322</b> | <b>217,502</b> |

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

#### Government grants and subsidies

GlobalConnect 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              | 2023             | 2022             |
|--|------------------|------------------|
| Salaries                               | 1,766,957        | 1,583,810        |
| Social security costs                  | 309,714          | 270,946          |
| Pension costs                          | 106,184          | 91,850           |
| Other employee expenses                | 71,266           | 59,479           |
| <b>Total employee benefit expenses</b> | <b>2,254,120</b> | <b>2,006,085</b> |

| Position  | Board fee/salary | Pension cost | Other remuneration | Total         |
|---|------------------|--------------|--------------------|---------------|
| Board of directors                              | 2,635            | -            | -                  | 2,635         |
| CEO   | 10,296           | 618          | 733                | 11,647        |
| <b>Total remuneration to Board of directors</b> | <b>12,931</b>    | <b>618</b>   | <b>733</b>         | <b>14,282</b> |

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

| Full time employees (FTEs) 2023 | Female     | Male         | Total        |
|---------------------------------|------------|--------------|--------------|
| Norway                          | 97         | 390          | 487          |
| Sweden*                         | 220        | 538          | 758          |
| Denmark**                       | 175        | 524          | 699          |
| <b>Total</b>                    | <b>492</b> | <b>1,452</b> | <b>1,944</b> |

\*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 2023 (2022: SEK 1,744) 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 GlobalConnect, 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 2023 costs relating to LTIP of SEK 89,958k (2022: SEK 13,687k) 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. GlobalConnect 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 GlobalConnect and the obtained level of salary when working.

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

### Defined contribution plan

The majority of GlobalConnect'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 83.9m in 2023 (2022: SEK 71.8m).

### Defined benefit pension plan

GlobalConnect 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 3,156k at 31 December 2023. 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 GlobalConnect. At 31 December 2023 total pension funds/assets were SEK 23,279k (2022: SEK 24,863k) and liability SEK 20,122k (2022: SEK 20,169k).

### Other employee expenses

Other employee expenses consist of other benefits such as insurance, cars and telephones and remuneration to the employee representatives in the Board of Directors. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on amonthly basis.

## NOTE 6 OTHER OPERATING EXPENSES

| Other operating expenses              | 2023           | 2022           |
|---------------------------------------|----------------|----------------|
| Office supplies and misc. equipment   | 18,386         | 8,351          |
| Variable premises expenses incl power | 40,767         | 34,984         |
| IT costs                              | 209,192        | 181,055        |
| Marketing and distribution expenses   | 200,083        | 117,967        |
| Consulting expenses                   | 288,272        | 361,801        |
| Other operating expenses              | -490,123       | -493,019       |
| <b>Total other operating expenses</b> | <b>266,577</b> | <b>211,138</b> |

### Other operating expenses

Other operating expenses are recognized when they incur and represent a broad range of operating expenses incurred by GlobalConnect in its day-to-day activities.

### Capitalized development expenses

Included in the line item "other operating expenses" presented above, there is booked a cost reduction of SEK 727.3k related to projects capitalized in 2023 (2022: SEK 676.2k), 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      | 2023          | 2022          |
|--------------------------------|---------------|---------------|
| Audit fee                      | 10,284        | 9,649         |
| Audit related services         | 294           | 202           |
| Other advisory services        | 2,635         | 2,371         |
| <b>Total auditor fees - EY</b> | <b>13,213</b> | <b>12,222</b> |

## NOTE 8 FINANCIAL INCOME AND FINANCIAL COSTS

| Finance income              | 2023          | 2022          |
|-----------------------------|---------------|---------------|
| Gain on foreign exchange    | 65,759        | 46,527        |
| Interest income             | 1,750         | 7,956         |
| Other finance income        | 3,840         | 6,082         |
| <b>Total finance income</b> | <b>71,349</b> | <b>60,565</b> |

| Finance costs  | 2023             | 2022             |
|--|------------------|------------------|
| Financial instruments at fair value through profit or loss | 523,066          | -842,390         |
| Loss on foreign exchange                                   | 17,795           | 306,176          |
| Interest expenses  | 2,071,075        | 1,511,075        |
| Interest costs on lease liabilities                        | 52,784           | 48,201           |
| Other financial expenses                                   | -                | 723              |
| <b>Total finance costs</b>                                 | <b>2,664,720</b> | <b>1,023,785</b> |

### 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 GlobalConnect'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 GlobalConnect's interest bearing debt, for further disclosures see Note 17.4.



## NOTE 9 INCOME TAXES

| Current income tax expense:                               | 2023              | 2022              |
|---|-------------------|-------------------|
| Tax payable   | 1,653             | -                 |
| Adjustment for income tax payable for previous years      | 2,037             | -1,464            |
| Change deferred tax/deferred tax assets (ex. OCI effects) | -332,195          | 101,188           |
| Currency effects  | 5,494             | -153,021          |
| <b>Total income tax expense</b>                           | <b>-323,012</b>   | <b>-53,296</b>    |
| <b>Total tax for the year on group level:</b>             |                   |                   |
| Local companies   | -195,342          | 146,928           |
| Foreign companies   | -127,669          | -200,224          |
| <b>Total tax for the year</b>                             | <b>-323,012</b>   | <b>-53,296</b>    |
| <b>Current tax liabilities consist of:</b>                |                   |                   |
|   | <b>31.12.2023</b> | <b>31.12.2022</b> |
| Income tax payable for the year as above                  | 1,653             | -                 |
| - of which paid in fiscal year                            | -                 | -                 |
| - not due for earlier years                               | -                 | -8,825            |
| - tax on group contribution from subsidiaries             | -1,228            | -                 |
| <b>Current tax liabilities 31.12</b>                      | <b>425</b>        | <b>-8,825</b>     |

| Deferred tax liabilities/-assets:  | 31.12.2023       | 31.12.2022        |
|--|------------------|-------------------|
| Temporary differences:   |                  |                   |
| Property, plant and equipment  | 8,175,112        | 8,165,308         |
| Intangible assets  | 1,899,404        | 2,225,893         |
| Other current assets   | -70,444          | -5,321            |
| Liabilities  | -1,630           | -266,838          |
| Other differences  | -95,702          | -30,023           |
| Currency effects   | -                | -                 |
| <b>Total temporary differences</b>                                       | <b>9,906,739</b> | <b>10,089,020</b> |
| Losses carried forward (including tax credit)                            | -2,831,707       | -2,627,257        |
| <b>Total temporary differences and losses carried forward</b>            | <b>7,075,031</b> | <b>7,461,763</b>  |
| Temporary differences not included in basis for deferred tax assets      | -                | -                 |
| Tax losses carried forward not included in basis for deferred tax assets | -1,505,699       | -888,834          |
| <b>Basis for calculation of deferred tax/deferred tax assets</b>         | <b>5,569,333</b> | <b>6,572,929</b>  |
| <b>Total deferred tax/deferred tax assets</b>                            |                  |                   |
| Gross deferred tax recognized  | 2,454,152        | 2,682,934         |
| Gross deferred tax assets recognized                                     | -429,023         | -481,191          |
| Currency effects   | 31,653           | 98,228            |
| <b>Total deferred tax/deferred tax assets recognized</b>                 | <b>2,056,782</b> | <b>2,299,971</b>  |

GlobalConnect'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            | 2023             | 2022             |
|--|------------------|------------------|
| As of 1 January  | 2,299,971        | 2,029,466        |
| Tax expense during the period recognized in profit or loss | -332,195         | 101,188          |
| Tax expense during the period recognized in OCI            | -                | -                |
| Exchange rate differences                                  | 89,006           | 169,317          |
| Deferred taxes acquired in business combinations           | -                | -                |
| <b>As at 31 December</b>                                   | <b>2,056,782</b> | <b>2,299,971</b> |

| Tax charge/-credit of components of other comprehensive income: | 2023     | 2022     |
|---|----------|----------|
| Currency translation differences                                | -        | -        |
| <b>Other comprehensive income</b>                               | <b>-</b> | <b>-</b> |

GlobalConnect'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 GlobalConnect. 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         | 2023              | 2022              |
|--|-------------------|-------------------|
| <b>Profit before taxes</b>                   | <b>-2,958,084</b> | <b>-1,072,965</b> |
| Tax expense (local tax rate)                 | -609,365          | -221,031          |
| Permanent differences                        | 38,416            | 17,357            |
| Effect of deferred tax asset not recognized  | 331,258           | -80,723           |
| Change to prior year tax expense             | 281               | 36,037            |
| Effects of changes in tax rate               | -                 | -                 |
| Effects of impairment of deferred tax assets | -                 | -                 |
| Effects of foreign tax rates                 | -83,602           | 195,063           |
| <b>Recognized income tax expense</b>         | <b>-323,012</b>   | <b>-53,296</b>    |

## NOTE 10 GOODWILL

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| <b>Acquisition cost 01.01</b>             | <b>12,346,121</b> | <b>10,861,506</b> |
| Additions, acquisition of subsidiaries    | 1,667             | 1,070,852         |
| Currency translation effects              | -192,417          | 413,763           |
| <b>Acquisition cost 31.12</b>             | <b>12,155,371</b> | <b>12,346,121</b> |
| <b>Amortisation and impairments 01.01</b> | <b>-</b>          | <b>-</b>          |
| <b>Amortisation and impairments 31.12</b> | <b>-</b>          | <b>-</b>          |
| <b>Carrying amount 31.12</b>              | <b>12,155,371</b> | <b>12,346,121</b> |

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

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

The addition in goodwill during 2023 is related to the Lyssna-Njut Fibernät AB transaction and 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              | 4,191,496 | 2,358,834 | 5,605,041 |
| CAGR of sales in the forecast period | 11.6%     | 11.6%     | 11.6%     |
| Terminal growth rate                 | 2.75%     | 2.75%     | 2.75%     |
| After-tax discount rate              | 7.77%     | 7.77%     | 7.70%     |

\*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 recognized 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            |
|--|-------------------------|--------------------|-------------------|------------------|
| <b>Acquisition cost 01.01.2022</b>         | <b>773,430</b>          | <b>2,793,225</b>   | <b>359,342</b>    | <b>3,925,998</b> |
| 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         |
| <b>Acquisition cost 31.12.2022</b>         | <b>1,223,164</b>        | <b>2,803,913</b>   | <b>1,650,209</b>  | <b>5,677,286</b> |
| <b>Accumulated depreciation 01.01.2022</b> | <b>388,750</b>          | <b>849,549</b>     | <b>106,357</b>    | <b>1,344,656</b> |
| 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          |
| Reclassifications                          | -                       | -                  | -                 | -                |
| <b>Accumulated depreciation 31.12.2022</b> | <b>754,128</b>          | <b>1,117,866</b>   | <b>228,545</b>    | <b>2,100,539</b> |
| <b>Carrying amount 31.12.2022</b>          | <b>469,036</b>          | <b>1,686,048</b>   | <b>1,421,663</b>  | <b>3,576,747</b> |

| SEK 000'                                   | Software and technology | Customer relations | Other intangibles | Total            |
|--|-------------------------|--------------------|-------------------|------------------|
| <b>Acquisition cost 01.01.2023</b>         | <b>1,223,164</b>        | <b>2,803,913</b>   | <b>1,650,209</b>  | <b>5,677,286</b> |
| Additions, acquisition of subsidiaries     | -                       | 52,438             | 498               | 52,936           |
| Additions                                  | 801,074                 | -                  | 154,481           | 955,555          |
| Adjustments                                | -415,036                | -                  | -                 | -415,036         |
| Currency translation effects               | -67,051                 | -15,269            | -3,945            | -86,265          |
| Reclassifications                          | 148,420                 | -                  | -154,411          | -5,991           |
| <b>Acquisition cost 31.12.2023</b>         | <b>1,690,571</b>        | <b>2,841,082</b>   | <b>1,646,834</b>  | <b>6,178,487</b> |
| <b>Accumulated depreciation 01.01.2023</b> | <b>754,128</b>          | <b>1,117,866</b>   | <b>228,545</b>    | <b>2,100,539</b> |
| Depreciation for the year                  | 242,599                 | 462,940            | 63,876            | 770,415          |
| Adjustments                                | -57,181                 | -                  | -                 | -57,181          |
| Currency translation effects               | 55,027                  | -14,691            | -808              | 39,528           |
| Reclassifications                          | 45,798                  | -                  | 14,263            | 60,061           |
| <b>Accumulated depreciation 31.12.2023</b> | <b>1,041,371</b>        | <b>1,566,115</b>   | <b>305,877</b>    | <b>2,913,362</b> |
| <b>Carrying amount 31.12.2023</b>          | <b>649,200</b>          | <b>1,274,967</b>   | <b>1,340,957</b>  | <b>3,265,124</b> |

## NOTE 11 INTANGIBLE ASSETS CONT.

### 11.1 SOFTWARE AND TECHNOLOGY

Software and technology relate to network systems and IT systems. GlobalConnect 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

GlobalConnect's intangible assets has been reviewed for impairment indicators as 31. December 2023 and no provision for impairments has been recognized at year end 2023. See Note 1 for GlobalConnect'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 2023, the expensed research and development costs have not been tracked but are considered to be of immaterial size.

### CAPITALIZED DEVELOPMENT COSTS:

GlobalConnect 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             |
|--|------------------------|-------------------------------------|----------------------|-------------------|
| <b>Acquisition cost 01.01.2022</b>         | <b>27,913,096</b>      | <b>8,610,252</b>                    | <b>2,100,191</b>     | <b>38,623,538</b> |
| 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          |
| <b>Acquisition cost 31.12.2022</b>         | <b>35,526,747</b>      | <b>8,939,241</b>                    | <b>2,355,318</b>     | <b>46,821,305</b> |
| <b>Accumulated depreciation 01.01.2022</b> | <b>3,475,093</b>       | <b>212,148</b>                      | <b>923,491</b>       | <b>4,610,732</b>  |
| 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           |
| <b>Accumulated depreciation 31.12.2022</b> | <b>5,551,616</b>       | <b>212,669</b>                      | <b>1,112,585</b>     | <b>6,876,870</b>  |
| <b>Carrying amount 31.12.2022</b>          | <b>29,975,130</b>      | <b>8,726,572</b>                    | <b>1,242,733</b>     | <b>39,944,435</b> |
| Economic life (years)                      | 5-40                   | N/A                                 | 3-10                 |                   |
| Depreciation plan                          | Straight-line method   | Not amortized                       | Straight-line method |                   |

## NOTE 12 PROPERTY, PLANT AND EQUIPMENT CONT.

| SEK 000'                                   | Telecom networks owned | Telecom networks under construction | Operating equipment  | Total             |
|--|------------------------|-------------------------------------|----------------------|-------------------|
| <b>Acquisition cost 01.01.2023</b>         | <b>35,526,747</b>      | <b>8,939,241</b>                    | <b>2,355,318</b>     | <b>46,821,305</b> |
| Additions, acquisition of subsidiaries     | 48,297                 | 122                                 | 8,605                | 57,025            |
| Additions                                  | 1,488,348              | 4,085,321                           | 3,732                | 5,577,400         |
| Disposals                                  | -26,187                | -16,447                             | -3,378               | -46,012           |
| Adjustments                                | 87,456                 | -2                                  | -                    | 87,455            |
| Currency translation effects               | -633,635               | -44,627                             | -46,956              | -725,219          |
| Reclassifications                          | 3,450,888              | -3,644,207                          | 1,401,880            | 1,208,561         |
| <b>Acquisition cost 31.12.2023</b>         | <b>39,941,912</b>      | <b>9,319,401</b>                    | <b>3,719,200</b>     | <b>52,980,514</b> |
| <b>Accumulated depreciation 01.01.2023</b> | <b>5,551,616</b>       | <b>212,669</b>                      | <b>1,112,585</b>     | <b>6,876,870</b>  |
| Depreciation for the year                  | 1,784,897              | -                                   | 442,946              | 2,227,842         |
| Impairment for the year                    | 50,701                 | -                                   | -                    | 50,701            |
| Disposals                                  | -10,665                | -                                   | -3,170               | -13,835           |
| Adjustments                                | -                      | -                                   | -                    | -                 |
| Currency translation effects               | -249,741               | -1,163                              | -34,900              | -285,804          |
| Reclassifications                          | 586,782                | -                                   | 786,477              | 1,373,259         |
| <b>Accumulated depreciation 31.12.2023</b> | <b>7,713,590</b>       | <b>211,506</b>                      | <b>2,303,937</b>     | <b>10,229,033</b> |
| <b>Carrying amount 31.12.2023</b>          | <b>32,228,323</b>      | <b>9,107,895</b>                    | <b>1,415,263</b>     | <b>42,751,480</b> |
| Economic life (years)                      | 5-40                   | N/A                                 | 3-10                 |                   |
| Depreciation plan                          | Straight-line method   | Not amortised                       | Straight-line method |                   |

### 12.1 IMPAIRMENT CONSIDERATIONS

GlobalConnect's PP&E has been reviewed for impairment indicators as 31st of December 2023 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 equipment  | Total            |
|--|----------------------|----------------------|----------------------|------------------|
| <b>Acquisition cost 01.01.2022</b>         | <b>3,494,034</b>     | <b>250,074</b>       | <b>498,150</b>       | <b>4,242,258</b> |
| 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          |
| <b>Acquisition cost 31.12.2022</b>         | <b>5,221,885</b>     | <b>298,590</b>       | <b>428,764</b>       | <b>5,949,239</b> |
| <b>Accumulated depreciation 01.01.2022</b> | <b>953,442</b>       | <b>128,220</b>       | <b>55,196</b>        | <b>1,136,858</b> |
| 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           |
| <b>Accumulated depreciation 31.12.2022</b> | <b>1,769,770</b>     | <b>213,664</b>       | <b>15,068</b>        | <b>1,998,502</b> |
| <b>Carrying amount of RoA 31.12.2022</b>   | <b>3,452,115</b>     | <b>84,926</b>        | <b>413,696</b>       | <b>3,950,738</b> |
| Lease term                                 | 3-15                 | 1-10                 | 3-7                  |                  |
| Depreciation plan                          | Straight-line method | Straight-line method | Straight-line method |                  |

#### Right of use asset:

| SEK 000'                                   | Telecom Networks     | Properties           | Operating equipment  | Total            |
|--|----------------------|----------------------|----------------------|------------------|
| <b>Acquisition cost 01.01.2023</b>         | <b>5,221,885</b>     | <b>298,590</b>       | <b>428,764</b>       | <b>5,949,239</b> |
| Additions, acquisition of subsidiaries     | -                    | -                    | -                    | -                |
| Addition of right-of-use assets            | 366,252              | 57,513               | 173,702              | 597,467          |
| Disposals                                  | -                    | -                    | -18,037              | -18,037          |
| Adjustments                                | 203,343              | -1,214               | -1,871               | 200,258          |
| Transfers and reclassifications            | -                    | -                    | -                    | -                |
| Currency translation effects               | -218,731             | -2,258               | -2,283               | 223,472          |
| <b>Acquisition cost 31.12.2023</b>         | <b>5,572,750</b>     | <b>352,630</b>       | <b>580,074</b>       | <b>6,505,455</b> |
| <b>Accumulated depreciation 01.01.2023</b> | <b>1,769,770</b>     | <b>213,664</b>       | <b>15,068</b>        | <b>1,998,502</b> |
| Depreciation for right-of-use assets       | 946,576              | 96,397               | 66,164               | 1,109,136        |
| Disposals                                  | -                    | -1,214               | -16,063              | -17,278          |
| Transfers and reclassifications            | -4,220               | -                    | -                    | -4,220           |
| Currency translation effects               | 64,597               | 4,528                | 465                  | 69,590           |
| <b>Accumulated depreciation 31.12.2023</b> | <b>2,776,723</b>     | <b>313,374</b>       | <b>66,634</b>        | <b>3,155,730</b> |
| <b>Carrying amount of RoA 31.12.2023</b>   | <b>2,796,028</b>     | <b>39,256</b>        | <b>514,441</b>       | <b>3,349,724</b> |
| Lease term                                 | 3-15                 | 1-10                 | 3-7                  |                  |
| Depreciation plan                          | Straight-line method | Straight-line method | Straight-line method |                  |



## 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 2023 related to short-term leases, low-value assets and variable lease payments are included in other operating expenses with SEK 3,483k (2022: SEK 1,958k) in the consolidated statement of comprehensive income, and the payments are presented in GlobalConnect's operating activities in the consolidated statement of cash flows.

#### Lease liabilities:

#### Summary of the lease liabilities in the financial statements

|  | Total            |
|--|------------------|
| At 01.01.2022  | 3,118,343        |
| Acquisition of subsidiaries  | 1,151,274        |
| New leases recognized 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          |
| <b>Total lease liabilities at 31.12.2022</b>                         | <b>4,034,114</b> |
| Current lease liabilities in the statement of financial position     | 883,169          |
| Non-current lease liabilities in the statement of financial position | 3,150,946        |

**NOTE 13 LEASES CONT.**

| Summary of the lease liabilities in the financial statements         | Total            |
|--|------------------|
| At 01.01.2023  | 4,034,115        |
| Acquisition of subsidiaries  | -                |
| New leases recognized during the year                                | 529,681          |
| Disposals during the year  | -                |
| Cash payments for the principal portion of the lease liability       | -1,061,209       |
| Cash payments for the interest portion of the lease liability        | -                |
| Interest expense on lease liabilities                                | 174,997          |
| Adjustments  | 200,258          |
| Reassessment of the discount rate on previous lease liabilities      | -                |
| Currency translation effects   | -121,327         |
| <b>Total lease liabilities at 31.12.2023</b>                         | <b>3,756,515</b> |
| Current lease liabilities in the statement of financial position     | 938,604          |
| Non-current lease liabilities in the statement of financial position | 2,817,911        |

In addition to the lease liabilities presented above, GlobalConnect 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.

GlobalConnect 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. GlobalConnect 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:**

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

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

| Lease income from operating leases               | 2023           | 2022           |
|--|----------------|----------------|
| Lease income from property, plant and equipment  | 974,860        | 860,679        |
| <b>Total income from operating leases</b>        | <b>974,860</b> | <b>860,679</b> |
| Income from subleasing right-of-use assets       | 3,271          | 7,899          |
| <b>Total lease income incl. subleased assets</b> | <b>978,131</b> | <b>868,578</b> |

## NOTE 14 OTHER NON-CURRENT ASSETS

| Other non-current assets                   | Note | 2023           | 2022           |
|--|------|----------------|----------------|
| Investments in associates and other shares |      | 1,136          | 1,288          |
| Financial lease receivables*               |      | 74,839         | 94,532         |
| Restricted deposits                        |      | 15,270         | 14,948         |
| Contract costs                             | 18   | 280,637        | 148,412        |
| Pension fund                               |      | 4,457          | 4,694          |
| Other non-current receivables              |      | -              | -              |
| <b>Total other non-current assets</b>      |      | <b>376,339</b> | <b>263,874</b> |

\*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              | 2023          | 2022          |
|-----------------------------------|---------------|---------------|
| VAT receivables                   | -             | 12,030        |
| Current tax receivables           | -             | 8,825         |
| Other current assets              | 95,780        | 79,087        |
| <b>Total other current assets</b> | <b>95,780</b> | <b>99,942</b> |

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                                 | 2023             | 2022             |
|---|------------------|------------------|
| Trade receivables from customers at nominal value | 1,362,135        | 1,509,375        |
| Allowance for expected credit losses              | -42,872          | -65,208          |
| <b>Total trade receivables</b>                    | <b>1,319,263</b> | <b>1,444,167</b> |

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 |                |               |                | Total            |
|---|---------------------------|----------------|---------------|----------------|------------------|
|   | Not due                   | <30 days       | 31-90 days    | >90 days       |                  |
| <b>Ageing analysis of trade receivables</b> |                           |                |               |                |                  |
| Expected credit loss                        |                           |                |               |                |                  |
| <b>Trade receivables at 31.12.2022</b>      | <b>587,027</b>            | <b>359,169</b> | <b>23,543</b> | <b>539,636</b> | <b>1,509,375</b> |

| Nominal values                              | Past due but not impaired |                |               |                | Total            |
|---|---------------------------|----------------|---------------|----------------|------------------|
|   | Not due                   | <30 days       | 31-90 days    | >90 days       |                  |
| <b>Ageing analysis of trade receivables</b> |                           |                |               |                |                  |
| Expected credit loss                        |                           |                |               |                |                  |
| <b>Trade receivables at 31.12.2023</b>      | <b>808,079</b>            | <b>376,843</b> | <b>29,600</b> | <b>147,612</b> | <b>1,362,135</b> |

## NOTE 16 CASH AND CASH EQUIVALENTS

| Cash and cash equivalents              | 31.12.2023    | 31.12.2022     |
|--|---------------|----------------|
| Bank deposits, unrestricted            | 23,156        | 100,539        |
| Bank deposits, restricted              | 30,829        | 30,904         |
| <b>Total cash and cash equivalents</b> | <b>53,984</b> | <b>131,443</b> |

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 GlobalConnect's financial assets and liabilities:

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

| Financial assets   | 2023             | 2022             |
|--|------------------|------------------|
| <b>Derivatives not designated as hedging instruments</b>       |                  |                  |
| Interest rate swaps - NOK                                      | 69,061           | 68,943           |
| Interest rate swaps - SEK                                      | 125,096          | 423,103          |
| Interest rate swaps - DKK                                      | 115,045          | 307,948          |
| Cross currency swaps – EUR/SEK                                 | 97,655           | 129,579          |
| <b>Total derivatives not designated as hedging instruments</b> | <b>406,857</b>   | <b>929,572</b>   |
| <b>Financial assets at amortized cost</b>                      |                  |                  |
| Non-current derivatives  | -                | -                |
| Non-current financial assets                                   | 97,534           | 135,632          |
| Trade receivables and other current assets                     | 1,966,416        | 2,416,444        |
| Cash and cash equivalents                                      | 53,984           | 131,443          |
| <b>Total financial assets at amortized cost</b>                | <b>2,117,934</b> | <b>2,683,519</b> |

## NOTE 17 FINANCIAL INSTRUMENTS

| Financial liabilities:   |                      |                 | 2023              | 2022              |
|--|----------------------|-----------------|-------------------|-------------------|
| <b>Interest-bearing loans and borrowings</b>                   | <b>Interest rate</b> | <b>Maturity</b> |                   |                   |
| <b>Financial liabilities at amortized cost</b>                 |                      |                 |                   |                   |
| <b>Other financial liabilities at amortized cost</b>           |                      |                 |                   |                   |
| Non current contract liabilities                               |                      |                 | 2,564,225         | 2,007,441         |
| Current contract liabilities                                   |                      |                 | 1,463,884         | 1,384,493         |
| Other provisions   |                      |                 | 756,171           | 819,707           |
| Trade and other payables                                       |                      |                 | 2,428,650         | 2,941,796         |
| <b>Total other financial liabilities at amortized cost</b>     |                      |                 | <b>7,212,928</b>  | <b>7,153,438</b>  |
| Current lease liability  | 3,34%                | 2023            | 938,604           | 883,169           |
| Current interest-bearing liabilities                           |                      | 2023            | 136,593           | 24,324            |
| <b>Total current interest-bearing loans and borrowings</b>     |                      |                 | <b>1,075,197</b>  | <b>907,493</b>    |
| <b>Non-current interest-bearing loans and borrowings</b>       |                      |                 |                   |                   |
| Lease liability  | 3,34%                | 2028            | 2,817,911         | 3,150,946         |
| Bank loan  | IBOR+2.5%            | 2028            | 37,359,928        | 33,206,443        |
| <b>Total non-current interest bearing loans and borrowings</b> |                      |                 | <b>40,177,839</b> | <b>36,357,389</b> |

| Other financial liabilities                       | 2023 | 2022 |
|---|------|------|
| Derivatives not designated as hedging instruments | -    | -    |

| Fair values                                | 2023              |                   | 2022              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | Carrying amount   | Fair value        | Carrying amount   | Fair value        |
| <b>Financial assets</b>                    |                   |                   |                   |                   |
| Non-current derivatives                    | 406,857           | 406,857           | 799,993           | 799,993           |
| Non-current financial assets               | 97,534            | 97,534            | 135,632           | 135,632           |
| Trade receivables and other current assets | 1,966,416         | 1,966,416         | 2,416,444         | 2,416,444         |
| Cash and cash equivalents                  | 53,984            | 53,984            | 131,443           | 131,443           |
| <b>Total</b>                               | <b>2,524,791</b>  | <b>2,524,791</b>  | <b>3,483,512</b>  | <b>3,483,512</b>  |
| <b>Financial liabilities</b>               |                   |                   |                   |                   |
| Interest bearing loans and borrowings      | 41,253,035        | 41,253,035        | 37,264,881        | 37,264,881        |
| Other financial liabilities                | 7,212,928         | 7,212,928         | 7,153,438         | 7,153,438         |
| <b>Total</b>                               | <b>48,465,964</b> | <b>48,465,964</b> | <b>44,418,319</b> | <b>44,418,319</b> |

GlobalConnect 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 2023    | Cash flow        | Re-classifications | Foreign exchange | Fair value changes | New leases     | Other          | 31 December 2023  |
|--|-------------------|------------------|--------------------|------------------|--------------------|----------------|----------------|-------------------|
| Current interest bearing loans and borrowings      | 24,324            | 103,090          | -                  | -                | -                  | -              | -              | 127,414           |
| Current lease liability                            | 883,169           | -                | -                  | 55,435           | -                  | -              | -              | 938,604           |
| Non-current interest bearing loans and borrowings  | 32,277,267        | 4,345,574        | -                  | 327,740          | -                  | -              | -              | 36,950,581        |
| Non-current lease liability                        | 3,150,947         | -1,061,209       | -                  | -121,327         | -                  | 529,681        | 319,819        | 2,817,911         |
| <b>Total liabilities from financing activities</b> | <b>36,335,707</b> | <b>3,387,455</b> | <b>-</b>           | <b>261,848</b>   | <b>-</b>           | <b>529,681</b> | <b>319,819</b> | <b>40,834,510</b> |

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In 2021, a 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 of EUR 1,000m under the 2021 Senior Facility Agreement documentation was put in place, at the same commercial terms and conditions as the existing financing from 2021. GlobalConnect raised additional financing to fund its ambitious growth plan, which includes both growing organically as well as expansion through acquisition of new assets. As part of the 2022 debt raise process, sustainability incentives aligned with GlobalConnect's ESG strategy were introduced, and GlobalConnect submitted its first ESG compliance reporting in 2023 were all ESG KPI's for 2022 were met.

In December 2023, GlobalConnect closed a refinancing of its Junior Facility Agreement, a facility that was put in place in 2019 (and amended in 2020). EUR 490m was refinanced at more attractive terms and conditions than the previous Junior Facility Agreement, with covenant headroom adapted to the current financial and operational trading and strategy. ESG sustainability incentives was also introduced in the new Junior Facility Agreement, aligned with the Senior Facility Agreement ESG KPIs.

GlobalConnect may further increase its 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, GlobalConnect has committed Capex Facilities of EUR 1,600m, where EUR 1,000m was utilized as of end December 2023. 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), GlobalConnect 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 by EUR 9m, while EUR 104m was drawn on the Revolving Credit Facility as of end December 2023. GlobalConnect may further increase its short term liquidity through other incremental revolving facilities.

#### 17.2.3 COVENANT REQUIREMENTS

GlobalConnect's Junior and Senior Facilities Agreements includes specific financial covenant requirements with regards to the Group's Net Debt Cover and Interest Cover Ratio. GlobalConnect 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 GlobalConnect'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:

| 31.12.2022                               | 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         |
| <b>Total cash flows</b>                  |      | <b>1,782,813</b>   | <b>883,169</b> | <b>2,649,506</b> | <b>32,777,962</b> | <b>38,093,450</b> |

| 31.12.2023                               | Note | Less than 6 months | 6 to 12 months   | 1 to 3 years     | More than 3 years | Total             |
|--|------|--------------------|------------------|------------------|-------------------|-------------------|
| Non-current lease liabilities            | 13   | -                  | -                | 2,815,812        | 2,099             | 2,817,911         |
| Non-current interest bearing liabilities | 17   | -                  | -                | -                | 37,357,438        | 37,357,438        |
| Non-current derivatives                  | 19   | -                  | -291,573         | -115,284         | -                 | -406,857          |
| Current lease liabilities                | 13   | -                  | 938,604          | -                | -                 | 938,604           |
| Trade and other payables                 | 20   | -                  | 2,428,650        | -                | -                 | 2,428,650         |
| <b>Total cash flows</b>                  |      | <b>-</b>           | <b>3,075,681</b> | <b>2,700,528</b> | <b>37,359,537</b> | <b>43,135,745</b> |

### 17.4 FINANCIAL RISK AND CAPITAL MANAGEMENT

#### 17.4.1 OVERVIEW

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

GlobalConnect is exposed to a range of risks potentially affecting its financial performance, including market risk (inflation, interest rate risk and foreign exchange risk), liquidity risk and credit risk. GlobalConnect 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 GlobalConnect'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

Interest 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. GlobalConnect'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. GlobalConnect hedges the majority of the interest rate risk using interest rate swap contracts (i.e. plain vanilla interest rate swaps and cross currency swaps), however GlobalConnect 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 GlobalConnect's profit before tax, is illustrated below. In calculating the sensitivity analyses, GlobalConnect 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. GlobalConnect's exposure to the risk of changes in foreign exchange rates relates primarily to GlobalConnect's operating activities (revenue, expenses and capex denominated in a foreign currency), external financing through interest bearing liabilities and GlobalConnect's net investments in foreign subsidiaries.

The majority of revenues are denominated in SEK, NOK and DKK (and some in EUR), while the majority GlobalConnect's interest bearing liabilities are denominated in SEK, NOK and DKK, thus the Group has an implicit hedge where a change in SEK, NOK and DKK will increase/decrease finance costs with an opposite effect on revenues. GlobalConnect also limits its foreign currency exposure through having similar currencies for its revenues, operating expenses and capex. GlobalConnect's equity and expenses are 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. GlobalConnect does not hedge other currency exposure with financial instruments at the current time but monitors the net exposure.

| Interest rate sensitivity, 31.12.2023 (MSEK) | Increase/decrease in basis points | Effect on profit before tax | Effect on equity |
|--|-----------------------------------|-----------------------------|------------------|
| Interest rate - NOK                          | +/- 100                           | 14.6                        | -                |
| Interest rate - DKK                          | +/- 100                           | 10.4                        | -                |
| Interest rate - SEK                          | +/- 100                           | 54.4                        | -                |
| Interes ratet - EUR                          | +/- 100                           | 17.0                        | -                |

### 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, 31.12.2023 (MSEK) | Date       | Change in FX rate | Effect on profit before tax | Effect on equity |
|---|------------|-------------------|-----------------------------|------------------|
| Increase/decrease in SEK/EUR                    | 31.12.2023 | +/- 10%           | 543.7                       | -                |
| Increase / decrease in SEK/NOK                  | 31.12.2023 | +/- 10%           | 876.7                       | -                |
| Increase / decrease in SEK/DKK                  | 31.12.2023 | +/- 10%           | 839.5                       | -                |

| Foreign currency exposure, 31.12.2023 | Trade receivables | Trade payables | Cash and cash equivalents* | Current interest bearing debt* |
|---------------------------------------|-------------------|----------------|----------------------------|--------------------------------|
| NOK                                   | 15%               | 15%            | 42%                        | 22%                            |
| DKK                                   | 36%               | 26%            | 0%                         | 22%                            |
| SEK                                   | 49%               | 59%            | 58%                        | 41%                            |
| EUR/Other currencies                  | 0%                | 0%             | 0%                         | 14%                            |
| <b>Total</b>                          | <b>100%</b>       | <b>100%</b>    | <b>100%</b>                | <b>100%</b>                    |

\* Cash pool



## NOTE 17 FINANCIAL INSTRUMENTS CONT.

---

### 17.4.7 LIQUIDITY RISK

Liquidity risk is the risk that the GlobalConnect will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. GlobalConnect 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. GlobalConnect'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. GlobalConnect has a flexible debt financing through available 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. GlobalConnect is exposed to credit risk from its operating activities (primarily trade receivables), and from its financing activities, including deposits with banks.

GlobalConnect 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. GlobalConnect has a policy of limiting the credit exposure to any single financial institution and bank, and actively manages its exposure to achieve this objective. Where appropriate, GlobalConnect obtains sufficient collateral from customers for mitigating the risk of financial loss from defaults.

In addition, receivable balances are monitored on an ongoing basis, with the result that GlobalConnect 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. GlobalConnect does not hold collateral as security. GlobalConnect 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 GlobalConnects capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of GlobalConnect'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.

GlobalConnect 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, GlobalConnect 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, GlobalConnect'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 GlobalConnect'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 2023 and 2022.

The Group Junior Facility Agreement was refinanced in 2023, but no major changes were made in the objectives, policies or processes for managing capital during the years ended 31 december 2023 and 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/derivates is performed by GlobalConnect's treasury department supported by external hedging advisors. The valuation techniques used are individually adapted to each financial instrument and should take advantage of as much as possible of the from time-to-time available market information.

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/instruments approximate their carrying amounts.

#### INTEREST-BEARING LOANS AND BORROWINGS

The fair values of GlobalConnect'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 2023 is assessed to be insignificant.

#### INTEREST RATE SWAPS

GlobalConnect 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 GlobalConnect 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 GlobalConnect's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| 31.12.2023                            | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---------------------------------------|-----------------|------------|---------|---------|---------|
| <b>Assets disclosed at fair value</b> |                 |            |         |         |         |
| <b>Derivatives</b>                    |                 |            |         |         |         |
| Interest rate swaps                   | 309,202         |            |         | x       |         |
| Cross currency swaps                  | 97,655          |            |         | x       |         |

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

## NOTE 18 CONTRACT ASSETS AND LIABILITIES, AND CAPITALIZED CONTRACT COSTS

| Contract assets                                | 31.12.2023     | 31.12.2022     |
|--|----------------|----------------|
| As of 1 January                                | 148,412        | 141,008        |
| Additions during the year                      | 132,225        | 7,404          |
| <b>Total contract assets as of 31 December</b> | <b>280,637</b> | <b>148,412</b> |
| Non-current                                    | 280,637        | 148,412        |
| Current  | -              | -              |

GlobalConnect contract assets refer to capitalized provisions/sales costs. Unbilled revenue is included in other current assets with an amount of SEK 176m as of December 2023 (2022: SEK 275m).

| Contract liabilities                                | 31.12.2023       | 31.12.2022       |
|---|------------------|------------------|
| As of 1 January                                     | 3,391,934        | 2,758,650        |
| Additions during the year                           | 636,174          | 633,284          |
| <b>Total Contract liabilities as of 31 December</b> | <b>4,028,108</b> | <b>3,391,934</b> |
| Non-current   | 2,564,225        | 2,007,441        |
| Current   | 1,463,884        | 1,384,493        |

Contract liabilities relates to installation and connection fees, which GlobalConnect normally receives upfront. GlobalConnect 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              | 2023           | 2022           |
|---|----------------|----------------|
| Costs of obtaining a contract           | 280,637        | 148,412        |
| Costs to fulfill a contract             | -              | -              |
| <b>Total capitalized contract costs</b> | <b>280,637</b> | <b>148,412</b> |

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 2023 financial year, capitalized contract costs of SEK 38m (2022: SEK 29m) were amortized.

| Capitalized contract costs                            | 2023           | 2022           |
|---|----------------|----------------|
| Costs of obtaining contracts as of 1 January          | 148,412        | 141,008        |
| Additions during the year                             | 132,225        | 7,404          |
| <b>Costs of obtaining contracts as of 31 December</b> | <b>280,637</b> | <b>148,412</b> |

## NOTE 19 PROVISIONS

| Non-current provisions:             | 31.12.2023     | 31.12.2022     |
|-------------------------------------|----------------|----------------|
| Non-current derivatives             | -              | -              |
| Other non-current provisions        | 3,854          | -4,897         |
| Other accruals                      | 752,317        | 799,538        |
| <b>Total non-current provisions</b> | <b>756,171</b> | <b>794,641</b> |

| Non-current provisions:              | 2023           | 2022           |
|--------------------------------------|----------------|----------------|
| Non-current provisions 01.01:        | 794,641        | 739,486        |
| Adjustments                          | -47,221        | -8,322         |
| Amounts used                         | 8,751          | 63,478         |
| <b>Non-current provisions 31.12:</b> | <b>756,171</b> | <b>794,641</b> |

| Current provisions:             | 31.12.2023       | 31.12.2022       |
|---------------------------------|------------------|------------------|
| Prepaid leases                  | -                | -                |
| Other current provisions        | 949,427          | 977,153          |
| Other accruals                  | 168,925          | 169,580          |
| <b>Total current provisions</b> | <b>1,118,352</b> | <b>1,146,733</b> |

| Current provisions:              | 2023             | 2022             |
|----------------------------------|------------------|------------------|
| Current provisions 01.01:        | 1,146,733        | 1,392,008        |
| Additions                        | -27,726          | -149,819         |
| Amounts used                     | -655             | -95,456          |
| <b>Current provisions 31.12:</b> | <b>1,118,352</b> | <b>1,146,733</b> |

### Prepaid leases

A significant part of GlobalConnect's business-to-business customer portfolio relates to customers who have prepaid for multi-annual 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

GlobalConnect 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                      | 31.12.2023       | 31.12.2022       |
|---|------------------|------------------|
| Trade payables                                | 949,203          | 1,510,268        |
| VAT payable                                   | 27,297           | 11,482           |
| Withholding payroll taxes and social security | 131,369          | 102,196          |
| Other payables                                | 168,968          | 158,867          |
| <b>Total trade and other payables</b>         | <b>1,276,838</b> | <b>1,782,813</b> |

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

| VAT payable              | 31.12.2023    | 31.12.2022    |
|--------------------------|---------------|---------------|
| Denmark*                 | -             | -             |
| Norway                   | -             | -             |
| Sweden**                 | 27,297        | 11,482        |
| <b>Total VAT payable</b> | <b>27,297</b> | <b>11,482</b> |

\*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           | 23,742,957 | 559251-3260               | Stockholm     | -20,498 | 23,581,525 |

| 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                 |
| Bynet 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                 |
| Availo 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                 |
| Lyssna-Njut Fibernät AB           | GlobalConnect AB                  | Uppsala           | Sweden      | 100%          | 100%                           | SEK                 |
| 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                 |

## NOTE 21 INTERESTS IN OTHER ENTITIES CONT.

| Consolidated entities       | Owner                          | Registered office | Nationality | Share-holding | Group's voting ownership share | Functional currency |
|-----------------------------|--------------------------------|-------------------|-------------|---------------|--------------------------------|---------------------|
| GlobalConnect Invest DK A/S | GlobalConnect Group Holding AB | Copenhagen        | Denmark     | 100%          | 100%                           | DKK                 |
| 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.

### 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 |
|-------------------|------------------|-------------------|-------------|--------------|--------------------------------|---|--|--------------------------|
| Bjørsvika IKT AS* | GlobalConnect AS | Bærum             | Norway      | 33.3%        | 33.3%                          | 32  | 0                                      | 959                      |
| Ishavslink AS     | GlobalConnect AS | Alta              | Norway      | 12.0%        | 12.0%                          | 71  | 4,420                                  | 12,573                   |
| Stamfiber AS*     | GlobalConnect AS | Bodø              | Norway      | 16.7%        | 16.7%                          | 17  | 408                                    | 4,128                    |

\*Numbers from the Financial Statement 2022

## NOTE 22 BUSINESS COMBINATIONS

### BUSINESS COMBINATION 2023

On the first of February 2023 the Group acquired 100 % of the shares in the Swedish company Lyssna-Njut Fibernät 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 84m.

#### The preliminary allocation of the excess value is as follows:

|                    |         |
|--------------------|---------|
| Customer relations | SEK 52m |
| Fixed assets       | SEK 46m |
| Goodwill           | SEK 2m  |
| Deferred tax       | SEK 16m |

### BUSINESS COMBINATION 2022

In 2022, GlobalConnect 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 recognized on acquisition |
|--|--------------------------------------|
| <b>ASSETS</b>                                      |                                      |
| <b>Non-current assets</b>                          |                                      |
| Property, plant and equipment                      | 1,010,433                            |
| <b>Total non-current assets</b>                    | <b>1,010,433</b>                     |
| <b>Current assets</b>                              |                                      |
| Cash and cash equivalents                          | 25                                   |
| <b>Total current assets</b>                        | <b>25</b>                            |
| <b>Total assets</b>                                | <b>1,010,458</b>                     |
| <b>Non-current liabilities</b>                     |                                      |
| Deferred tax                                       | 113,985                              |
| Non-current liabilities                            | 343,120                              |
| <b>Total non-current liabilities</b>               | <b>457,105</b>                       |
| <b>Current liabilities</b>                         |                                      |
| Trade and other payables                           | -                                    |
| Income tax payable                                 | -                                    |
| Current provisions                                 | -                                    |
| <b>Total current liabilities</b>                   | <b>-</b>                             |
| <b>Total liabilities</b>                           | <b>457,105</b>                       |
| <b>Total identifiable net assets at fair value</b> | <b>553,352</b>                       |
| Cash consideration paid                            | 553,352                              |
| <b>Goodwill arising on acquisition</b>             | <b>-</b>                             |



## 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'  | Fair value     |
|---|----------------|
| <b>Purchase consideration to the SDU assets</b> |                |
| Liabilities assumed                             | 343,120        |
| Cash consideration paid                         | 553,352        |
| <b>Total consideration</b>                      | <b>896,472</b> |

### OPEN UNIVERSE ASSETS:

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

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       |
|---|------------------|
| <b>Purchase consideration for OpenUniverse assets</b> |                  |
| Liabilities assumed                                   | 70,247           |
| Cash consideration paid                               | 2,024,027        |
| <b>Total consideration</b>                            | <b>2,094,274</b> |

### 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.

## 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 2023, there have not been any transactions with other related parties.

## NOTE 24 COMMITMENTS

### 24.1 OTHER COMMITMENTS

GlobalConnect does not have other significant commitments to disclose.

### 24.2 CONTINGENT ASSETS AND LIABILITIES

GlobalConnect has no contingent assets or liabilities that meet the criteria for disclosure.

### 24.3 DISPUTES AND CLAIMS

GlobalConnect 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 December 2023, the decision to carve out GlobalConnect Outsourcing Services, Denmark was made. From 2024, Unit IT, a Danish owned complete supplier of IT infrastructure, operations, and support for small and medium sized companies in Denmark will be the new owners of GlobalConnect Outsourcing Services, Denmark.

# Financial Statements for Parent

## FINANCIAL STATEMENTS FOR PARENT

|                                   |     |
|-----------------------------------|-----|
| Statement of Comprehensive Income | 100 |
| Statement of Financial Position   | 101 |
| Statement of Cash Flow            | 102 |
| Statement of Changes in Equity    | 103 |

## NOTES FOR PARENT

|     |   |     |
|-----|---|-----|
| P1  | Accounting Policies Applied by the Parent Company | 104 |
| P2  | Other Operating Income                            | 104 |
| P3  | Employee Benefits and Expenses                    | 105 |
| P4  | Other Operating Expenses                          | 105 |
| P5  | Audit Fee   | 105 |
| P6  | Financial Income and Financial Costs              | 106 |
| P7  | Income Taxes                                      | 106 |
| P8  | Shares in Subsidiaries                            | 107 |
| P9  | IC Trade Receivables and Other Current Assets     | 107 |
| P10 | Cash and Cash Equivalents                         | 107 |
| P11 | Share Capital and Investor Information            | 108 |
| P12 | Inter Company Liabilities and Other Liabilities   | 108 |
| P13 | Trade and Other Payables                          | 109 |
| P14 | Year-End Appropriations                           | 109 |
| P15 | Subsequent Events                                 | 109 |

## FINANCIAL STATEMENTS FOR PARENT

## Parent Company Statement of Comprehensive Income

| SEK 000'  | Notes | 2023           | 2022          |
|---|-------|----------------|---------------|
| Revenue   |       |                |               |
| Other operating income                          | P2    | 417            | 30,806        |
| <b>Total revenue and other operating income</b> |       | <b>417</b>     | <b>30,806</b> |
| Employee benefit expenses                       | P3    | -1,820         | -25,895       |
| Other operating expenses                        | P4,   | -17,790        | -3,778        |
| <b>Operating profit</b>                         |       | <b>-19,193</b> | <b>1,133</b>  |
| Finance income                                  | P6    | 10,241         | 11            |
| Finance costs                                   | P6    | -11,410        | -4,325        |
| <b>Profit after financials</b>                  |       | <b>-20,363</b> | <b>-3,180</b> |
| Group contribution                              |       | -              | -             |
| <b>Profit before tax</b>                        |       | <b>-20,363</b> | <b>-3,180</b> |
| Income tax expense                              | P7    | -135           | -4,049        |
| <b>Loss for the year</b>                        |       | <b>-20,498</b> | <b>-7,229</b> |

| SEK 000'                                       | Notes | 2023           | 2022          |
|--|-------|----------------|---------------|
| Loss for the year                              |       | -20,498        | -7,229        |
| <b>Total comprehensive income for the year</b> |       | <b>-20,498</b> | <b>-7,229</b> |

## FINANCIAL STATEMENTS FOR PARENT

## Parent Company Statement of Financial Position

For the year ending 31 December

| SEK 000'                        | Notes  | 2023              | 2022              |
|---------------------------------|--------|-------------------|-------------------|
| <b>ASSETS</b>                   |        |                   |                   |
| <b>Non-current assets</b>       |        |                   |                   |
| Shares in subsidiaries          | P8     | 23,742,957        | 23,655,387        |
| Deferred tax assets             | P7     | -                 | 135               |
| <b>Total non-current assets</b> |        | <b>23,742,957</b> | <b>23,655,522</b> |
| <b>Current assets</b>           |        |                   |                   |
| Inter Company receivables       | P9     | 21,318            | 52,894            |
| Other current assets            | P7, P9 | 31,503            | 54,853            |
| Cash and cash equivalents       | P10    | 1,366             | 2,602             |
| <b>Total current assets</b>     |        | <b>54,187</b>     | <b>110,348</b>    |
| <b>TOTAL ASSETS</b>             |        | <b>23,797,144</b> | <b>23,765,871</b> |
| <b>EQUITY AND LIABILITIES</b>   |        |                   |                   |
| <b>Equity</b>                   |        |                   |                   |
| <b>Restricted equity</b>        |        |                   |                   |
| Share capital                   | P11    | 236               | 236               |
| <b>Total restricted equity</b>  |        | <b>236</b>        | <b>236</b>        |

| SEK 000'                            | Notes | 2023              | 2022              |
|-------------------------------------|-------|-------------------|-------------------|
| <b>Non-restricted equity</b>        |       |                   |                   |
| Share premium                       |       | 23,598,525        | 23,568,827        |
| Retained earnings                   |       | -17,235           | -16,346           |
| <b>Total non-restricted equity</b>  |       | <b>23,581,290</b> | <b>23,552,481</b> |
| <b>Total equity</b>                 |       | <b>23,581,525</b> | <b>23,552,717</b> |
| <b>Current liabilities</b>          |       |                   |                   |
| Tax liability                       | P7    | -                 | -                 |
| Inter Company liabilities           | P12   | 33,875            | 3,041             |
| Other liabilities                   | P12   | 180,589           | 208,175           |
| Trade payables                      | P13   | 1,155             | 1,938             |
| <b>Total current liabilities</b>    |       | <b>215,619</b>    | <b>213,154</b>    |
| <b>Total liabilities</b>            |       | <b>215,619</b>    | <b>213,154</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b> |       | <b>23,797,144</b> | <b>23,765,871</b> |

## FINANCIAL STATEMENTS FOR PARENT

## Statement of Cash Flows

For the year ending 31 December

| SEK 000'  | Notes | 2023       | 2022         | SEK 000'  | Notes | 2023           | 2022          |
|---|-------|------------|--------------|---|-------|----------------|---------------|
| <b>Cash flow from operating activities</b>                  |       |            |              | <b>Cash flow from investing activities</b>                  |       |                |               |
| Profit before tax   |       | -20,363    | -3,180       | Acquisition of shares in subsidiaries, net of cash acquired |       | -              | -             |
| Adjustments to reconcile profit before tax to net cash flow |       |            |              | Interest received   |       | 10,241         | 11            |
| Depreciation, amortisation and impairment                   |       | -          | -            | <b>Net cash flow from investing activities</b>              |       | <b>10,241</b>  | <b>11</b>     |
| Net finance income and finance costs                        | P6    | 1,169      | 4,313        | <b>Cash flow from financing activities</b>                  |       |                |               |
| Working capital adjustment                                  |       |            |              | Proceeds from long-term debt                                |       | -              | -             |
| Changes in trade and other receivables                      | P9    | 104,224    | -99,361      | Interest paid   |       | -11,410        | -4,325        |
| Changes in trade and other payables                         | P12   | -783       | -292         | <b>Net cash flow from financing activities</b>              |       | <b>-11,410</b> | <b>-4,325</b> |
| Changes in provision and other liabilities                  | P12   | -84,313    | 103,482      | Net change in cash and cash equivalents                     |       | -1,235         | 649           |
| <b>Net cash flow from operating activities</b>              |       | <b>-65</b> | <b>4,962</b> | Cash and cash equivalents, beginning av period              |       | 2,601          | 1,952         |
|   |       |            |              | <b>Cash and cash equivalents, end of period</b>             |       | <b>1,366</b>   | <b>2,601</b>  |

## FINANCIAL STATEMENTS FOR PARENT

## Parent Company Statement of Changes in Equity

For the year ending 31 December

| SEK 000'                               | Restricted equity |               | Unrestricted equity |  | Total equity |
|--|-------------------|---------------|---------------------|--|--------------|
|  | Share capital     | Share premium | Retained earnings   |  |              |
| <b>Balance as of January 1, 2022</b>   | 236               | 23,568,827    | -28,445             |  | 23,540,619   |
| <b>Total comprehensive income</b>      | -                 | -             | -7,229              |  | -7,229       |
| Group contribution                     | -                 | -             | 19,328              |  | 19,328       |
| <b>Balance as of December 31, 2022</b> | 236               | 23,568,827    | -16,346             |  | 23,552,717   |
| <b>Total comprehensive income</b>      | -                 | -             | -20,498             |  | -20,498      |
| Issue of share capital                 | -                 | 29,697        | 8                   |  | 29,705       |
| Group contribution                     | -                 | -             | 19,601              |  | 19,601       |
| <b>Balance as of December 31, 2023</b> | 236               | 23,598,524    | -17,235             |  | 23,581,525   |

## P1 ACCOUNTING POLICIES APLIED 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              | 2023       | 2022          |
|-------------------------------------|------------|---------------|
| Other rental income                 | 417        | 30,806        |
| <b>Total other operating income</b> | <b>417</b> | <b>30,806</b> |

Other rental income is mainly related to office space.

| Income and cost                                | 2023 | 2022 |
|--|------|------|
| 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              | 2023         | 2022          |
|--|--------------|---------------|
| Salaries                               | 1,343        | 16,708        |
| Social security costs                  | 221          | 5,312         |
| Pension costs                          | 202          | 3,797         |
| Other employee expenses                | 55           | 78            |
| <b>Total employee benefit expenses</b> | <b>1,820</b> | <b>25,895</b> |

| Average numbers of employees | 2023     | 2022     |
|------------------------------|----------|----------|
| Women                        | 1        | 1        |
| Men                          | 2        | 2        |
| <b>Total</b>                 | <b>3</b> | <b>3</b> |

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

| Position  | Board fee    |              |
|---|--------------|--------------|
|   | 2023         | 2022         |
| Board of directors                              | 1,744        | 1,744        |
| <b>Total remuneration to Board of directors</b> | <b>1,744</b> | <b>1,744</b> |

| Average numbers of employees | 2023        | 2022        |
|------------------------------|-------------|-------------|
| Women                        | 17%         | 14%         |
| Men                          | 83%         | 86%         |
| <b>Total</b>                 | <b>100%</b> | <b>100%</b> |

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              | 2023          | 2022         |
|---------------------------------------|---------------|--------------|
| Consultancy fees                      | 15,440        | -116         |
| Insurance                             | -             | 302          |
| Loss on receivables                   | -301          | 982          |
| Other operating expenses              | 2,651         | 2,609        |
| <b>Total other operating expenses</b> | <b>17,790</b> | <b>3,778</b> |

### P5 AUDIT FEE

| Audit related fees - EY   | 2023         | 2022         |
|---------------------------|--------------|--------------|
| Audit fee                 | 1,876        | 1,581        |
| Tax advisory services     | -            | -            |
| <b>Total auditor fees</b> | <b>1,876</b> | <b>1,581</b> |

## P6 FINANCIAL INCOME AND FINANCIAL COSTS

| Finance income and finance costs | 2023          | 2022         |
|----------------------------------|---------------|--------------|
| <b>Finance income</b>            |               |              |
| Foreign exchange gain            | -             | 11           |
| Other finance income             | 10,241        | -            |
| <b>Total finance income</b>      | <b>10,241</b> | <b>11</b>    |
| <b>Finance costs</b>             |               |              |
| Interest expenses                | 236           | 4,317        |
| Other financial costs            | 11,174        | 7            |
| <b>Total finance cost</b>        | <b>11,410</b> | <b>4,325</b> |

## P7 INCOME TAXES

| Income tax expense:             | 2023       | 2022          |
|---------------------------------|------------|---------------|
| Change in deferred tax          | 135        | -4,049        |
| <b>Total income tax expense</b> | <b>135</b> | <b>-4,049</b> |

| Deferred tax liabilities/assets consists of:       | 31.12.2023 | 31.12.2022    |
|--|------------|---------------|
| Deffered tax liability/asset for the year as above | -          | -4,049        |
| - of which paid in fiscial year                    | -          | -             |
| - not due for earlier years                        | -          | -             |
| <b>Current tax liabilities/assets 31.12</b>        | <b>-</b>   | <b>-4,049</b> |

| Reconciliation of income tax expense        | 2023           | 2022          |
|---|----------------|---------------|
| <b>Profit before taxes</b>                  | <b>-20,363</b> | <b>-3,180</b> |
| Tax expense (local tax rate)                | -4,399         | -687          |
| Permanent differences                       | 4,264          | -3,362        |
| <b>Current tax liabilities/assets 31.12</b> | <b>135</b>     | <b>4,049</b>  |

## P8 SHARES IN SUBSIDIARIES

---

Shares in subsidiaries consists of shares in Nordic Connectivity Midholding AB. The book value of the shares amounts to SEK 23,743m. For information regarding all the companies in the group, please refer to Note 21 of the financial statement of the GlobalConnect Group.

## P10 CASH AND CASH EQUIVALENTS

---

| Cash and cash equivalents              | 2023         | 2022         |
|--|--------------|--------------|
| Bank deposits, unrestricted            | 1,366        | 2,602        |
| <b>Total cash and cash equivalents</b> | <b>1,366</b> | <b>2,602</b> |

## P9 IC TRADE RECEIVABLES AND OTHER CURRENT ASSETS

---

| IC Trade receivables and other current assets              | 2023          | 2022           |
|--|---------------|----------------|
| IC Trade receivables                                       | 21,318        | 52,894         |
| Other current assets                                       | 31,503        | 54,853         |
| <b>Total IC Trade receivables and other current assets</b> | <b>52,821</b> | <b>107,747</b> |

## 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 2023                       | 235,577,220                                | 0.001                     | 236                      |
| Increase of share captial               | 60,770                                     | 0.001                     | 0.06                     |
| At 31 December 2023                     | 235,637,990                                | 0.001                     | 236                      |

| Shareholders in Nordic Connectivity AB at 31.12.2023 | Shares             | Ownership   | Voting rights |
|--|--------------------|-------------|---------------|
| <b>Legal entity</b>                                  |                    |             |               |
| Riddle Holdco S.a.r.l                                | 198,028,204        | 84%         | 84%           |
| Other  | 37,609,786         | 16%         | 16%           |
| <b>Total</b>   | <b>235,637,990</b> | <b>100%</b> | <b>100%</b>   |

The outstanding shares have different voting rights:

| Share Class | Votes | Number of shares |
|-------------|-------|------------------|
| Common A    | 10    | 22,821,250       |
| Common B    | 1     | 24,354,963       |
| Pref C      | 10    | 188,279,136      |
| Pref D      | 1     | 182,640          |
| Pref E      | 1     | 1                |

## P12 INTER COMPANY LIABILITIES AND OTHER LIABILITIES

| Inter Company liabilities and other liabilities             | 2023           | 2022           |
|---|----------------|----------------|
| Inter Company liabilities                                   | 33,875         | 3,041          |
| Other current liabilities                                   | 180,589        | 208,175        |
| <b>Total Intercompany liabilities and other liabilities</b> | <b>214,464</b> | <b>211,216</b> |

## P13 TRADE AND OTHER PAYABLES

| Trade and other payables              | 2023         | 2022         |
|---------------------------------------|--------------|--------------|
| Trade payables                        | 1,155        | 1,938        |
| Other payables                        | -            | -            |
| <b>Total trade and other payables</b> | <b>1,155</b> | <b>1,938</b> |

## P14 YEAR-END APPROPRIATIONS

### APPROPRIATION OF EARNINGS

#### The Board of Directors proposal for disposition of available funds:

|                   |            |
|-------------------|------------|
| Share premium     | 23,568,827 |
| Retained earnings | -16,346    |
| Loss for the year | -889       |
|                   | 23,581,290 |

The board proposes that this sum be appropriated as follows:

|                              |                   |
|------------------------------|-------------------|
| <b>To be carried forward</b> | <b>23,581,290</b> |
|------------------------------|-------------------|

## P15 SUBSEQUENT EVENTS

For more information see Note 25 in consolidated financial statement.

Copenhagen, 18 April 2024



**Eric Albert Elzvik**  
Chairman of the Board



**Carl Sjölund**  
Board Member



**Billy Olsson**  
Board Member



**Martin Lippert**  
CEO



**Pernille Lyngvold Erenbjerg**  
Board Member



**Marco Eric Visser**  
Board Member



**Mounir Taysir Barakat**  
Board Member



**William Lindström**  
Board Member



**Anders Ösmark**  
Board Member



**Sophie Khalid Ali Albustani**  
Board Member

Our auditors' report was submitted on April 19, 2024  
Ernst & Young AB



**Oskar Wall**  
Authorized Public Accountant



## 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 2023-01-01 -2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 51-109 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 2023 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 2023 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 1-50 and 113. 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 2023-01-01 – 2023-12-31 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.

Stockholm, 19 April 2024  
Ernst & Young AB

Oskar Wall  
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

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

## 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.

<sup>1)</sup> E.g. tax, IFRS adjustments etc.

