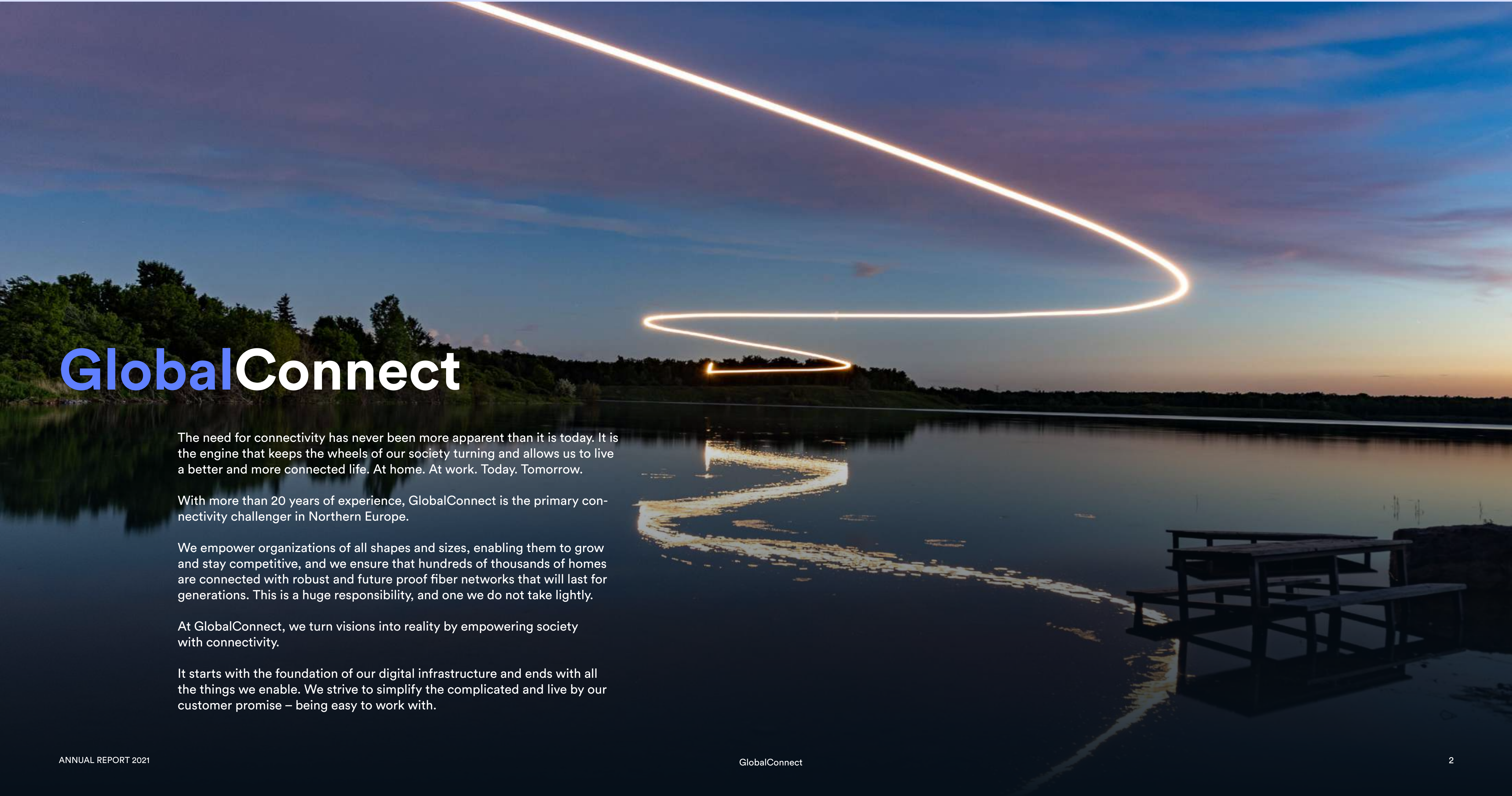
Annual Report 2021

Creating Connections

GlobalConnect | Empowering Visions



GlobalConnect

The need for connectivity has never been more apparent than it is today. It is the engine that keeps the wheels of our society turning and allows us to live a better and more connected life. At home. At work. Today. Tomorrow.

With more than 20 years of experience, GlobalConnect is the primary connectivity challenger in Northern Europe.

We empower organizations of all shapes and sizes, enabling them to grow and stay competitive, and we ensure that hundreds of thousands of homes are connected with robust and future proof fiber networks that will last for generations. This is a huge responsibility, and one we do not take lightly.

At GlobalConnect, we turn visions into reality by empowering society with connectivity.

It starts with the foundation of our digital infrastructure and ends with all the things we enable. We strive to simplify the complicated and live by our customer promise – being easy to work with.

Our Organization

97,000

KM FIBER

35,000

M2 PAN NORDIC DATACENTER ESTATE

30,000

B2B CUSTOMERS

437,500

B2C CONNECTED HOMES

OUR STORY

Key Figures

About Nordic Connectivity Group

Nordic Connectivity AB is the parent company of Nordic Connectivity Group, referred to as GlobalConnect.

Since the start, GlobalConnect has been on a growth journey, expanding its fiber-based infrastructure and product offerings across all its operating markets.

In 2021 GlobalConnect had an organic growth of 2.5% on revenue and other income and 4.1% in recurring revenue. Recurring revenue growth driven by fast pace rollout of FTTH in Sweden and Norway. GlobalConnect also continued to grow our FTTH business in new markets: Denmark and Germany.

GlobalConnect continues to grow profitability on the back of revenue growth and a scalable and efficient business model, where adjusted EBITDA grew 9.3% in 2021.

GlobalConnect invested mSEK 4,855.5 in 2021. The majority of investments enabled building infrastructure, access to homes and businesses as well as expanding backbone reach and capacity. By the end of 2021 GlobalConnect's fiber network was 97,000 km covering all major and regional routes in the Nordics. GlobalConnect also invests in new market entries such as FTTH in Denmark and Germany. Employee engagement grew from 7.6 to 7.8 in 2021.

SEK MILLION	2021	2020
Revenue and other income	6,176.4	6,043.2
Adjusted EBITDA	3,115.7	2,849.4
EBIT	16.3	18.9
CAPEX	4,855.5	5,085.3

6,176
REVENUE & OTHER INCOME

3,116
ADJUSTED EBITDA

50%
ADJUSTED EBITDA %

4,856
CAPEX

1,723
EMPLOYEES

7.8
PEOPLE ENGAGEMENT RATE

1) See page 107 for definitions and explanations of Alternative Performance Measures (APM).

TIMELINE

Our History

2019 Q4
EQT merges Broadnet, IP-Only and former GlobalConnect into the new pan-Nordic player, GlobalConnect

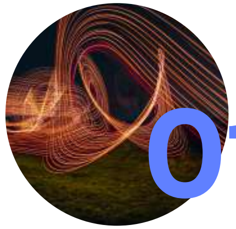
2020 Q1
The new GlobalConnect goes live

2020 Q1
Covid lockdown confirms Nordic society's dependence on GlobalConnect for critical connectivity services

2020 Q4
The Board of Directors approve a new strategy that focuses on delivering customer-centric, managed, end-to-end connectivity solutions, as well as our consumer organization providing scaling capabilities from Norway and Sweden into Denmark, Germany, and Finland

2020 Q4
GlobalConnect Carrier is launched to cement our position as the Nordic go-to-partner for global tech giants, carriers and system integrators with high-capacity needs

Content



01

THIS IS GLOBALCONNECT

Creating Connections

02

YEAR IN REVIEW

Sustainable Connections

03

GOVERNANCE AND FINANCIAL

Profitable Connections

Nordic Connectivity's Annual accounts and consolidated accounts for the financial year 2021 comprise pages 53-103.

THIS IS GLOBALCONNECT

Creating Connections

Our fiber based infrastructure is the circulatory system of the Nordic digital economy. Our network is unique in spanning the Nordics and down into Germany. We're operating in markets where change, innovation, digitization, and rapid expansion are keywords in weaving the society-critical infrastructure for the future.

We help Over-The-Top providers build core infrastructure to transport data traffic into and around the region. We connect mobile masts, houses and apartment blocks, and public bodies such as hospitals, schools and municipalities.

We deliver netcentric connectivity solutions to companies, both large and small.

CEO MESSAGE

Creating a Better Tomorrow

2021 marked another year of contrasts. As our society was affected by Covid-19 so was GlobalConnect. Restrictions and working from home went back and forth over the year, putting pressure on our employees and partners. This has been handled with stamina, focused energy and an iterative mindset, which I am very proud of and embodies everything GlobalConnect stands for.

As a result of less travelling, social distancing and spending more time at home, we have seen a soaring demand for the connectivity services we offer. So, even though 2021 was a year of ups and downs, it was also a year of learning and a solid performance for GlobalConnect.

Building to grow and last
In 2020, we started on a journey as a Northern European connectivity provider with the merger of IP-Only and Global-Connect. In 2021, a lot of our focus and energy went into the integration of these two large organizations. Our position as challenger on the Northern European market has proven to be unique as we have worked and learnt from each other while creating a common culture of agility and speed.

By the end of 2021, our own fiber-based network extended 97,000 km across the region, complemented by many service layers on top. Our extensive digital infrastructure and our position as connectivity provider are built to last for generations and we are very well positioned for continued expansion.

> “The important role GlobalConnect plays, in not only maintaining a well-functioning society today, but in building a more digitized and better tomorrow, has never been more apparent than it is now
>
> - Martin Lippert

64,000

NEW HOMES CONNECTED IN 2021

97,000

KM FIBER-BASED NETWORK

Catering to customer needs

Our strong network caters to all our customers. However, in 2021, our carrier and wholesale business picked up speed and performed beyond expectations: cementing GlobalConnect as a true information gateway across Northern Europe.

Our enterprise offering where we take full ownership in delivering secure end-to-end connectivity services to our customers, on their terms, not ours, has been very well received by the market. As many companies have their IT and network solutions constantly pressure tested many have come to the realization that connectivity can be what makes or breaks their business. Our one-stop-shop solution where we take full ownership can- and have - relieved many sleepless nights for our customers.

Expanding while exploring

We also grew our consumer facing business in 2021. As the demand for high-speed broadband continued to soar during the year, our FTTH business kept expanding at a high pace. In Sweden alone, we managed to connect close to 50,000 homes in 2021, once again being the largest contributor to bridging digital divide in the country. We also expanded into new markets in 2021, as we successfully entered Northern Germany with a well-received FTTH offering.

Following up the year after we launched our FTTH business in Denmark in 2020, we have seen continued appetite for future proof and robust broadband from Danes across the country. Our FTTH journey will continue for years to come in all our established markets, while we also look forward to exploring the potential in new territories.

Looking forward

The important role GlobalConnect plays, in not only maintaining a well-functioning society today, but in building a more digitized and better tomorrow, has never been more apparent than it is now. This is why we keep elevating our focus on sustainability, making sure it is fully integrated in how we operate and our day-to-day decision making. In the coming year, we will put our efforts into ensuring solid and sustainable growth, connecting and empowering all parts of society. For a better today and tomorrow.

Sincerely,
Martin Lippert

Crisis Management

All parts of society and business were impacted by the Covid-19 pandemic in 2021 – and we were no exception.

WORKING FROM HOME

15% PRE-PANDEMIC

25% POST-PANDEMIC

Covid-19 Response
As a company, we have taken the required precautions to keep our employees safe, while making an effort to foster the social bond between our employees with online events and casual interactions. Working from home on and off throughout the year has not been easy. However, we have learned many new ways of working, and we have proved that we can perform to the highest standards under difficult conditions.

The need for our services, as well as data patterns and capacity, have been tested throughout the pandemic. Many customers have faced the reality of keeping their business running while coping with employees working from home and changing customer patterns.

The public sector, governments, hospitals, and other infra-structure, which we support and serve across the Nordic coun-tries, have all faced major challenges that have been managed through digital means.

Without warning, society has been forced to digitize at a speed never seen before, and we are seeing this trend continue post-pandemic.

Crisis Management

We are following the escalating and horrific war that has broken out in Ukraine closely, mainly as fellow human beings, but also as a company that operates communication routes and digital infrastructure across, and in-and-out of the Nordics.

Regarding the Russian invasion of the Ukraine
Our operating procedures are built to cover events such as this, so at this moment we do not see that our digital infrastructure or any of the connectivity services we offer have been affected in relation to the situation in the Ukraine. We are in constant dialogue with local authorities as well as other industry players in each of our operating countries; Sweden, Norway, Denmark, Finland and northern Germany, while our Network Operations Center (NOC) is carefully monitoring the situation and performing continuous security assessments to ensure operational efficiency. We will reach out to relevant authorities and customers if any of the services we offer should be affected in any way.

GlobalConnect does not operate in, or have any employees in the Ukraine or Russia, but is carefully monitoring authorities' recommendations and any sanctions related to the countries that are involved. We continually keep checking for clients on the sanction lists and have made a decision to not pursue any business in the Russian region. The Ukrainian people are in a turbulent time, and we sympathize with the inhuman situation they have been put in. Our thoughts are with the heroic people of Ukraine and all the victims of this horrific war.

Highlights 2021

Q1 2021

The Large Enterprise segment demonstrates the attractiveness of the Managed End-To-End Connectivity (METEC) value proposition, both for new and existing customers. Contracts with two of Norway's leading nationwide bookstores, Norli and ARK, are expanded and extended (SD-WAN and M-LAN), while SD-WAN and M-LAN deals with Skatteetaten (Norwegian Tax Authorities) and Franzefoss (one of Norway's leading recycling firms) are closed during the quarter.

Q2 2021

GlobalConnect completes a EUR 2.7 billion debt refinancing, which is a key pre-requisite to further investment in growth through the establishment of critical communications infrastructure.

2.7 BN

DEBT REFINANCING COMPLETED (EUR)

Q3 2021

For the third time in a row, GlobalConnect Denmark is chosen as partner and provider of critical infrastructure to the public sector in Denmark, as part of the tender for Data Communications / WAN with the State and Municipal Procurement.

50+

DANISH MUNICIPALITIES

Q4 2021

A FTTH pilot case in Germany produces positive results and creates momentum as we connect our first homes outside Hamburg, under our HomeNet brand. It is an important step towards our ambition in establishing HomeNet as a competitive brand in Northern Germany.

Encouraging commercial traction with the METEC value proposition is exemplified by significant contract wins, such as Power Norge A/S (Norway), Svenska Kyrkan (Sweden), and Parken Sport & Entertainment A/S (Denmark).

GlobalConnect Sweden reaches an agreement with Telenor Sweden to acquire communications operator Open Universe and Telenor Sweden's SDU fiber assets. The acquisition includes 214,000 connected homes and the transaction was finalized in Q1, 2022.

214,000

CLOSED AGREEMENTS, NEW CONNECTED HOMES

Board ESG Champion Letter

Over the past year, the importance of critical infrastructure has been truly carved in stone in the light of the pandemic. We believe that technology can help solve society's biggest challenges. As an enabler of critical infrastructure, it is important that sustainability is an integrated part of everything we do and – speaking on behalf of the Board of Directors and management – we have a strong commitment to do just that.

GlobalConnect is on a journey to further solidify and expand our ESG[1] ambitions, including the way in which we work with sustainability. We made considerable progress in 2021 and accomplished great results, one example is the increase of microtrenching in Norway of 39% between 2020 and 2021. Using an excavating technique across 11,000 km, we were able to reduce CO_2 emissions by 90%. Furthermore, we once again accomplished a high ratio of homes connected in the underserved areas of Sweden – in 2020, over 75% of the installations were in rural areas. In Denmark our activities in rural areas also increased significantly, with five B2C projects concluded in 2021.

2021 was also the year when we ramped up our activities and organized ourselves differently to enable a fast-paced sustainable ESG transformation.

As an infrastructure supplier, we pride ourselves on enabling customers to achieve their connectivity goals and helping them to meet sustainability targets. Our ambitions are not shaped by regulations, but a belief and conviction that our growth journey and performance will benefit from ESG and a carbon footprint reduction. It is an integrated part of the company and who we are.

I am proud of the achievements made in 2021 and I have enjoyed my role as ESG Board Champion, which involved working closely with the Sustainability team in developing the new strategy and targets. 2022 will truly be a year of sustainability at GlobalConnect and a year of further exceling in our journey. I am looking forward to seeing the implementation of the many great ESG activities and alliances we have in the pipeline.

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

1)ESG = Environmental, Social and Governance

How We Create Value

Our role in society starts with our network, which is critical for every kind of digital touchpoint – from video calls with friends and watching streaming services to delivering a reliable and secure online shopping experience to customers or providing essential public services.

We are continuously expanding and densifying our network. The foundations were laid in late 2019 when EQT combined three national players into one regional Nordic champion. Since then, we have added thousands of kilometers of fiber to our network, connecting thousands more businesses and homes.

We are experiencing a growing demand for our infrastructure and the netcentric solutions we deliver. More data in the cloud, more video calls, and more online shopping means an ever-growing need for fiber. Even 5G rollouts create demand for our network because 5G masts need fiber backhaul.

Strong growth is expected for every kind of digital interaction across the Nordics

(All figures in P.A.)

+22%

BEST CONNECTIVITY EXPERIENCE FOR ALL
Western Europe data traffic growth[1]

+10%

STREAMING ONLINE CONTENT
Rapid expansion of SVOD subscriptions in the Nordics[2]

+10%

ACCESSING CLOUD SERVICES
Nordic cloud and datacenter market growth[5]

+9%

STAYING CONNECTED EVERYWHERE
Rapid growth in # of connected devices[4]

+193%

VIDEO-CONFERENCE COMMUNICATION
Microsoft Teams daily users[6]

+12%

WORKING ONLINE IN THE OFFICE
EU retail enterprises spending on tech[3]

Notes: (1) Western Europe 2017-2022F. (2) Nordic Growth 2017-2024F. (3) 2020-2021. (4) 2016-2021. (5) Denmark, Norway, Sweden, 2021-2025F. (6) 2020-2021.

Key Figures for the Group

SEK MILLION	2021	2020
Operating revenue and other income	6,176.4	6,043.2
EBITDA	2,895.8	2,630.0
EBITDA-margin	47%	44%
Adjusted EBITDA	3,115.7	2,849.4
Adjusted EBITDA-margin	50%	47%
EBIT	16.3	18.9
EBIT-margin	0.3%	0.3%
Number of employees	1,723	1,716
SOLIDITY		
Equity ratio	32%	36%
Net interest-bearing liabilities	28,008.3	24,091.0
Net leverage	9.0	8.5

SEK MILLION	2021	2020
LIQUIDITY		
Cash and bank deposits	660.1	681.3
Liquidity reserve	7,087.6	705.4
Cash flow from operations	3,138.4	3,473.4
Adjusted cash flow from operations	3,359.0	3,313.2
Total CAPEX	4,851.2	5,331.3
Free cash flow	-1,712.7	-1,857.9
Cash conversion	0.84	0.82

Key Figures by Segment

SEK MILLION	2021	2020
SWEDEN INCL. FINLAND		
Operating revenue and other income	2,635.0	2,411.5
EBITDA	1,489.3	1,282.1
EBITDA-margin	57%	54%
Adjusted EBITDA	1,597.8	1,382.9
Adjusted EBITDA-margin	61%	57%
CAPEX	2,695.6	3,439.6
Number of employees	677	716
DENMARK INCL. GERMANY		
Operating revenue and other income	1,809.3	1,870.4
EBITDA	563.8	555.8
EBITDA-margin	32%	30%
Adjusted EBITDA	604.6	599.7
Adjusted EBITDA-margin	33%	32%
CAPEX	826.9	730.3
Number of employees	629	567

SEK MILLION	2021	2020
NORWAY		
Operating revenue and other income	1,877.8	1,882.5
EBITDA	910.4	830.3
EBITDA-margin	49%	44%
Adjusted EBITDA	962.4	890.8
Adjusted EBITDA-margin	51%	47%
CAPEX	1,333.0	915.5
Number of employees	417	433

OUR FUTURE

Our Strategy

Vision
Our vision is to be the main digital infrastructure challenger across Northern Europe – a true regional champion, and the obvious gateway to the Nordics.

Mission
Our mission is to empower and digitize a well-functioning society and to support sustainable development that benefits everybody.

Values
Our values are rooted in our commitment to our customers, to offering Expertise, being Available, acting with Speed and truly focusing on the customer and their needs.

Strategy
Our strategy is to establish a fiber network of unrivalled reach across the Nordics, including Northern Germany, to monetize our network by connecting every part of society to it, and to offer netcentric connectivity solutions to companies and public bodies that need them.

Engaging with our Stakeholders

Digital infrastructure is an indicator of how future proof and digitally enabled a society is. GlobalConnect has a vision of 'enabling society with connectivity', which is core to our strategy and everyday ambition.

Being Northern Europe's largest digital infrastructure provider means having many interfaces and engaging with a wide range of stakeholders both globally and locally. Fostering stakeholder relationships is also integral to continuing to be the largest digital network provider in Northern Europe.

By its very nature, digital infrastructure supports a more sustainable society. The technologies we provide have a long lifecycle and GlobalConnect is proud to contribute to the digitization of our societies, as well as actively ensuring that all parts of society have equal digital opportunities.

GlobalConnect is a company that interacts with and impacts many stakeholders: ranging from public customers and large international companies to homeowners, citizens, and the environment that must be cared for when digging, trenching, and delivering our services.

GlobalConnect's Stakeholders

Employees & contractors

Our employees, as well as our contractors, are core to making GlobalConnect the company it is. We encourage a culture of openness and accessibility to senior management, and we engage employees across departments through several channels. We have bi-weekly engagement surveys, to gather feedback on well-being and areas for improvement. 2021 ended with an all-time high engagement score, which we will continue to work on making even better.

Customers

We are proud of our collaboration with our customers and the support and products that we provide. This is why we have implemented and built our culture around something we call the E A S Y framework – the foundation of our customer promise, as well as our internal value-led behaviors. To maintain a high level of service and to continue developing, we continuously measure customer satisfaction in all segments.

Society & local communities

Trust and support from local communities are key to our way of doing business. We therefore take local views and communities into consideration each time we excavate. Moreover, 2021 was also the year in which we agreed that Denmark's Høje-Taastrup municipality could freely use the excess heat from our datacenter in the local distribution heating system.

Suppliers & partners

We have a close collaboration with our strategic suppliers and partners. We stay in regular contact with them, especially during this time of pandemic and supply crises, to mitigate the supply chain risk and to make sure we live up to our customer promise. In addition, we have a Supplier's Code of Conduct, based on the UN Global Compact, which we expect them to follow.

Investors & owners

With strong support and engagement from our investors and owners in EQT, we work with strategic aims to support shareholder return from sustainable and future proof digital infrastructure solutions.

Governments & industry organizations

The ambitions and pushes from governments and industry organizations to further support the digitization of the societies in which we operate are of high interest. We are also seeing an increased need for regulatory actions to reach the UN's SDGs and the Paris Agreement. Moreover, EU and national security regulations are high on our agenda.

Sustainability and our Stakeholders

Sustainability is embedded in our strategy and our ways of working. We believe that this is the right way to do business, as it supports our growth journey to have sustainability as a core element in our business. We are continuously working on improving and being better prepared for when regulatory requirements on providing data and sustainability as whole come into force.

Regulatory Environment and GDPR

In all the countries where GlobalConnect is present, it is a priority for public authorities to ensure a resilient digital infrastructure in peacetime, crises and times of war. This includes measures to promote cybersecurity in the electronic communications sector. The revised national security and e-commerce legislations implementing EU/EEA legislation mirror these policy goals.

The purpose of the sector specific market regulation is to promote and protect competition. Even though the legislation is harmonized throughout the EU/EEA, its effectiveness varies between the countries where GlobalConnect operates.

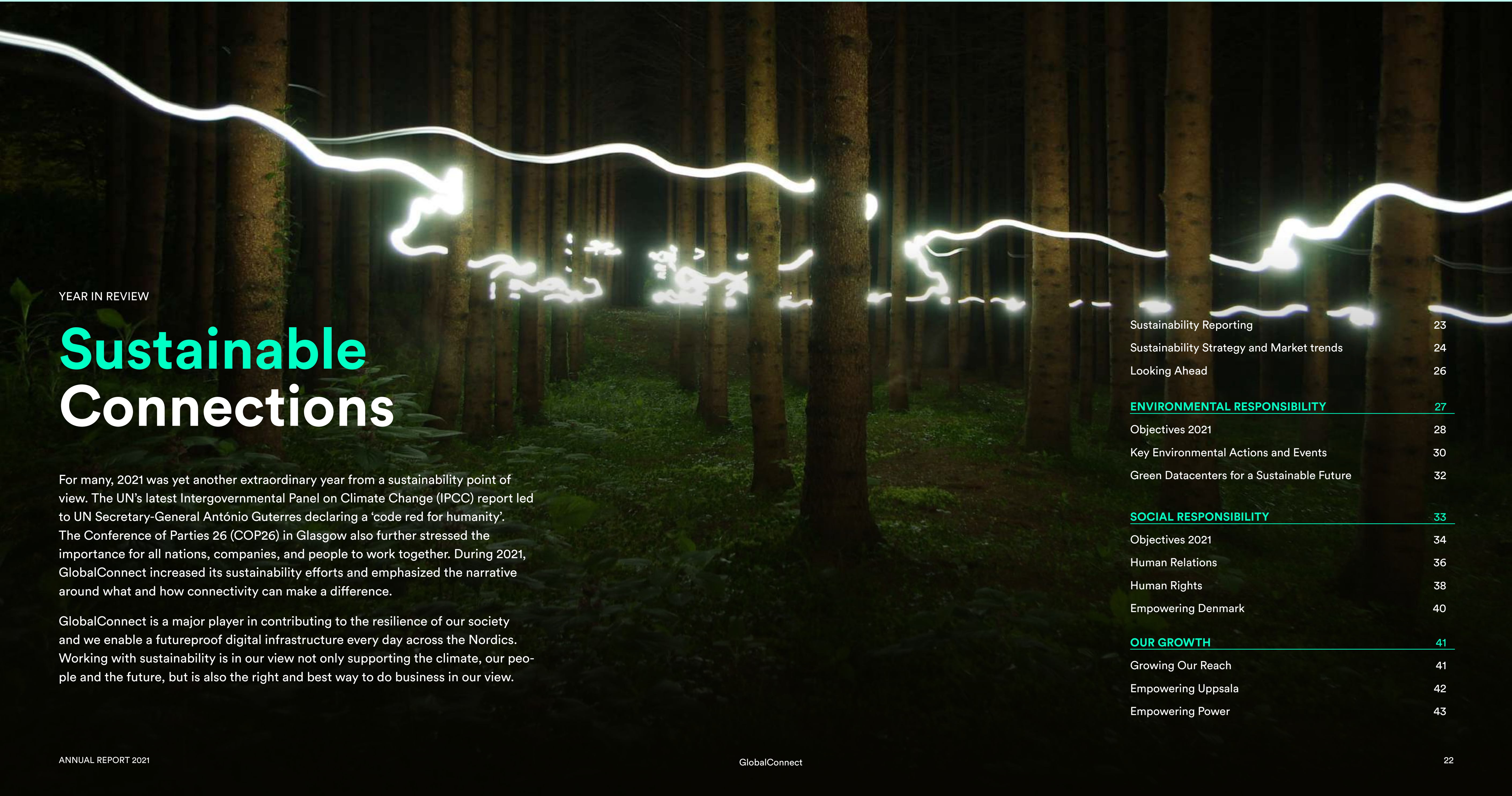
ESG Risks and Management
We manage our business and stakeholders with care and attention. On a continuous basis we identify risks and gaps related to our business, as well as our sustainability efforts. The sustainability issues within the ESG scope are assessed and measured through our KPIs, along with our annual double materiality assessment.

Due the nature of our business, many of our mitigating activities are handled locally by our product owners and business management. A good example is our datacenter business, which has undertaken an extensive gap analysis of its sustainability risks and improvement initiatives that are being implemented on a continuous basis.

GDPR
GlobalConnect's General Privacy and Data Protection Policy was published in 2021. Privacy and data protection concerns the fair and proper use of information about people. It is part of individuals fundamental right to privacy and about building trust between people and organizations.

Privacy and data protection is also about treating people fairly and openly, recognizing their right to have control over their own identity and their interactions with others, and striking a balance with the wider interests of society.

Employees are introduced to the topic when onboarded to GlobalConnect. The information and guidance are easily accessible and are owned by our Legal department. It is important for GlobalConnect that individuals are confident their privacy is respected and protected by GlobalConnect if their personal data is handled by GlobalConnect. The purpose of our policy is to provide information and guidelines to GlobalConnect and its employees to ensure compliance with applicable data protection legislation and, in turn, limit the legal, regulatory, and reputational risks of the company.



YEAR IN REVIEW

Sustainable Connections

For many, 2021 was yet another extraordinary year from a sustainability point of view. The UN's latest Intergovernmental Panel on Climate Change (IPCC) report led to UN Secretary-General António Guterres declaring a 'code red for humanity'. The Conference of Parties 26 (COP26) in Glasgow also further stressed the importance for all nations, companies, and people to work together. During 2021, GlobalConnect increased its sustainability efforts and emphasized the narrative around what and how connectivity can make a difference.

GlobalConnect is a major player in contributing to the resilience of our society and we enable a futureproof digital infrastructure every day across the Nordics. Working with sustainability is in our view not only supporting the climate, our people and the future, but is also the right and best way to do business in our view.

SUSTAINABILITY STRATEGY AND MARKET TRENDS

Sustainability Reporting

For 2021, GlobalConnect has chosen to integrate the sustainability report in the annual report - as part of demonstrating that sustainability is part of our everyday lives as well as our largest visions. This combined annual- and sustainability report in accordance with ÅRL covers GlobalConnect through the Swedish parent company and its subsidiaries in 5 countries. A description of the Group, the operations and its business model is described in detail in the Board of Directors' Report, starting on page 53.

We describe the governance of sustainability work in Corporate Governance, starting on page 45, and how we work with our goals and activities, primarily in Chapter 2 "Sustainable connections". The basis for our sustainability work is the Code of Conduct, our group policies and our sustainability strategy. The policy work is introduced on pages 21 and 24. The goals for our work are regularly followed up with both management and the board, which since 2021 also has an ESG spokesman / ambassador.

Risk and issues management belongs to the overall work with risks at GlobalConnect.

For more information see Board of Directors' Report. In 2021, we also took an extra look at risks along the value chain in the work with the materiality analysis.

How the strategic work with our focus areas for sustainability as well as the outcome of these, is presented in Chapter 2. From the table below you can find information on specific topics such as Human Rights, Anti-corruption, etc.

Subject Area	Overview	Social conditions & employees	Environmental	Human Rights	Anti-Corruption
Business model	4, 7, 14, 48				
Policy and results	21, 24	34, 35, 38	21, 28, 29	38	29, 39
Risks and Management of those	21, 24, 37-38	37	28-31	38	39
Objectives and results	28-39	34-37	28-31	38	29, 39

SUSTAINABILITY STRATEGY AND MARKET TRENDS

Market Trends

Sustainability is gaining momentum, and we know from our stakeholders and owners it will increasingly be at the top of their agenda. We are therefore looking at a future, where the societal context for businesses is changing in several dimensions.

Stakeholders are demanding that corporations include sustainability on the agenda. Consumers, as an example, have begun to demand products that have a positive impact on either the environment or society. This is a consequence of both a mounting sense of urgency to mitigate climate change impact, but also a rising expectation that corporations can no longer take their existence and license to operate in society as a given. It is expected that corporations have a clear and powerful purpose for existing and operating, all of which show genuine concern and visions for their surrounding society and environment.

Consumer expectations are only touching some of the dimensions of the societal context that is changing in terms of sustainability. For investors and shareholders, sustainability has likewise become high on their agenda. According to New York-based university Stern, this is logical as several studies have found that corporations with sustainability initiatives appear to drive a better financial performance due to mediating factors such as improved risk management and innovation. Hence, integrating ESG performance in all corporate analysis and investment decisions has steadily become widespread among corporations.

To satiate investor demand related to integrating ESG issues in more aspects of a corporation's strategy and operations, transparency and tracking have become central. Corporations are now reporting on several "scopes" of greenhouse gas emissions all with ambitious targets to reach. For environmental targets, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF), CDP, and the UN Global Compact have jointly launched the Science Based Targets initiative (SBTi): A set of framework and tools for companies to set science-based net zero targets and limit global temperature rise above pre-industrial levels to 1.5°C.

The themes described above have all been pivotal in formulating our new sustainability strategy which will be unfolded in the coming section.

Climate change and environmental concerns

Long-term value for society and investors

Tracking transparency

Genuine sustainable corporate purpose

Products and service with positive impact on society and environment

SUSTAINABILITY STRATEGY AND MARKET TRENDS

Create Sustainable Impact

In 2021, we built upon our sustainability efforts described in our first joined CSR report published in 2020. We raised our ambition levels for our customers, suppliers, employees, the environment, and ourselves as an organization.

Our increased efforts were reflected through 2021 by increasing the transparency on our environmental impact. This year we began reporting on our greenhouse gas emissions (GHG) on both scope 1, 2 and 3. Likewise, GlobalConnect increased the ambition level on social responsibility by introducing progressive gender and equality goals, as well as a new whistle-blower function.

The revised strategy was formulated in 2021. In late 2021, GlobalConnect launched The Impact Program that consists of three strategic pillars on how to make a difference within Environmental, Social and Governance aspects. It will be fully implemented during 2022.

GlobalConnect believe that sustainability will play a significant role in supporting our strategic growth journey, by empowering and positively impacting the environment we operate in, our current and future talents, the investments we make and our daily ways-of-working. Integrating sustainability into our organizational strategy is what The Impact Program will exactly do.

Our three strategic pillars

01 Environmental
Transparent and innovative solutions for less planetary impact

02 Social
Social impact and strong stakeholder alliances & guidance

03 Governance
Responsible governance of our organization, activities and ways of working

LOOKING AHEAD

The GlobalConnect Strategy is Sustainable

It is claimed there should be no specific strategy for sustainability – but rather a company's sustainability plan should be integrated into the corporate strategy. On that we agree.

Highlights for the year to come 2022:

- Educate and engage the organization in the ESG Framework
- Start an SBTi (Science-Based Targets) process in Q1, 2022
- Launch transformational sustainability KPIs to support our strategic progression

GlobalConnect has a plan that looks forward to 2025 and how sustainability can be brought to life: The Impact Program. It covers from the end of 2021 to 2025 and focuses on fast maturity in all ESG perspectives. In 2021, GlobalConnect worked with focus areas and their enablers in a CSR approach.
Now we are stepping into 2022 and beyond with the strategic aim of addressing environmental, social and governance factors. In short, we are moving into an ESG universe together with our stakeholders. We are the same company, and our aim is the same, but we will frame our sustainability work differently – not least to use the same narrative and language as our friends and peers. And to create even more engagement and enthusiasm, both internally and externally.

Making an impact is making a difference - be it less CO_2, or a deeper conversation with a customer. We have launched a plan through which specific initiatives and steppingstones will help us to become an increasingly mature speaking partner and sounding board. We understand that we will never be perfect – but our roadmap for the next few years aims to get us in the right direction.

ENVIRONMENTAL RESPONSIBILITY

Responsibility Beyond Generations

You have to be able to help yourself in order to help others. Parties throughout our whole value chain, ourselves included, have homework to do. We get to know ourselves better every day – the efforts determining our footprint and emissions overview over the past year have been about creating a fair baseline for our target setting ahead. In 2022, we are stepping into a science-based target process.

Our efforts align with the UN Agenda 2030 Sustainable Development Goals. GlobalConnect is working on the share of RE in our global energy supply and ensuring reliable energy services. In starting to report GHG emissions, we are increasingly learning and creating awareness in the organization about our impact.

In 2021, we conducted a sound double materiality assessment to understand where our customers and suppliers are on their journey towards decarbonization and reduced planetary impacts. Clearly, an intensified dialogue is sought after – high and low. From visions of mitigation to footprinted datacenters. And we welcome this.

ENVIRONMENTAL RESPONSIBILITY

Objectives 2021

GlobalConnect is on a committed green journey – increased sustainable services, processes, and habits. For 2021, it was constituted in an overarching climate-oriented focus area called "Creating a greener GlobalConnect to reduce negative impact".

Objective 1

Complete a full GHG emissions assessment, Scope 1, 2 and 3.

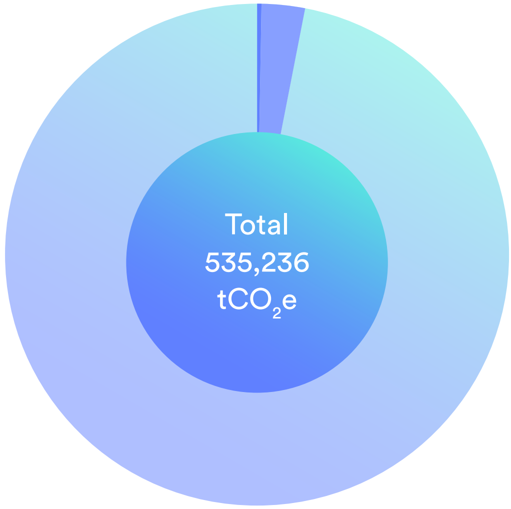
GlobalConnect is assessing the planetary footprint of our operations starting 2021. This year GlobalConnect approached the Greenhouse Gas Protocol Assessment attempting to find a baseline.

GlobalConnect emitted 535,236 tCO_2e in 2021:

- Emissions from GlobalConnect's direct operations, known as Scope 1 and Scope 2, accounted for just 0.28% of the GHG emissions.
- The vast majority of GHG emissions (99.72%) come from activities in its supply chain, in Scope 3. As a result, that is where GlobalConnect will be likely to focus most of its efforts.

We work closely with our suppliers, owners and customers in order to improve our ability to cooperate and exchange data. Many of the best conversations we have had with our stake-holders on joint efforts for climate reduction haves also been about transparency, increased dialogue and alliances.

GLOBALCONNECT GHG EMISSIONS
by Scope in tCO_2e, 2021



Results:

0.28% SCOPE 1
Emitted directly from sources we own or control (natural gas, fuel for vehicle fleet).

0% SCOPE 2
Emitted indirectly from the generation of purchased energy like electricity and heating/ cooling network.

99.72% SCOPE 3
All other indirect emissions in our value chain, both upstream and downstream, such as sourcing and use of sold products.

Based on a site categorisation and reporting which is being reviewed and refined during 2022.

Objective 2

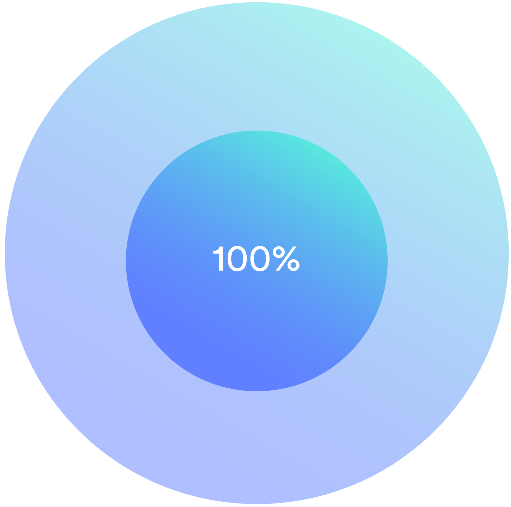
100% operated by renewable energy throughout the group

GlobalConnect is committed to having 100% use of renewable energy through the Group – and is constantly working on understanding our direct and indirect use throughout the business to make sure that we can make an impact along the value chain.

The results are a combination of moving over to a green supply and any gaps are covered by a green certificate.

RENEWABLE ELECTRICITY SHARE

% share of verifiable renewable electricity consumption



Results:

100%
RENEWABLE ELECTRICITY

Objective 3

Introduce an sustainability oriented policy per country (policies, frameworks & certifications)

Governance, integrity and compliance behaviour are one of GlobalConnect's core principles. Our GlobalConnect Code of Conduct and Code of Conduct for GlobalConnect Suppliers support our strategy and help to protect our values. They are supplemented by a set of policies implemented in the main business areas, such as:

- Legal and Regulatory including Anti-bribery and corruption Policy, General Privacy & Data Protection Policy, Competition Policy, Whistleblowing Country Policies
- Security Policies, supported by directives and instructions
- Procurement Policy
- Communication Policy
- Human Resources policies and related guidelines

To support effective governance and ensure compliance with our guiding principles, the Corporate Governance and Compliance Framework was approved by the Board of Directors in 2021. Together with the framework, Policy Hub was established to harmonize our steering documents and give an easy access for our employees.

To support effective governance and ensure compliance with our guiding principles, the Corporate Governance and Compliance Framework was approved by the Board of Directors in 2021.
In 2021, we also used the increasing set of topics and queries from customers in the materiality assessment to understand what are of importance of policies and certifications to our stakeholders.

ENVIRONMENTAL RESPONSIBILITY

Key Environmental Actions and Events

Highlights of key actions and events from 2021 by country:

Denmark

- Our Taastrup Datacenter at Hørskætten received an energy A+ rating thanks to the implementation of a new cooling system.
- The majority of our Danish workforce moved into the sustainability profiled office in Havneholmen. Although we moved into the building at the end of 2020, we did not start using the green facilities until 2021 because of Covid-19.
- Havneholmen has a state-of-the-art sustainable canteen with an ecological approach and solutions to support the close environment.
- In latter part of 2021, GlobalConnect Denmark initiated a study comparing energy efficiency of a 5G and Fiber usage. The results showed the environmental advantage of using Fiber, given that it is 13 times more efficient than a similar mobile use, thus affecting the environment to a much less extent.

For 4G the study shows an advantage of 27 times. By measuring energy consumption, GlobalConnect works towards being able to offer customers knowledge about the environmental impact from the infrastructure and services they use.

Norway

- Pursuing re-certification process for ECO-Lighthouse with a deeper understanding since 2018. We aim to strengthen our reputation and demonstrate our ability to meet customer expectations in working with environmental and sustainability questions on a continuous basis.

Increasing focus on spreading knowledge on the environmental benefits of microtrenching with less environmental and social impact on the community when establishing fiber. Our engagement in IKT Norway (Norwegian ICT industry organization) for a more sustainable infrastructure is a good example of this.

Finland

- Prosumer(1) production of renewables made up 7.7 MWh, covering the majority of Finland's energy use. The production sites are in Raisio (outside Åbo) and on the island of Åland. Both were established in 2008 as backbone nodes.

7.7 MWh

PRODUCTION OF RENEWABLES

Germany

- Signed new green energy deal in the middle of 2021 committing to 100% renewable energy – ensuring compliance aim throughout GlobalConnect Group.

100%

RENEWABLE ENERGY

Sweden

- Environmental ISO 14501 (International Organization for Standardization) certification renewed for the B2B business in Q4 of 2021.
- In Sweden, GlobalConnect was the infrastructure actor that contributed the most to the roll-out of household connectivity, which not only decreased digital divide but is also crucial to Sweden being able to meet its 2025 broadband goal.
- A campaign initiated by GlobalConnect employees was rolled out to ensure connectivity for a crucial but non-equipped Covid-19 test center in Uppsala.
- Our datacenter in Hammarby Sjöstad agreed in June 2021 to let its wasted energy be used to heat Stockholm's district heating supply. Of the total heat load from the datacenter, 100% is sent to be used for heated water. Stockholm Exergi's heat exchangers uses this to create hot tapwater, along with heating residential areas.

175 tons/year

CARBON FOOTPRINT REDUCTION

1) A producer who consumes the production – fully or partially

CASE - EMPOWERING TAASTRUP

Green Datacenters for a Sustainable Future

An important part of our infrastructure is our datacenters which are responsible for managing and processing data daily for organizations all over Northern Europe. Datacenters require a significant amount of energy to operate, which some see as a challenge, but we see as an opportunity to innovate and provide a sustainable product offering to our customers.

1.28
POWER USAGE EFFECTIVENESS (PUE)
NEW DATACENTERS

25%
LOWER THAN THE EU PUE AVG. (1.7)

30%
LOWER THAN THE US PUE AVG. (1.8)

When we build new datacenters or expand existing structures, sustainability is an integral part of our business plan and vision. Consequently, we always use the most efficient components as possible to keep our energy usage to a minimum. This is why our new datacenters 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 have a PUE of 1.7 and 1.8 respectively.

Heating up Taastrup – for free!
This year we entered into an agreement with the Danish Høje-Taastrup municipality where we have a large datacenter. Here we will deliver excess heat produced by our datacenters to its shared heating system operated by Høje Taastrup Fjernvarme. The agreement means we will contribute enough waste heat to warm a few thousand households in the area. Moreover, all the homes heated by our datacenters will receive the heating for free.

The agreement means that we will be able to contribute enough excessive heat to Høje Taastrup Fjernvarme to heat approximately few thousand households in the area. Moreover, all the homes heated by our datacenters will r eceive the heating for free.

The agreement was possible because one of our datacenters was conveniently located within a short distance of the main pipes of the municipality's heating system. Therefore, a connection could easily be established. Proximity is crucial, as it is both cost efficient for the heating provider and easy to establish a connection.

Going forward, this means when we build new datacenters, placing facilities close to heating infrastructure will be an important decision criteria.

SOCIAL RESPONSIBILITY

Outwards in – Inwards out

Our social commitment as a company is two-fold. On the one hand, we have taken on the challenge of vitalizing and enabling a sustainable community, ensuring high-speed connectivity for everything from your home office to public critical infrastructure such as hospitals.

On the other hand, we are also hardworking employees with ideas and visions of how digital infrastructure can best be built and supported. We take pride in guiding, innovating and sharing that inner ambition with our stakeholders. We know that to be at our best, we also need to ensure the wellbeing and competence of our GlobalConnect team of talent – past, current and future.

5 GENDER EQUALITY

To create an innovative and well-functioning organization, we believe that a diverse workforce is key. We make sure all perspectives are considered in decision making and business development. Besides playing a key role in our success, diversity is important for the development of our industry and society at large.

10 REDUCED INEQUALITIES

No matter your ethnic background, age, sexual orientation or how you identify, at GlobalConnect we strive to make everybody feel welcome as we see diversity as a strength. In line with the social dimensions of the 2030 Agenda to which we are committed, GlobalConnect facilitates and ensures equal opportunities and inclusion. We also continuously work with increasing skills and abilities across the company.

SOCIAL RESPONSIBILITY

Objectives 2021

As a leading player in our industry, our actions speak louder than words and help drive change, even outside our organization. During 2021, we continued our initiatives and started new projects related to becoming “A preferred place to work” by creating a workplace open for everyone.

Objective 1

Setting gender equality goals for 2025

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

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

Our gender ratio of women in the Executive Leadership Team (ELT) of GlobalConnect Group has decreased slightly from 45% in 2020 to 42% in 2021. GlobalConnect is proud to already be meeting the EU’s 2025 Gender Equality goals by having a female CEO in Denmark, Sweden, and Norway. Our strategic product area METEC is also headed up by our most recent female ELT member.

50/50

IN EXECUTIVE LEADERSHIP TEAM

40/60

IN LEADERSHIP POSITIONS (L2)

30/70

IN THE ENTIRE ORGANIZATION

Objective 2

Equal pay for equal work

During 2021, we worked with an external advisor, Mercer, to build structure around the company's jobs to create a foundation from which we can draw analytics about, for example, pay related to gender equality: equal pay for equal work.

The conclusion from our external advisor is that GlobalConnect is overall on par with the market and that we reward employees equally regardless of gender. As of January 2022, we launched our company-wide HR Information System, PeopleConnect, which contains all employee-related data, including compensation. This will allow us to apply continuous analysis and focus to ensure we live up to the guiding principles established in our common Group policy for compensation.

We want to:

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

Every year we will also report and act upon analysis of equal pay for equal work. Even if this is only required by law for Sweden and Norway, we have decided to implement the analysis in all GlobalConnect countries. The analysis will be used as key input to the salary process to promote fairness and equality.

To make sure we track progress, both reward and the impact on engagement are part of our bi-weekly survey. For example, the score for the question 'The processes for determining pay in our organization seem fair and unbiased' is measured. Happily, we can report positive progress. Currently, we are in the mid-tier of the benchmark for technology companies.

Objective 3

Introducing third party whistle-blower function

We will strive to make everyone promoters. We have recently introduced a third party whistle-blower arrangement, ensuring employees safe access to reporting e.g., harassment.

In parallel, we also follow comments in our Peakon[1] employee engagement tool, having alerts set on selected words in comments made by employees. Comments are anonymous. However, the tool allows for correspondence between the leader or HR and the employee without knowing the identity of the employee.

Objective 4

Introducing mandatory diversity program for leaders

Introduce a mandatory diversity program for leaders – to develop and learn more about creating an inclusive and diverse working environment.

[1] Peakon = tool for employee engagement.

Human Relations

8.9 OUT OF 10
'People from all backgrounds are treated fairly at GlobalConnect'

8.7 OUT OF 10
'I'm confident I won't be subject to harassment at GlobalConnect'

7.8 OUT OF 10
Engagement score at GlobalConnect

At GlobalConnect we are very proud that the top score of the 2021 engagement result for our bi-weekly engagement survey is to the question 'People from all backgrounds are treated fairly at GlobalConnect'. The score is 8.9 out of 10 (0.2 above our True Benchmark) with 70% of our employees being so-called promoters and only 6% detractors.

GlobalConnect is equally proud of the result for the category 'I'm confident I won't be subject to harassment at GlobalConnect'. The score is 8.7 out of 10 (0.4 above our True Benchmark) with 67% of our employees being promoters and only 9% detractors[1].

Overall, the engagement score for GlobalConnect ended at 7.8 in 2021, 0.1. short of our target of 7.9. GlobalConnect is in the mid-tier when benchmarked against other technology companies and is striving to become a top 25 percentile company. Like everyone else, there has been an impact from a year of extensive working from home due to the world-wide pandemic. Even though this has had an impact on our company-wide engagement, we have still managed to maintain and grow our engagement score.

[1] detractors score 0-6 on a score from 0-10

People-Oriented Risks

Human relations risks	Description of risk	Action on risk	
Employee Health & Safety, Well-Being  **8.0 OUT OF 10** 'My physical work environment contributes positively to my ability to do my job'  **7.6 OUT OF 10** 'GlobalConnect Group really cares about my mental wellbeing'	Safety and health at workplace and well-being related to office work and/or production facilities. (e.g. sick leave, work life balance, stress and absenteeism, indoor air quality, adverse events that may interfere activities, psychosocial work environment). Mental health related to bullying, harassment and discrimination.	In Peakon we monitor employees' views about the physical work environment. Likewise, we ask employees about whether they believe GlobalConnect cares about their mental wellbeing. In addition, data related to e.g. sick leave, is captured here. In 2021 the scores were: • 8.0 for 'My physical work environment contributes positively to my ability to do my job' which is 0.3 above our True Benchmark and in the mid-range of the Technology benchmark. • 7.6 for 'GlobalConnect Group really cares about my mental well-being 0.3 below our True Benchmark and in the mid-range of the Technology benchmark.	Hence 2021, GlobalConnect launched a number of initiatives to improve both the physical and mental health of our employees. The initiatives are: • Boost by Fia / BlueCall • VitalityGuard • HealthCheck In addition, the Group conducts work environment surveys where the outcome is discussed in regular meetings in the working environment committees to ensure actions are taken and where needed improvements are implemented. Every year – depending on the input in Peakon and working environment committees – actions are decided both at a Group level and local level. For 2022, Manager Support is identified as an area where we want to increase the scores related to Manager support to employees.
Talent Management	Talent attraction, retention, development, and work satisfaction are key to secure a healthy working environment, maintain and attract highly skilled employees and support growth.	We believe in having engaged employees beyond average will have the benefit of both attracting and retaining our talent. Reaching our engagement target is an essential part of the strategy to become a preferred workplace and an employer of choice. We closely monitor engagement in our bi-weekly engagement survey to understand the trend.	Like any other company, GlobalConnect faces a tough market situation and one of the HR's strategic priorities during 2022 is to further develop our Talent Acquisition & Development capability.
Diversity and Inclusion	Gender composition of management, gender pay ratio and HR processes to ensure inclusive work culture. Setting the standards for moving diversity and ensuring a true representation of society both in top management and throughout the organization.	We closely follow the engagement scores related to Diversity & Inclusion in our online tool Peakon to detect any warning signs.	Through working with external advisors such as Mercer we will use analytics about pay e.g. related to gender equality, equal pay for equal work.

SOCIAL RESPONSIBILITY

Human Rights

As a socially responsible company, GlobalConnect abides by its corporate Code of Conduct. In addition, GlobalConnect requires that local and international suppliers and subcontractors live up to the standards laid down in our Supplier Code of Conduct, including respect for human rights, decent working conditions, and zero tolerance of child labor.

GlobalConnect's Code of Conduct further stresses our commitment the commitment to human rights. All new employees sign the code, as well as going through an onboarding program where they are trained about our ethical standards and values.

Focus on supply chain
GlobalConnect is a company that continuously strives to maintain high ethical standards in our work, and we therefore expect the same high standards for our standards from our suppliers. As a chain is never stronger than the weakest link, we wish to ensure growth and success in a sound manner together with our suppliers. Using this connection, we have clearly outlined what Corporate Social Responsibility means to us and what we therefore expect from our suppliers. We expect our suppliers to respect human rights and labor rights, as described in the UN Global Compact goals, which deal with the basic principles and rights in the performance of work. In 2022, we are also joining the UN Global Compact initiative.

Human Rights Risks

Supply
Labor Conditions at Sub-Contractors
Risk of labor and/or human rights violations in the supply chain including living wage, working hours, safety, discrimination, privacy. We address these risks through continuous work with our Code of Conduct.

Anti-Corruption and Bribery in the Supply Chain
Risk of corruption and bribery in the supply chain. In addition to the Code of Conduct, GlobalConnect has an Anti-Corruption and Bribery Policy.

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

Own Operations
Business Ethics
Risk of compromising reputation or fines due to anti-competitive behavior, corruption, fraud or conflict of interests. GlobalConnect look after these risks through our conduct and policy work.

Use of Land and Impact on Local Communities
Ensuring the respect of land rights and its legitimate stakeholders. GlobalConnect addresses the impact on communities in sourcing of and communication with our suppliers for the establishment of infrastructure and maintenance.

Risks and Anti-Corruption & Bribery

GlobalConnect Group does not accept corruption in any shape or form, as we are committed to acting with integrity in everything that we do in and in all our daily business practices. We are entrusted with data from private companies, multinational organizations, as well as public authorities. Our anti-corruption strategy leans towards the UN Sustainable Development Goal of “Decent work and economic growth” and “Responsible consumption and production”.

Being a large company based in multiple locations and countries with more than 1,700 employees, many of whom are handling large contracts with private corporate companies and public authorities, poses a serious risk of bribery and fraud. It is essential that all managers at GlobalConnect Group are aware of these risks and continuously instruct and update their teams on our policies and guidelines in this area.

GlobalConnect has an Anti-Bribery and Corruption (ABC) policy in place - new employees are onboarded during their induction and are guided where to find further information when needed. For 2022, an e-learning tool is planned to be implemented.

GlobalConnect has a zero tolerance against corruption, bribery and money laundering. The Audit Committee and the Board follow up corruption, bribery and money laundering continuously throughout the year. During 2021, one case has been reported to the audit committee. An internal investigation was conducted, and there were no circumstances that indicated that further reporting was necessary.

CASE - EMPOWERING DENMARK

Enabling the Country's Digitization Strategy

The first Danish national digitization strategy was formed in 1996 and was most likely one of the first of its kind. It has been revised several times over the years and it has been supported by several hundred laws, a commitment that shows how prioritized digitization is for the Danish state.

Today, 94% of Danes have an Internet connection at home, 89% use it daily, and over a 12-month period, 88% interact digitally with public authorities. Needless to say, robust, secure and high-performing connectivity services are extremely important for a well-functioning Danish society. This also shows the significance of the assignment GlobalConnect Denmark won in 2021, when it was awarded its third consecutive public tender for Internet and data connection services for the Danish state – SKI (Staten og Kommunernes Indkøbsservice). It is a five-year joint public agreement, with the possibility of two one-year extensions, where GlobalConnect Denmark delivers connectivity to the public sector in all regions of the country, including 48 municipalities.

GlobalConnect Denmark has supplied services such as high-speed fiber connection to the Danish public sector since 2012 and will continue to do so in addition to adding new cloud and security services such as SD-WAN.

OUR GROWTH

Growing Our Reach

GlobalConnect deployed 12,500 km of fiberoptic network in 2021. This corresponds to the distance from Scandinavia to Uruguay. The network growth is a consequence of investing mSEK 4,856 in 2021 where total network reach ended up at 97,000 km year-end, covering all major and regional routes in the Nordic countries. Investments were deployed both in access networks to connect households and businesses as well as backbone capacity empowering higher bandwidth and hyperscaler customers.

GlobalConnect grew 2.5% organically on revenue in 2021 despite Covid effects and copper shut down in the Norwegian market. GlobalConnect operates in a sector where our extensive backbone is a strong driver for economies of scale. The Adjusted EBITDA margin increased by 3.3 pp from 47.1% in 2020 to 50.5% in 2021.

FTTH roll-out

GlobalConnect has established a fast-growing FTTH platform with a proven rollout track record, connecting more than 572,000 homes passed (HPs) across markets.

In 2021, we passed an additional 95,000 homes. The total B2C homes connected was 437,500 by the end of 2021 after adding 64,000 new FTTH customers throughout the year. The fiber roll-out machinery resulted in a 35% organic growth of FTTH recurring revenues in 2021.

The Scandinavian governments' ambitions to grow fiber deployment coupled with subsidies available in certain markets for FTTH further enabled growth. In 2021, in Sweden and Norway in particular, GlobalConnect were supported by government subsidies for broadband rollout in rural areas to empower digital growth.

Growing with the customers

GlobalConnect see a growing demand for fiber to the business (FTTB), hyperscaler and datacenter connectivity due to rapid business data consumption growth (c.20% p.a. until 2023) driven by an increasing demand for high bandwidth, IT outsourcing and other network solutions.

2.5%
ORGANIC REVENUE GROWTH 2021

12,500
KM OF FIBEROPTIC NETWORK DEPLOYED IN 2021

35%
ORGANIC MRC FTTH GROWTH 2021

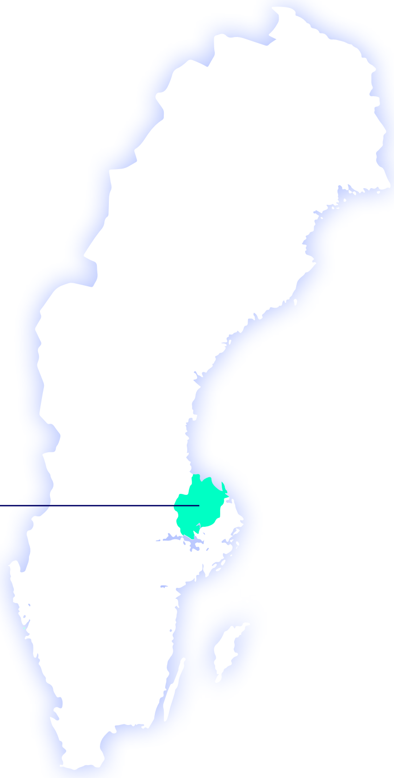
437,500
HOMES CONNECTED ACROSS MARKETS IN 2021

3.3 pp
ADJUSTED EBITDA MARGIN INCREASED 2021

572,000
HOMES PASSED ACROSS MARKETS IN 2021

CASE - EMPOWERING UPPSALA

Building a Sustainable and Prosperous Uppsala



1.9 BILLION SEK
Invested in Uppsala's fiber rollout

450
Institutions connected

30,000
Households connected

The start of GlobalConnect Sweden can be traced back to Uppsala more than 20 years ago. Uppsala is Sweden's fourth largest city while the Uppsala region has a population of nearly 400,00 people. Being Sweden's academic mecca with a massive student population, Uppsala consists of both a significant urban, as well as rural community. The latter is extremely dependent on robust connectivity, as its residents rely on it in order to work and live, and it is pivotal for industrial life to develop and prosper.

GlobalConnect Sweden is Uppsala municipality's dedicated connectivity partner, offering internet (WAN) access, and empowering the municipality to communicate with its 450 locations, such as schools, pre-schools, group homes, and geriatric care. We ensure that it is society critical operations are protected from cyberattacks with GlobalConnect's IT security services.

Uppsala municipality prioritizes its residents, offering public Wi-Fi services empowered by GlobalConnect. GlobalConnect Sweden, has invested SEK 1.9 billion in its fiber rollout in the Uppsala region – building and operating an open-access fiber network to private households. To date, GlobalConnect has connected almost 30,000 households with FTTH and is one of the main contributors helping Uppsala to reach the Swedish government's 2020 broadband targets.

CASE - EMPOWERING POWER

Building a Future-proof Foundation Ready for Growth

POWER is one of Norway's largest and electronics retailers, with 200 stores and 4,400 employees, and is still growing. It not only operates hundreds of stores, but also a state-of-the-art e-commerce web shop, ensuring a customer-centric shopping experience, no matter what channel its customers choose when purchasing from POWER.

The retail chain's network solution was approaching its capacity limit, and therefore needed a new and future proof infrastructure setup, which could grow and develop as needed. GlobalConnect Norway won the assignment to replace POWER's self-propelled setup with a robust, automated and scalable solution. A solution where GlobalConnect takes care of the full end-to-end connectivity setup, allowing POWER to free up time and focus on what they do best, operating their core business.

POWER's large-scale operations and high ambitions to deliver a smooth multi-channel customer experience sets high demands on connectivity and IT. And on GlobalConnect as a partner.

With Managed LAN, POWER gets a full network solution, as well as a local area network and a high-performance wireless network with 24/7 monitoring that includes proactive troubleshooting and support; and a service that can easily scale with new services and location expansions. In GlobalConnect, POWER has a digitization partner with which to grow and develop.

4,400
EMPLOYEES

200
STORES

GOVERNANCE & FINANCIAL

Profitable Connections

GlobalConnect is committed to ensuring good corporate governance behavior to enable long-term value creation. The objective of corporate governance is to regulate the division of roles and cooperation between shareholders, the Board of Directors and the Executive Leadership Team.

Nordic Connectivity's Annual accounts and consolidated accounts for the financial year 2021 comprise pages 53-103.

OUR GOVERNANCE

Corporate Governance

1. Implementation and reporting on corporate governance

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

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

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

2. Business

The Group's business is defined in the Group's Articles of Association, which states that "the company's object 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.

3. 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.

4. 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.

OUR GOVERNANCE

Corporate Governance

5. The work of the Board

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

The day-to-day management has been delegated to the CEO who is responsible for the operational management of the Group. Martin Lippert was CEO of the Norwegian business Broadnet since 2013, continuing as Group CEO following the merger with danish GlobalConnect in 2018, and subsequently combination with swedish IP-Only in 2020.

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.

6. Audit Committee

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

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

The members of the Audit Committee are:

- Per Morten Torvildsen (Chair)
- Mika Saukkonen
- William Lindström
- Christian Braathen (Observer)
- Hugo Wieslander (Observer)

OUR GOVERNANCE

Corporate Governance

7. Risk management and internal control

In 2021, the Board of Directors established an internal audit function. The Group Internal Audit (GIA) reports to the Audit Committee and is independent of GlobalConnect's general management structures. The Group Internal Audit Charter was approved in November 2021.

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. GIA evaluates the corporate governance, risk management and control environment of GlobalConnect's business processes. GIA's mandate covers all operations at GlobalConnect Group and its majority-owned subsidiaries.

In December 2021, the GIA Audit Plan was approved, and it will be executed in 2022.

Audit reports will be issued as a result of GIA's engagement. 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 will also review effective implementation of management actions and assess whether the risks have been sufficiently mitigated.

GIA will cooperate with other assurance providers to ensure proper coverage and, at the same, minimize potential duplication of works. GIA will regularly report the status of the execution of the Audit Plan, the results of its engagements and the status of management action plans to the Audit Committee.

8. 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 2021 provide information on the remuneration in 2021.

9. Remuneration of executive personnel

The remuneration paid to executive personnel is decided by the Board of Directors. The notes of the Financial Statements for 2021 provide information on the remuneration in 2021.

10. 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.

OUR GOVERNANCE

Sustainability Governance

Our commitment to sustainability is strong and is a sound pillar in our business model. We think that our vision and our values together with responsible growth and solid financial performance create, the foundation for a sustainable contribution to society and planet.

Sustainability is a strategic priority for the Board of Directors and Management. The Board approves and monitors the iterations of strategy as well as the rollout. Possibilities, risks and strategic steps are reviewed here. GlobalConnect also has an elected ESG Champion on the Board, who can guide the central sustainability team belonging to the CEO Office. Focus areas and metrics are approved by ELT and the Board of Directors annually, and progress has been reported monthly since 2021. The owner of the sustainability targets is the Group CEO, whereas the action plans and progression reviews are owned by the central sustainability team. The latter is a global function whose role is to ensure implementation in the networks in the operating units through a community of practice and reporting. Responsibility for national implementation lies with the country CEOs.

The sustainability team of GlobalConnect is responsible for identifying needs and opportunities across countries and looping necessary information and insights back to management. The sustainability team is also responsible for coordinating our strategic roadmap and ensuring the fit with the activities in our business community. Their roles are organized closely to Strategy, HR, Legal/Compliance and Procurement. The team also ensures collection and consolidation of data from the organization to provide information to requestors such as owners, investors, customers and suppliers.

OUR GOVERNANCE

Executive Leadership Team 1/3

Martin Lippert
CHIEF EXECUTIVE OFFICER

Martin Lippert has more than 30 years of experience in the telecommunications industry. He became CEO of GlobalConnect in 2018 after the merger with the Norwegian telecommunications company Broadnet, where he had been CEO since 2013. He has also held management positions at TDC, including CEO for TDC Business and COO for TDC.

Henrik Schibler
CHIEF FINANCIAL OFFICER

Henrik has more than 20 years of experience in finance, 15 of which as CFO. In addition, he is a board member of the Swedish manufacturer and nanosatellite supplier GomSpace. Prior to joining GlobalConnect, Henrik was COO and CFO at the Danish facility management company ISS A/S. He has also held the Group CFO title at the Finnish technology service company, Tietoevry.

Louise Hahn
COUNTRY CEO DENMARK & HEAD OF B2B DENMARK

Louise joined Globalconnect in 2019. Prior to this, Louise spent more than 15 years at the Danish utility company Ørsted (previously DONG A/S) where she held several management positions, the latest being Managing Director (SVP) for Ørsteds B2C unit.

Charlotta Rehman
COUNTRY CEO NORWAY & HEAD OF B2B NORWAY

Charlotta was appointed CEO of GlobalConnect Norway in 2020. Before that, she was COO for GlobalConnect. She has more than 25 years of experience in the telecommunications industry. Prior to joining GlobalConnect, she spent 25 years with Telia in a variety of management positions such as country CEO of Norway and Deputy CEO for Telia Sweden.

Regina Donato Dahlström
COUNTRY CEO SWEDEN & HEAD OF CARRIER

Regina was appointed CEO of Sweden and Head of Carrier in 2020 after being Head of Enterprise of IP-Only for almost two years. She has almost 20 years of experience in the telecommunications industry having held management positions in TeliaSonera, as well as being CEO of the Swedish mobile operator Halebop.

OUR GOVERNANCE

Executive Leadership Team 2/3

Henrik Hammerström
HEAD OF B2B SWEDEN

Henrik has more than 20 years of experience in telecommunications and IT. Before joining GlobalConnect, he held management positions in Telia Sverige including Head of Telia Large Business.

Brynjar Andersen
HEAD OF B2C NORWAY

Brynjar was appointed Head of B2C Norway in 2018 after being CCO of HomeNet since 2015. He has more than 20 years of experience in the telecommunications industry including management positions in Viken Fiber and Lyse AS.

Fredrik Borg
HEAD OF B2C SWEDEN & DENMARK

Fredrik has almost 15 years of experience in telecommunications from Telenor and Ericsson. Before joining GlobalConnect, Fredrik held management positions in Telenor Sweden, the latest one being as Head of Mobile Networks.

Yan Zheng Rehman
HEAD OF DIGITAL SOLUTIONS

Yan has more than 18 years of professional experience from the global strategy consulting firm McKinsey & Co, as well as the Danish digital payment provider NETS A/S as SVP of Value Added Services, Emerging Products and M&A.

OUR GOVERNANCE

Executive Leadership Team 3/3

Anders Kuhn Saaby
CHIEF TECHNOLOGY OFFICER

Anders joined GlobalConnect in 2017 as VP of Outsourcing Services. He has more than 20 years of professional experience from the telecommunications and IT industry. Before joining GlobalConnect, Anders served as CTO for the Danish hosting and online solution provider One.com.

Jacob Zentio
CHIEF INFORMATION OFFICER

Jacob has almost 30 years of experience from the telecommunications industry. He has held various management positions in Alcatel-Lucent (now Nokia), TDC, and, most recently, the Danish telecommunication and utility provider Norlys where he held the CIO and CTO positions, as well as being COO for Norlys Digital.

Jannie Laurberg
CHIEF PEOPLE, CULTURE & STRATEGY

Jannie has close to 25 years of experience with her most recent position being Head of Global HR, Finance, Strategy & Transformation at A.P Moller - Maersk A/S. Before that, she spent almost two decades with the global consulting company Accenture, where she had client and P/L responsibility primarily for B2B clients within the products industries.

Kamran Alemdar
CHIEF MARKETING & COMMUNICATIONS OFFICER

Kamran has close to 20 years of marketing and communications experience from the telecommunications, IT and Financial Services industries. He has held management positions at Three Sweden, the Swedish consultancy firm Cohn & Wolfe and other companies. Before joining GlobalConnect, he served as Global Marketing Manager for the Swedish FinTech company Klarna.

OUR GOVERNANCE

Board of Directors

Eric Elzvik
CHAIR OF THE BOARD

Eric Elzvik served at ABB as Group CFO and Member of the Executive Committee between 2013 and 2017. He joined ABB in 1984 and held a variety of leadership positions in ABB in Sweden, Singapore, and Switzerland, including CFO for the divisions Discrete Automation & Motion and Automation Products, Head of Mergers and Acquisitions and New Ventures, and Head of Corporate Development. Since 2017, Eric has been a Senior Advisor for EQT partners. Eric currently serves as a member of the Board of LM Ericsson, Sweden; AB Volvo, Sweden; Landis & Gyr Group AG, Switzerland; and VFS Global, United Arab Emirates. Eric previously served as Chair of IP-Only, Sweden, and as a member of the Board of Fenix Marine Services Ltd., United States.

Education: Eric holds a Master of Business Administration (Civilekonom) from the Stockholm School of Economics.

Pernille Erenbjerg
BOARD MEMBER

Pernille Erenbjerg served as Group CEO & President for TDC between 2015 and 2018 and as Group CFO between 2011 and 2015. Before joining TDC, Pernille was a Partner at Deloitte and worked at Arthur Andersen as an auditor and consultant. Pernille currently serves as Chair of the Board of Nordic Entertainment Group AB, Sweden; Deputy Chair of the Boards of Genmab, Denmark and Millicom, Luxembourg and as member of the Board of the RTL Group, Luxembourg. Previously Pernille has served as member of the Board of Nordea, Sweden and as Deputy Chair of the Board of DFDS, Denmark.

Education: Pernille holds a Master of Science in Economics from Copenhagen Business School

Per Morten Torvildsen
BOARD MEMBER

Per Morten Torvildsen has a background of 30 years in senior executive roles and board positions within the telecommunications industry, including CEO of TDC Norway and CEO and Chairman of the Ventelo Group. Since 2011, Per Morten has been a Senior Advisor to EQT Partners. During his career, Per Morten has held over 20 board positions with telecom, technology, and energy companies. Most notably, he has served as Chairman of the Board of Broadnet, Norway; member of the Board of InFiber, Norway; member of the Board of Tampnet, Norway; and member of the Board IP-Only, Sweden.

Education: Per Morten holds a Master of Business Administration from the Norwegian School of Management and a Master of Science in Technology Management from the Massachusetts Institute of Technology.

Carl Sjölund
BOARD MEMBER

Carl Sjölund is a Partner at EQT Partners and part of the Digital Infrastructure and Transportation sector teams. Prior to joining EQT Partners, Carl was in the Mergers and Acquisitions team at J.P. Morgan in London, primarily focusing on telecom and transportation transactions. He currently serves as member of the Board of Torghatten, Norway and Molslinjen, Denmark. Previously Carl served as deputy Board member of NORD, Denmark; member of the Boards of Mongstad Group, Norway; Tampnet, Norway; WASH, United States; and Zayo, United States.

Education: Carl holds a Master of Science in Finance from the Stockholm School of Economics.

Marco Visser
BOARD MEMBER

Marco Visser has a background of over 20 years in senior executive roles and Board positions in the telecommunications industry. Since 2017, Marco has been a Senior Advisor to EQT Partners and is currently serving as CEO of DELTA Fiber, a key telecom player in the Netherlands. Previously Marco served as CEO for M7 Group in Luxembourg and held various leadership positions at KPN in the Netherlands where he led the Mobile and Consumer divisions. Marco currently serves as Chair of the Board of Fiberklaar, Belgium, and as member of the Board of Deutsche Glasfaser, Germany. Marco also served as member of the Board of 9292 REISinformatiegroep in the Netherlands.

Education: Marco holds a Master of Business Administration from Nijenrode Business School and Temple University

Anders Ösmark
BOARD MEMBER

Anders Ösmark is currently employed as Head of Service Management for Sweden & Finland, GlobalConnect Sweden. He has broad experience from many companies in the telecommunications industry. Notably and most recently, he has been Manager for Sales Operations, Senior Manager in Product Development, Customer Service Manager, Product Marketing Director, and Business Development Manager.

Education: Anders holds a bachelor's degree in technology (Electronics and Communications) .

OUR RESULTS

The Board of Directors' Report

Financial Highlights (mSEK)	2021	2020
Revenue and other income	6,176	6,043
Profit before tax	-1,258	-1,157
Cashflow from operating activities	3,138	3,473
Total assets	53,614	49,540
Number of employees	1,723	1,716
Equity/asset ratio	32%	36%

Nordic Connectivity AB (559228-2353) is the parent company of the Nordic Connectivity Group, referred to as GlobalConnect. Nordic Connectivity AB owns the shares and finances the operations in the various subsidiaries. 99.3 % of the parent company shares are owned by Riddle HoldCo S.a.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 and Germany. GlobalConnect operates one of the largest networks in the Nordics with approximately 97,000 km of fiber network. The network covers all connectivity and infrastructure related services, including carrier business, 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 both B2C and B2B 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 mSEK 6,176 in 2021 compared to mSEK 6,043 in 2020. In 2021, EBITDA was mSEK 2,896 compared to mSEK 2,630 in 2020. The increase in EBITDA compared to last year was mainly due to higher sales and lower other operating expenses.

Depreciation and amortization increased from mSEK 2,611 in 2020 to mSEK 2,879 in 2021. The increase is mainly related to higher investments in infrastructure. Net financial expenses were mSEK 1,274 and is mainly related to external financing costs.

As a result, GlobalConnect had a loss of mSEK 1,122 i 2021, compared to a loss of mSEK 1,091 in 2020.

Financial position

GlobalConnect had assets of mSEK 53,614 at December 31, 2021 compared to mSEK 49,540 at December 31, 2020. The increase is mainly related to higher investments in infrastructure and refinancing in 2021.

At year end, GlobalConnect had current assets of mSEK 2,763, mainly related to bank deposits and trade receivables. GlobalConnect had equity of mSEK 17,310 at December 31, 2021 compared to mSEK 18,067 at December 31, 2020. The change consists of this year's losses.

The Group plans to continue its rapid rate of expansion in coming years, which will bring additional investment requirements. In June 2021 GlobalConnect accomplished a substantial refinancing process, where the Group committed a debt package of bnEUR 2.7 at attractive terms and conditions. This funding strengthens the financial platform of the Group and secures capital for further expansion within the Nordic and Northern Europe fiber space in the years to come. The refinancing process underpin the strong merits of the company, the trust to the company growth plan, its owners and Management team, but also the attractiveness of the fiber industry globally. GlobalConnect experienced significant interest for the extensive financing package that was presented to the international debt market, which at the end was oversubscribed and finally committed by a strong group of Nordic/ European Banks and global institutions.

As of 31 December 2021, GlobalConnect locked in fixed rates for mSEK 16,761 of total group interest-bearing borrowing of mSEK 25,524 against fixed rate derivatives. The estimated effect on annual profit after financial items due to a one per cent rise in this interest rate level is currently mSEK +332 (MtM effects). Without the interest hedge, the estimated effect on annual profit is estimated at approximately mSEK -255. Counterparty risk to GlobalConnect is spread to several industries where no single customer represents a significant share of sales. GlobalConnect has a credit policy and system support to ensure consistent and appropriate assessment and management of credit risks in the group. GlobalConnect's financial risk also relates to currency fluctuations. GlobalConnect operates in several countries with revenues and costs mainly settled in SEK, DKK, NOK and EUR. Changes in exchange rates will also affect the consolidated financial figures as the Group accounts are reported in SEK. GlobalConnect's financial position is sound and adequate, and the group is well positioned to settle short-term debt as of 31.12.2021 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, 2021, GlobalConnect had mSEK 660 in cash, down from mSEK 681 at the end of 2020. Free cash flow before Debt Service ended at mSEK -2,261 for 2021 vs. mSEK -2,633 in 2020. The Group continued to invest heavily in fiber-infrastructure across the Nordics.and total Capital expenditures ended at mSEK 4,856 in 2021 vs. mSEK 5,085 for FY2020. Excluding Capital expenditures, the Group generated a Free Cash flow of mSEK 2,643 for the full year 2021, up from mSEK 2,253 in 2020. Net Cash flow of the year is impacted by transaction-costs and refinancing charges related to the EUR 2.7bn. refinancing of the Group concluded in 2021.

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.

Covid-19 has had a significant impact on our society since 2020. The implemented measures to contain the spread of the virus, have proven the importance of our services. The group has recognized limited negative financial implications, primarily in certain sectors within our B2B operations, but there are still uncertainties related to the long-term implications of the pandemic.

Financial risk and risk management

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

Research and Development

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

THE WORKING ENVIRONMENT AND THE EMPLOYEES

GlobalConnect has seen positive results from initiatives taken to reduce absence due to illness and will continue its efforts to reduce the number of sick days and are exploring additional initiatives such as offering gym memberships and physical therapy.

GlobalConnect has reported three work-related injuries during 2021. The working environment is considered to be good, and efforts for improvements are made on an ongoing basis. Group climate surveys were conducted during 2021 and will continue during 2022. GlobalConnect's various working environment committees held regular meetings in 2021.

EQUAL OPPORTUNITIES AND DISCRIMINATION

GlobalConnect aims to be a workplace with equal opportunities and has included in its policies regulations to prevent discrimination regarding salary, promotion and recruiting. A key management target for GlobalConnect is to be a "preferred place to work". Key elements in this effort are management focus, leadership, employee-involvement, employee satisfaction, motivation and to develop employee competence. Surveys on the work environment are conducted on a running basis. An important objective is to detect gender discrimination concerning salaries, promotion and participation in internal offers of in-service training.

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

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

ENVIRONMENT

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

SUSTAINABILITY REPORT

The sustainability report for the 2021 financial year is included in the Annual Report, for further information see page 23.

SUBSEQUENT EVENTS

Following the recent events in Ukraine, considerations has been made as to the impact on the financial reporting of GlobalConnect. GlobalConnect does not have significant operations or exposures in Russia, Belarus or Ukraine. There is continuous monitoring of any effect of imposed sanctions, in addition to the activities mentioned in the section "Crisis management". As a Group, GlobalConnect could be impacted through fluctuations in commodity prices and foreign currency rates, inflation, supply chain disruptions and possible slowdowns in global economies if the conflict becomes long lasting. Additionally, there is a general heightened cyber security threat identified in our main operating countries.

GlobalConnect Sweden has reached an agreement with Telenor Sweden, to acquire communications operator Open Universe and Telenor Sweden's SDU fiber assets. The acquisition includes 200,000 connected homes on Open Universe's platform and 14,000 connected homes in Telenor Sweden's SDU infrastructure. The acquired SDU fiber infrastructure is enabling further expansion and densification in the areas where infrastructure is deployed. The transaction was finalized in Q1 of 2022.

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:

Share premium	23,568,827
Retained earnings	-11,429
Loss for the year	-17,017
	23,540,382

The board proposes that this sum be appropriated as follows:

To be carried forward	23,540,382

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Comprehensive Income

SEK 000'	Notes	2021	2020
Revenue	3	6,009,329	5,905,038
Other operating income	4	167,102	138,198
Total revenue and other operating income		**6,176,430**	**6,043,236**
Cost of materials and service charges		-1,284,927	-1,332,352
Employee benefit expenses	5	-1,713,917	-1,681,365
Other operating expenses	6	-281,801	-399,554
Depreciation, amortization and impairment	9,10,11	-2,879,457	-2,611,047
Operating profit		**16,327**	**18,918**
Finance income	7	451,455	37,521
Finance costs	7	-1,725,911	-1,213,311
Profit before tax		**-1,258,128**	**-1,156,872**
Income tax expense	8	135,795	65,591
Loss for the year		**-1,122,333**	**-1,091,281**

Profit/loss attributable to:	2021	2020
Equity holders of the parent	-1,119,763	-1,092,211
Non-controlling interests	-2,570	-930
Total comprehensive income attributable to:		
Equity holders of the parent	-754,329	-530,140
Non-controlling interests	-2,570	-930
Loss for the year	-1,122,333	-1,091,281
Comprehensive income		
Items that subsequently may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	365,434	-1,622,209
Total items that may be reclassified to profit or loss	365,434	-1,622,209
Other comprehensive income for the period	365,434	-1,622,209
Total comprehensive income for the period	**-756,899**	**-530,928**

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Financial Position

SEK 000'	Notes	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Goodwill	12	10,861,506	10,615,914
Intangible assets	11	2,581,342	2,285,246
Property, plant and equipment	9	34,012,806	30,785,723
Right of use assest	10	3,105,400	3,102,544
Other non-current assets	13	289,080	241,791
Total non-current assets		**50,850,133**	**47,031,218**
Current assets			
Trade receivables	15	1,259,010	1,212,947
Prepayments		724,941	515,558
Other current assets		119,335	99,415
Cash and cash equivalents	14	660,083	681,255
Total current assets		**2,763,369**	**2,509,176**
TOTAL ASSETS		**53,613,502**	**49,540,392**
EQUITY AND LIABILITIES			
Equity			
Share capital	14	236	236
Share premium reserve		25,777,701	25,777,701
Retained earnings		-8,468,696	-7,714,367
Equity attributable to holders of the parent		**17,309,241**	**18,066,721**

SEK 000'	Notes	31.12.2021	31.12.2020
Non-controlling interests		580	3,150
Total shareholders' equity		**17,309,823**	**18,066,721**
Non-current liabilities			
Deferred tax liabilities	8	2,029,466	2,144,851
Lease liabilities	10	2,450,714	2,485,933
Interest bearing liabilities	14	25,067,834	21,152,220
Contract liabilities	16	1,168,755	601,226
Provisions	17	739,486	866,628
Total non-current liabilities		**31,456,255**	**27,250,858**
Current liabilities			
Current tax liabilities	8	956	4,407
Lease liabilities	10	667,629	593,167
Contract liabilities	16	1,589,895	1,508,302
Interest bearing liabilities	14	14,587	60,588
Current provisions	17	1,340,101	691,348
Trade and other payables	18	1,234,254	1,365,001
Total current liabilities		**4,847,423**	**4,222,814**
Total liabilities		**36,303,679**	**31,473,672**
TOTAL EQUITY AND LIABILITIES		**53,613,502**	**49,540,392**

FINANCIAL STATEMENTS FOR GROUP

Consolidated Statement of Cash Flow

For the year ended 31 December

SEK 000'	Notes	31.12.2021	31.12.2020
Cash flows from operating activities			
Profit before tax		-1,258,128	-1,156,872
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and impairment	9,11	2,879,457	2,611,047
Net finance income and finance costs	7	1,274,456	1,175,790
Working capital adjustment:			
Changes in trade and other receivables	15	-275,366	-2,041,337
Changes in trade and other payables	18	146,381	1,524,317
Changes in provisions and other liabilities	17	371,627	304,356
Net cash flows from operating activities		**3,138,428**	**2,417,301**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	-4,444,770	-5,071,638
Acquisition of shares in subsidiaries, net of cash acquired		-42,387	-26,428
Purchase of intangible assets/development expenditures	11	-368,348	-237,323
Interest received		4,344	4,082
Net cash flow from investing activities		**-4,851,160**	**-5,331,308**

SEK 000'	Notes	31.12.2021	31.12.2020
Cash flow from financing activities			
Proceeds from long term debt	14	21,764,791	4,686,299
Repayment of long-term debt	14	-18,224,798	-
Payments for the principal portion of the lease liability	10	-770,710	-784,792
Interest paid	7	-1,067,893	-680,735
Net cash flow from financing activities		**1,701,389**	**3,220,772**
Net change in cash and cash equivalents		-11,343	306,765
Effect of change in exchange rate		-9,828	-86,499
Cash and cash equivalents, beginning of period		681,255	460,989
Cash and cash equivalents, end of period	14	**660,084**	**681,255**

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, 2020	**47**	**-**	**17,532,737**	**17,532,784**	**3,008**	**17,535,793**
Total comprehensive income	**-**	**-**	**530,786**	**530,786**	**142**	**530,928**
Issue of share capital	190	25,777,701	-25,777,890	-	-	-
						-
Balance as of December 31, 2020	**236**	**25,777,701**	**-7,714,367**	**18,063,570**	**3,150**	**18,066,721**
Total comprehensive income			-754,329	-754,329	-2,570	-756,899
Balance as of December 31, 2021	**236**	**25,777,701**	**-8,468,696**	**17,309,241**	**580**	**17,309,823**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The consolidated financial statements of the Group comprise of a consolidated statement of comprehensive income, a consolidated statement of financial position, a consolidated statement of cash flows, a consolidated statement of changes in equity, and notes to the financial statements. 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 för koncerner" given by Rådet for Finansiell Rapportering.

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.

1.1.1 GOING CONCERN

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

1.1.2 PRESENTATION CURRENCY AND FUNCTIONAL CURRENCY

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

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

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

1.2 BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of Nordic Connectivity AB and its subsidiaries as at 31 December 2021. The subsidiaries are consolidated when control is achieved as defined by IFRS 10, that is, when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, the Group has:

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

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

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

1.2.1 BUSINESS COMBINATIONS

The Group was formed when Nordic Connectivity AB became the legal owner of the GlobalConnect Group and the IP-Only group in 2020. Nordic Connectivity AB was a newly established company under the ownership of Riddle Holdco S.a.r.l and ultimately by EQT Infrastructure IV and EQT Infrastructure III, and co investors. Prior to the business combination, the IP-Only Group, the GlobalConnect Group, and Nordic Connectivity AB, were all owned directly by Riddle Holdco S.a.r.l, and ultimately by EQT Infrastructure IV and EQT Infrastructure III, and co investors. IP-Only was owned directly by Riddle Holdco S.a.r.l and ultimately by EQT Infrastructure IV. GlobalConnect was ultimately owned by EQT Infrastructure III together with co investors.

Based on the ownership structure of Nordic Connectivity AB, the GlobalConnect Group and the IP-Only Group, the business combination was considered to be a business combination under common control. Based on this, Nordic Connectivity chose to consolidate by using the pooling of interest method. Under the pooling of interest method, the combined entities' statements of financial position are presented as if they had been always combined.

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

Both the GlobalConnect Group and the IP-Only Group have 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.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.3.1 BUSINESS COMBINATIONS AND GOODWILL

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

1.3.2 FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

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

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

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

External valuation experts are involved for valuation of derivate financial instruments. Involvement of external valuation experts is decided upon annually. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

1.3.3 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settlea liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

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.

1.3.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is accounted for according to IFRS 15 ("Revenue from contracts with customers"). The implementation of the standard was done using the full retrospective method (subject to practical expedients in the standard). Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. A detailed analysis of the performance obligations and the revenue recognition for each type of customer contract has been performed to ensure that revenue is recognized correctly when (at a point in time) or as (over a period of time) the performance obligations are satisfied.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

The Group has identified the following revenue streams in the scope of IFRS 15; internet capacity/services (fibre, ADSL and SHDSL), ethernet and infrastructure, IP VPN and data centre/colocation capacity (non-dedicated). Revenue from contracts with customers is recognized in line with fulfilment of the performance obligation, i.e. when control of the goods or services are transferred to the customer. The revenue reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In general, the Group provide service contracts where the Group's performance creates an asset momentarily, because that asset is simultaneously received and consumed by the customer. In these cases, the customer obtains control of the Group's output as it is performed. Therefore, the performance obligation is satisfied over time.

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

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

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

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

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

Cost to obtain a contract
Incremental costs to obtain contracts with customers are capitalized and amortized over the length of the contact.

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

1.3.10 TAXES

Income taxes comprise current and deferred taxes.

Current income tax

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

Deferred tax

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

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

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

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

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

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

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

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

1.3.11 PROPERTY, PLANT, AND EQUIPMENT

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

Construction in progress is stated at cost, net of accumulated impairment losses, if any.

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

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

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

Telecom networks under construction

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

1.3.12 LEASES

Identifying a lease

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

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

Measuring the lease liability
The lease liability is initially measured at the present value 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 term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

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

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

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

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

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

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated over the lease term.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

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

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

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

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

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

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

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

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

Financial Assets

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

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

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

1.3.16 IMPAIRMENT OF FINANCIAL ASSETS

Aside from this Note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 14.

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

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

Derecognition of financial instruments

Financial assets

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

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

Financial liabilities

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

Offsetting of financial instruments

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

1.3.17 TRADE AND OTHER RECEIVABLES

The Group’s trade receivables consist solely of amounts receivable from revenue contracts with customers. Trade receivables are generally on terms of 13 to 30 days. Other receivables included VAT and other receivables which are expected to be realized or consumed in the normal operating cycle within twelve months after the reporting period.

Trade receivables are financial assets which are initially recognized at fair value (original invoice amount, nominal value) at the trade. Discounting is ignored if insignificant.

Expected credit losses

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

1.3.18 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.

Cash flow statement

The consolidated statements of cash flows are prepared using the indirect method. Cash flows in foreign currencies have been translated into SEK using the exchange rate at the cash flow date.

1.3.19 PROVISIONS

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

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

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

1.3.20 TRADE AND OTHER PAYABLES

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

1.3.21 OTHER COMMITMENTS AND CONTINGENCIES

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

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES CONT.

1.3.22 NEW ACCOUNTING STANDARDS

No standards, amendments, IFRSs or IFRIC interpretations that are effective from 1 January 2021 had impact on the consolidated financial statement for the group. The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. There are no IFRSs or IFRIC interpretations that are not yet effective that the group currently expects will have material impact on the group's financial statements going forward.

1.3.23 LONG TERM INCENTIVE PLAN

Senior executives and employees working in the business development group are granted share appreciation rights (Long term incentive plan), which are settled in cash (cash-settled transactions).

Cash-settled transactions

A liability is recognized for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 5). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

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 requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent liabilities. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual outcome may differ from these estimates.

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

See Note 1 for the related accounting principles.

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

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

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

Recoverable amount in the impairment tests performed at year end 2021 has been determined based on value in use (ViU). The ViU calculation is based on a discounted cash flow (DCF) model. In assessing ViU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

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

2.2 DEFERRED TAX ASSETS

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

2.3 LEASES

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

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

2.3.1 IDENTIFYING WHETHER A CONTRACT IS, OR CONTAINS A LEASE

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

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

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

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

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

2.3.2 DETERMINING THE LEASE TERM – THE GROUP AS A LESSEE
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

2.3.3 CLASSIFICATION OF OPERATING VS. FINANCE LEASES – THE GROUP AS A LESSOR
For agreements where the Group acts as a lessor, the Group classify its leases as either operating or finance leases. If the Group transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases.

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

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

See Note 10 for a specification of the Group's operating and finance leases.

2.4 REVENUE FROM CONTRACTS WITH CUSTOMERS
In relation to IFRS 15 Revenue from contract with customers, the Group applies the following significant judgements:

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

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

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

NOTE 3 - REVENUE

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

Parts of the Group's revenue relates to lease income from dark/unlit fibre and dedicated network capacity including dedicated datacenter space/colocation, which is accounted for as operating leases in line with IFRS 16. The operating lease income is presented as revenue in the Group's total comprehensive income statement. Disaggregation of revenue is presented below, with reference to Note 10 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 and private households. Services includes subscription and traffic fees, datacenter fees and connection fees. Goods includes customer equipment installed in customer premises and other transmission equipment

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

SEK 000'	2021	2020
Lease income from operating leases	740,293	750,913
Revenue from contracts with customers	5,269,036	5,154,125
Total revenue	**6,009,329**	**5,905,038**

Lease income from operating leases is recognized over time in line with IFRS 16 and included in the table above. For further information on operating leases, see Note 10.

NOTE 3 - REVENUE CONT.

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

Revenue by business and geographical areas 2020

SEK 000'	Norway	Sweden*	Denmark**	Total
B2B	1,495,248	1,156,885	1,777,154	4,429,287
B2C	343,600	1,133,151	-	1,476,751
Revenue	**1,838,848**	**2,290,036**	**1,777,154**	**5,905,038**

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

Revenue by business and geographical areas 2021

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

3.2 TIMING OF THE REVENUE RECOGNITION

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

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

SEK 000'	2021	2020
Goods and services transferred at a point in time	781,351	871,115
Goods and services transferred over time	5,227,979	5,033,924
Revenue	**6,009,329**	**5,905,038**

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as we perform
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an 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 Group provides goods or services together it determines whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct), and if the promise to transfer the good or service is separately identifiable from the other promises in the contract.

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

3.4 PERFORMANCE OBLIGATIONS

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

Recuring services and subscription fees

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

Installation and connection fees

Upfront non-refundable payments from customers related to installation and connection activities have been assessed to determine whether they represent a separate performance obligation under IFRS 15. The Group has concluded that these activities do 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 16.

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 criteria deciding that "over time" recognition is required.

NOTE 3 - REVENUE CONT.

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	2021	2020
Within one year	1,589,895	1,508,302
After first year	1,168,755	601,226
Total revenue deferred	**2,758,650**	**2,109,529**

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 16.

NOTE 4 - OTHER OPERATING INCOME

Other operating income	2021	2020
Other income	121,603	6,036
Gain from sale of property, plant and equipment	34,676	57,837
Other rental income	10,823	74,325
Total other operating income	**167,102**	**138,198**

Other income above includes gains from sale (or financial lease) of fixed assets. Other rental income presented above relates primarily to office premises. Refer to Note 10 for information on leases.

Government grants and subsidies
The group receives government grants in the form of subsidies related to the roll out of fibre networks. In total the group received subsidies of mSEK 499 in the financial year 2021 related to the roll out of new fibre networks. In 2020 the group received subsidies of mSEK 227.

The subsidies are recognised as other income over time.

NOTE 5 - EMPLOYEE BENEFITS AND EXPENSES

Employee benefit expenses	**2021**	**2020**
Salaries	1,357,794	1,337,570
Social security costs	250,012	235,809
Pension costs	85,969	63,777
Other employee expenses	20,142	44,209
Total employee benefit expenses	**1,713,917**	**1,681,365**

Position	**Board fee/salary**	**Pension cost**	**Other remuneration**	**Total**
Board of directors	3,616	-	-	3,616
CEO	8,320	499	4,692	13,511
Total employee benefit expenses	**11,936**	**499**	**4,692**	**17,127**

Full time employees (FTEs) 2020	**Female**	**Male**	**Total**
Norway	85	348	433
Sweden*	195	521	716
Denmark**	120	447	567

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

* 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 kSEK 3,616 for 2021 (2020: kSEK 4,604) for the parent company. There are no loans or guarantees to Board members, Management group or employees, or their related parties.

Long term incentive plan (LTIP)
Within the Group, there has been established a Long-term Incentive program (LTIP). The parent company Nordic Connectivity AB has under certain circumstances considered likely to make the cash payments to the employees. The employees are employed in different subsidiaries, and the subsidiaries have no obligation to settle the transaction. Because the parent company Nordic Connectivity AB has an obligation to settle the transaction with the employees, and the consideration is cash, the parent measures its obligation as a cash settled share based payment transactions I.e. a liability is recognized in an amount equal to the fair value of the cash settlement transaction, with an corresponding entry to Investment in subsidiary (as a capital contribution). In 2021 costs relating to LTIP of kSEK 41,543 (2020: kSEK 46,471) is recorded.

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

Defined contribution plan
The majority of the Group's employees are covered by defined contribution pension schemes. Contributions to these schemes are recognized as pension expense as they occur. Total costs related to the Groups contribution plans were mSEK 67.5 in 2021 (2020: mSEK 63.8).

Defined benefit pension plan
The Group also has defined benefit pension plans for some former employees. The defined benefit pension plans are overfunded, with total net pension assets amounting to kSEK 5,063 at 31 December 2021. To the extent possible, pension premiums are deducted from pension fund. It is Management view that risks related to the defined benefit plan are not material to the Group. At 31 December 2021 total pension funds/assets were kSEK 23,932 (2020: kSEK 23,122) and liability kSEK 18,869 (2020: kSEK 17,824).

NOTE 6 - OTHER OPERATING EXPENSES

Other operating expenses	2021	2020
Lease expenses	10,298	22,002
Variable premises expenses incl power	27,095	30,348
IT costs	126,667	125,521
Marketing and distribution expenses	84,682	74,690
Consulting expenses	368,639	326,324
Other operating expenses	-335,581	-179,331
Total other operating expenses	**281,801**	**399,554**

Lease expenses:
Lease expenses presented in the table above include short term lease payments, lease expenses related to leases of low-value assets, and variable lease payments not included in the measurement of the lease liability in the statement of financial position. See Note 10 for additional information regarding the Group's lease liabilities.

Capitalized development expenses
Included in the line item "other operating expenses" presented above, there is booked a cost reduction of kSEK 526.2 related to projects capitalized in 2021 (2020: kSEK 372.3), including both development and direct costs of PPE projects. For further disclosures on the development projects, see Note 11.

Auditor related fees - EY	2021	2020
Audit fee	12,900	14,099
Tax advisory services	309	307
Other advisory services	120	848
Total auditor fees	**13,328**	**15,254**

NOTE 7 - FINANCIAL INCOME AND FINANCIAL COSTS

FINANCE INCOME AND FINANCE COSTS	2021	2020
Finance income		
Gain on foreign exchange	361,276	35,952
Gain on financial instruments at fair value through profit and loss	84,171	-
Interest income	4,394	1,569
Other finance income	1,614	-
Total finance income	**451,455**	**37,521**
Finance costs		
Loss on financial instruments at fair value through profit or loss	64,937	68,526
Loss on foreign exchange	316,614	38,756
Interest expenses	1,284,833	920,153
Interest costs on lease liabilities	57,597	113,349
Amortized cost on interest bearing debt	-	4,910
Unwinding of discount and change in discount rate	-	64,780
Other financial expenses	1,929	2,837
Total finance costs	**1,725,911**	**1,213,311**

Interest income and interest expenses
Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing, measured and classified at amortized cost in the statement of financial position.
Interest cost on lease liabilities relates the Group's leases that are recognized in the balance sheet, for further disclosures see Note 10.1.

Derivative financial instruments
Gain- and loss on financial instruments measured and classified at fair value through profit or loss relates to interest rate swaps used for hedging (non-hedge accounting) of interest rate risk on the Group's interest bearing debt, for further disclosures see Note 14.6.

NOTE 8 - INCOME TAXES

CURRENT INCOME TAX EXPENSE:	2021	2020
Tax payable	1,722	4,407
Adjustment for income tax payable for previous years	8,401	1,954
Change deferred tax/deferred tax assets (ex. OCI effects)	-28,744	99,695
Currency effects	-117,174	-171,647
Total income tax expense	**-135,795**	**-65,591**
Total tax for the year on group level:		
Swedish companies	59,688	-1,241
Foreign companies	-195,483	-64,350
Total tax for the year	**-135,795**	**-65,591**

CURRENT TAX LIABILITIES CONSIST OF:	31.12.2021	31.12.2020
Income tax payable for the year as above	1,722	4,407
- of which paid in fiscal year	-	-
- not due for earlier years	-760	-
- tax on group contribution from subsidiaries	-	-
Current tax liabilities 31.12	**956**	**4,470**

DEFERRED TAX LIABILITIES/-ASSETS:	31.12.2021	31.12.2020
Temporary differences:		
Property, plant and equipment	2,932,998	12,324,124
Intangible assets	7,574,860	1,974,645
Other current assets	17,481	-5,124
Liabilities	109,580	-2,507,199
Other differences	44,293	1,006,164
Currency effects	70,443	
Total temporary differences	**10,679,211**	**12,792,610**
Losses carried forward (including tax credit)	-2,025,091	-1,464,347
Total temporary differences and losses carried forward	**8,654,120**	**11,328,263**
Temporary differences not included in basis for deferred tax assets	-	-389,296
Tax losses carried forward not included in basis for deferred tax assets	304,230	-
Basis for calculation of deferred tax/deferred tax assets	**8,958,350**	**10,938,967**
Total deferred tax/deferred tax assets	**2,029,466**	**2,144,851**
Gross deferred tax recognised	2,029,466	2,144,851
Currency effects		
Total deferred tax/deferred tax assets recognised	**2,029,466**	**2,144,851**

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

NOTE 8 - INCOME TAXES CONT.

RECONCILIATION OF DEFERRED TAX LIABILITIES, NET	**2021**	**2020**
As of 1 January	2,144,855	-
Tax expense during the period recognised in profit or loss	-28,744	99,695
Tax expense during the period recognised in OCI	-	-
Exchange rate difference	-86,645	592,227
Deferred taxes acquired in business combinations	-	1,452,929
As at 31 December	**2,029,466**	**2,144,851**

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 20.6% to 30%, which result in a difference between the statutory income tax rate in Sweden and the average tax rate applicable to the Group. Per January 1st 2021 the tax rate in Sweden was reduced from 21.4 % to 20.6 %. The reduction in tax rate was effective from the financial year 2021. 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	**2021**	**2020**
Profit before taxes	-1,258,127	-1,156,872
Tax expense (local tax rate 20.6 %)	-259,174	-254,512
Permanent differences	22,247	131,525
Effect of deferred tax asset not recognised	-	143
Change to prior year tax expense	19,065	-1,954
Effects of changes in tax rate	-	-
Effects of impairment of deferred tax assets	-	-
Effects of foreign exchange rates	82,068	59,208
Recognised income tax expense	**-135,794**	**-65,591**
Effective tax rate	**10,8%**	**-**

Tax charge/-credit of components of other comprehensive income:	**2021**	**2020**
Currency translation differences	-	-
Other comprehensive income	**-**	**-**

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

SEK 000'	Telecom networks owned	Telecom networks under construction	Operating equipment	Total
Acquisition cost 01.01.2020	**22,424,067**	**5,637,879**	**1,235,148**	**29,297,095**
Additions, acquisition of subsidiaries	73,050	14,460	314	87,824
Additions	411,352	4,016,492	234,271	4,662,116
Disposals	-91	-	-154,569	-154,660
Currency translation effects	-559,333	220,588	20,291	-318,454
Reclassifications	2,707,054	-2,969,263	247,102	-15,107
Acquisition cost 31.12.2020	**25,056,101**	**6,920,156**	**1,582,557**	**33,558,815**
Accumulated depreciation 01.01.2020	**1,042,632**	**8,499**	**267,739**	**1,318,869**
Depreciation for the year	1,083,184	-	322,608	1,405,792
Impairment for the year	6,733	-	-	6,733
Disposals	-	-	-49,429	-49,429
Currency translation effects	-114,326	202,516	2,864	91,053
Reclassifications	-318	-	392	74
Accumulated depreciation 31.12.2020	**2,017,905**	**211,516**	**544,172**	**2,773,092**
Carrying amount 31.12.2020	**23,038,197**	**6,709,141**	**1,038,385**	**30,785,723**
Economic life (years)	5-40	N/A	3-10	
Depreciation plan	Straight-line methode	Not amortised	Straight-line methode	

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

9.2 IMPAIRMENT CONSIDERATIONS

The Group's PP&E has been reviewed for impairment indicators as 31st of December 2021 and a recognition has been made related to impairment of recorded value of network equipment.

NOTE 10 - LEASES

10.1 THE GROUP AS A LESEES

RIGHT OF USE ASSETS:

SEK 000'	Telecom networks	Properties	Operating equipment	Total
Acquisition cost 01.01.2020	**3,062,296**	**189,057**	**418,509**	**3,669,862**
Additions, acquisition of subsidiaries	-	-	-	-
Addition of right-of-use assets	877,477	6,466	75,699	959,642
Disposals	-555,081	-	-83,758	-638,838
Adjustments	-53,720	-	-	-53,720
Currency translation effects	-301,739	-	-2,148	-303,887
Acquisition cost 31.12.2020	**3,029,233**	**195,523**	**408,302**	**3,633,059**
Accumulated depreciation 01.01.2020	**370,460**	**41,238**	**13,661**	**425,359**
Depreciation for right-of-use assets	535,105	28,926	76,461	640,492
Disposals	-451,578	-	-83,758	-535,336
Transfers and reclassifications	-	-	-	-
Currency translation effects	-	-	-	-
Accumulated depreciation 31.12.2020	**453,987**	**70,164**	**6,364**	**530,515**
Carrying amount of right-of-use assets 31.12.2020	**2,575,246**	**125,360**	**401,938**	**3,102,544**
Lease term	3-15 years	1-10 years	3-7 years	
Depreciation plan	Straight line	Straight line	Straight line	

RIGHT OF USE ASSETS:

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

NOTE 10 - LEASES CONT.

10.2 RIGHT OF USE ASSETS IN TELECOM NETWORKS
Telecom networks relates to primarily to leased fiber and technical space related to network operations.

10.3 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.

10.4 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.

10.5 LEASES RECOGNIZED IN OTHER OPERATING EXPENSES
The lease expenses in 2021 related to short-term leases, low-value assets and variable lease payments are included in other operating expenses with kSEK 2,027 (2020: kSEK 3,049) in the consolidated statement of comprehensive income, and the payments are presented in the Group's operating activities in the consolidated statement of cash flows.

LEASE LIABILITIES:

Summary of the lease liabilities in the financial statements	Total
At 01.01.2020	3,043,038
New leases recognised during the year	1,348,877
Disposals during the year	-638,838
Cash payments for the principal portion of the lease liability	-784,792
Interest expense on lease liabilities	122,624
Reassessment of the discount rate on previous lease liabilities	9,575
Currency translation effects	-21,386
Total lease liabilities at 31.12.2020	**3,079,100**
Current lease liabilities in the statement of financial position	593,167
Non-current lease liabilities in the statement of financial position	2,485,933

LEASE LIABILITIES:

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

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

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

NOTE 10 - LEASES CONT.

10.6 OPERATING LEASES

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

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

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

Lease income from operating leases	2021	2020
Lease income from property, plant and equipment	740,293	738,467
Total income from operating leases (Revenue)	**740,293**	**738,467**
Income from subleasing right-of-use assets	10,823	74,325
Total lease income incl. subleased assets	**751,115**	**812,792**

NOTE 11 - INTANGIBLE ASSETS

SEK 000'	Software and technology	Customer relations	Other intangibles	Total
Acquisition cost 01.01.2020	**376,655**	**2,459,672**	**366,149**	**3,202,476**
Additions	226,943	-	10,381	237,323
Reclassifications	316	-	22,271	22,587
Currency translation effects	-138,675	32,159	-39,514	-146,030
Acquisition cost 31.12.20	**465,239**	**2,491,831**	**359,287**	**3,316,357**
Accumulated amortisation 01.01.20	**139,109**	**351,617**	**57,156**	**547,882**
Amortisation for the year	102,037	244,590	34,247	380,874
Currency translation effects	92,916	8,446	993	102,355
Accumulated amortisation 31.12.20	**334,062**	**604,652**	**92,396**	**1,031,111**
Carrying amount 31.12.20	**131,177**	**1,887,178**	**266,891**	**2,285,246**

NOTE 11 - INTANGIBLE ASSETS CONT.

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

11.1 SOFTWARE AND TECHNOLOGY

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

11.2 CUSTOMER RELATIONS

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

11.3 OTHER INTANGIBLES

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

11.4 IMPAIRMENT

The Group's intangible assets has been reviewed for impairment indicators as 31. December 2021 and no provision for impairments has been recognized at year end 2021. See Note 1 for the Group's accounting policy on impairment of intangible assets and Note 12 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 2021, the expensed research and development costs have not been tracked but are considered to be of immaterial size.

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

NOTE 12 - GOODWILL

	2021	2020
Acquisition cost 01.01	10,615,914	11,055,762
Currency translation effects	245,592	-439,848
Acquisition cost 31.12	10,861,506	10,615,914
Amortisation and impairments 01.01	-	-
Impairments for the year	-	-
Currency translation effects	-	-
Amortisation and impairments 31.12	-	-
Carrying amount 31.12	10,861,506	10,615,914

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

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

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

Value in use (ViU) is calculated based on budget estimate for 2022 and business plan for 2023 and beyond per CGU. Beyond 2023, management has projected the cash flow for the periods 2023-2027. 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

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.

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	3,881,062	2,447,921	4,532,522
CAGR of sales in the forecast period	11.6%	11.6%	11.6%
Terminal growth rate	2.5%	2.5%	2.5%
After-tax discount rate	5.95%	5.95%	5.95%

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

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.

Management believes that no reasonably possible change in the key assumptions above would cause carrying amounts of CGU to materially exceed its corresponding recoverable amount.

NOTE 13 - OTHER NON CURRENT ASSETS

Other non-current assets	Note	31.12.2021	31.12.2020
Investments in associates and other shares	19	1,254	1,147
Financial lease receivables		104,640	116,040
Restricted deposits		14,463	13,871
Contract costs	16	141,008	105,790
Pension fund	5	23,932	4,942
Other non-current receivables		3,783	-
Total other non-current assets		**289,080**	**241,790**

NOTE 14 - FINANCIAL INSTRUMENTS

14.1 OVERVIEW OF FINANCIAL INSTRUMENTS

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

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

Financial assets	2021	2020
Financial assets at fair value through profit and loss		
Interest rate swaps - NOK	35,107	-69,733
Interest rate swaps - SEK	40,620	-
Interest rate swaps - DKK	11,682	-20,650
Total financial assets at fair value through profit and loss	**87,410**	**-90,383**
Financial assets at amortized cost		
Non-current derivatives	-	-
Non-current financial assets	144,289	136,001
Trade receivables and other current assets	2,103,286	1,827,920
Cash and cash equivalents	660,083	681,255
Total financial assets at amortized cost	**2,907,658**	**2,645,176**

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

Financial liabilities: Interest-bearing loans and borrowings	Interest rate	Maturity	2021	2020
Financial liabilities at amortized cost				
Other financial liabilities at amortized cost				
Non-current contract derivatives	-	-	1,168,755	601,226
Current contract derivatives	-	-	1,589,895	1,508,302
Other provisions	-	-	829,274	775,901
Trade and other payables	-	-	2,588,900	2,116,892
Total other financial liabilities at amortized cost	**-**	**-**	**6,176,824**	**5,005,512**
Current lease liability	3.34%	2023	667,629	593,167
Current interest-bearing liabilities	-	2023	14,587	60,588
Total current interest-bearing loans and borrowings	**-**	**-**	**682,217**	**653,755**
Non-current interest-bearing loans and borrowings				
Lease liability	3.34%	2028	2,450,714	2,485,933
Bank loan	IBOR + 2.5%	2028	25,067,834	21,152,220
Total non-current interest bearing loans and borrowings	**-**	**-**	**27,518,548**	**23,638,153**
Other financial liabilities				
Derivatives not designated as hedging instruments	-	-	0	3,190

	2021		2020	
Fair values	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Non-current derivatives	87,410	87,410	-90,383	-90,383
Non-current financial assets	144,289	144,289	136,001	136,001
Trade receivables and other current assets	2,103,286	2,103,286	1,827,920	1,827,920
Cash and cash equivalents	660,083	660,083	681,255	681,255
Total	**2,995,068**	**2,995,068**	**2,554,793**	**2,554,793**
Financial liabilities				
Interest bearing loans and borrowings	28,200,765	28,200,765	24,291,908	24,291,908
Other financial liabilities	6,176,824	6,176,824	5,005,512	5,005,512
Total	**34,377,589**	**34,377,589**	**29,297,420**	**29,297,420**

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

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.2 FINANCIAL LIABILITIES

Capitalized contract costs	1 January 2021	Cash flow	Foreign exchange	Other	31 December 2021
Current interest bearing loans and borrowings	60,588	-46,001	-	-	14,587
Non-current interest bearing loans and borrowings	21,152,220	3,626,156	521,797	-232,338	25,067,834
Total liabilities from financing activities	**21,212,808**	**3,580,155**	**521,797**	**-232,338**	**25,082,421**

Consolidated statement of financial position
End of Q2 2021, the GlobalConnect Group accomplished a substantial refinancing process which have strengthen the financial platform of the Group and secured capital for further expansion and growth within the Nordic and Northern Europe fiber space in the years to come. The refinancing process which closed in June, underpin the strong merits of the company, the trust to the company growth plan, its owners and Management team, but also the attractiveness of the fiber industry globally. The Group experienced significant interest for the extensive financing package that was presented to the international debt market, which at the end was several times oversubscribed and finally committed by a strong group of Nordic/European Banks and global institutions.

A new Senior Facility Agreement of EUR 2.7bn for the combined GlobalConnect Group has replaced the two previous and standalone Senior Facility Agreements for the Swedish (IP-Only) and Norwegian/Danish (GlobalConnect) leg of the Group. The facility includes a 7 yrs. Term Loan Facility of EUR 1,950m, RCF of EUR 150m and a committed Capex Facility of EUR 600m. The Group may further increase its long-term capital requirements through other incremental facilities under the new Senior Facility Agreement.

The company assets (tangible assets, shares, current assets and cash) are provided as security to the lenders under the loan agreement (SFA).

14.2.1 CAPEX FACILITY
As part of the financing package that was refinanced in June 2021, the Group has a committed Capex Facility of EUR 600m, where EUR [58]m was utilized as of end December 2021. This capex facility will be used for funding growth and expansion for fiber roll out in the Nordics and Northern Europe over the years to come.

14.2.2 OVERDRAFT AND REVOLVING CREDIT FACILITIES
On top of an Overdraft Facility (carved out from the Revolving Credit Facility) of EUR 40m to be used for daily working capital purposes, the Group has a Revolving Credit Facility in place which may be drawn at any time of up to EUR 110m. The Overdraft Facility and Revolving Credit Facility was undrawn as of end December 2021. The Group may further increase it's short term liquidity through other incremental revolving facilities.

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.2.3 COVENANT REQUIREMENTS

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

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

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

The headroom on covenants are respectively 33%/34% for Net Debt Cover JFA/SFA and 34%/30% for Interest Cover JFA/SFA.

14.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2021	31.12.2020
Bank deposits, unrestricted	628,385	653,919
Bank deposits, restricted	31,699	27,336
Total cash and cash equivalents	**660,083**	**681,255**

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.

14.4 AGEING OF FINANCIAL LIABILITIES

Contractual undiscounted cash flows from financial liabilities are presented below:

31.12.2020	Note	Less than 6 months	6 to 12 months	1 to 3 years	More than 3 years	Total
Non-current lease liabilities	10	-	-	1,779,502	706,432	2,485,933
Non-current interest- bearing liabilities	14	-	-	-	21,152,220	21,152,220
Non-current derivatives	17	-	-	87,192	-	87,192
Current lease liabilities	10	-	593,167	-	-	593,167
Trade and other payables	18	1,365,001	-	-	-	1,365,001
Total cash and cash equivalents	**-**	**1,365,001**	**593,167**	**1,866,694**	**21,858,651**	**25,683,513**

31.12.2021	Note	Less than 6 months	6 to 12 months	1 to 3 years	More than 3 years	Total
Non-current lease liabilities	10	-	-	2,002,887	447,826	2,450,714
Non-current interest- bearing liabilities	14	-	-	-	25,067,834	25,067,834
Non-current derivatives	17	-	-	-87,531	-	-87,531
Current lease liabilities	10	-	667,629	-	-	667,629
Trade and other payables	18	1,234,254	-	-	-	1,234,254
Total cash and cash equivalents	**-**	**1,234,254**	**667,629**	**1,915,356**	**25,515,661**	**29,332,900**

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.6 FINANCIAL RISK AND CAPITAL MANAGEMENT

14.6.1 OVERVIEW

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

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

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

14.6.2 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.

14.6.3 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. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Senior Facilities which have base interest rates in NIBOR, CIBOR, STIBOR and EURIBOR. The Group hedges some of the interest rate risk using interest rate swap contracts, however the Group does not utilize hedge accounting.

14.6.4 INTEREST RATE SENSITIVITY

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

14.6.5 FOREIGN CURRENCY RISK

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

Interest rate sensitivity, 31.12.2021 (SEK '000)	Increase / decrease in basis points	Effect on profit before tax	Effect on equity
Interest rate swaps - NOK	+/- 100	21.3	-
Interest rate swaps - DKK	+/- 100	5.1	-
Interest rate swaps - SEK	+/- 100	48.7	-
Interest rate swaps - EUR	+/- 100	10.1	-

A significant part of revenues is denominated in SEK, NOK, DKK and EUR, while the Group'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. The Group also limits its foreign currency exposure through having similar currencies for its revenues and operating expenses. The Group's equity and expenses are mainly denominated in SEK, NOK and DKK. The Group does not hedge currency exposure with financial instruments at the current time but monitors the net exposure.

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.6.6 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, 31.12.2021	Date	Change in FX rate	Effect on profit before tax	Effect on equity
Increase / decrease in SEK/EUR	31.12.2021	+/- 10%	91.3	-
Increase / decrease in NOK/EUR	31.12.2021	+/- 10%	81.2	-
Increase / decrease in NOK/DKK	31.12.2021	+/- 10%	-10.1	-

Foreign currency exposure, 31.12.2021	Trade receivables	Trade payables	Cash and cash equivalents*	Current interest bearing debt(1)
NOK	15%	18%	-17%	0%
DKK	41%	22%	-18%	0%
EUR	3%	1%	3%	0%
SEK	40%	59%	132%	100%
Total	**100%**	**100%**	**100%**	**100%**

1) Cash pool

14.6.7 LIQUIDITY RISK

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

See Note 14.4 for an overview of the maturity profile of the Group' financial liabilities with corresponding cash flow effect.

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.6.8 CREDIT RISK

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

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

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due, product type, customer type and rating etc. For an overview of the ageing of trade receivables and the expected credit losses recognized for trade receivables and contract assets, please refer to Note 15 and Note 16.

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 16. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

14.6.9 CAPITAL MANAGEMENT

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

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

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants related to the interest-bearing loans and borrowings that define capital structure requirements. See Note 14.2 for the Group's interest bearing loans and borrowings, and related financial covenant. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Financial agreements were refinanced in 2021, but no major changes were made in the objectives, policies or processes for managing capital during the years ended 31 december 2021 and 2022. For refinancing details please see Note 14.1.

NOTE 14 - FINANCIAL INSTRUMENTS CONT.

14.7 FAIR VALUE MEASUREMENT

14.7.1 VALUATION TECHNIQUES:

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

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

Interest-bearing loans and borrowings

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

The fair values of the Group's interest-bearing loans and borrowings (bank loans) are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as at 31 December 2021 is assessed to be insignificant.

Interest rate swaps

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

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

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

NOTE 15 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables and other current assets	31.12.2021	31.12.2020
Trade receivables	1,259,010	1,212,897
Prepaid rent and other expenses	724,941	515,558
Other current assets	146,103	99,465
Total trade receivables and other current assets	**2,130,054**	**1,827,920**

Trade receivables	31.12.2021	31.12.2020
Trade receivables from customers at nominal value	1,349,772	1,299,212
Allowance for expected credit losses	-90,762	-86,316
Total trade receivables	**1,259,010**	**1,212,947**

The credit risk of financial assets has not changed significantly from initial recognition.
As of 31 December the ageing analysis of trade receivables is, as follows:

Nominal values		Past due but not impaired			
Ageing analysis of trade receivables	**Not due**	**< 30 days**	**31-90 days**	**> 90 days**	**Total**
Expected credit loss					
Trade receivables at 31.12.2020	**714,567**	**428,740**	**51,968**	**103,937**	**1,299,212**

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

For details regarding the Group's procedures on managing credit risk, reference is made to Note 14.6.

NOTE 16 - CONTRACT ASSETS AND LIABILITIES, AND CAPITALIZED CONTRACT COSTS

Contract assets	31.12.2021	31.12.2020
As of 1 January	105,789.6	
Additions during the year	35,218.5	
Total contract assets as of 31 December	**141,008**	**105,789.6**
Non-currentt	141,008	105,789.6
Current		

The Group contract assets refer to capitalized provisions/sales costs. Unbilled revenue is included in other current assets with an amount of mSEK 234 as of December 2021 (2020: mSEK 121).

Contract liabilities	31.12.2021	31.12.2020
As of 1 January	2,109,529	
Additions during the year	649,121	
Total contract assets as of 31 December	**2,758,650**	**2,109,529**
Non-current	1,168,755	601,226
Current	1,589,895	1,508,302

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

Capitalized contract costs	31.12.2021	31.12.2020
Costs of obtaining a contract	141,008	105,790
Costs to fulfil a contract		
Total capitalized contract costs	**141,008**	**105,790**

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 2021 financial year, capitalized contract costs of kSEK 28,721 (2020: kSEK 28,080) were amortized.

Capitalized contract costs	2021	2020
Costs of obtaining contracts as of 1 January	105,790	
Additions during the year	35,219	105,790
Costs of obtaining contracts as of 31 December	**141,008**	**105,790**

NOTE 17 - CONTRACT NON-CURRENT AND CURRENT PROVISIONS

Non-current provisions:	31.12.2021	31.12.2020
Non-current derivatives	-87,531	87,192
Other non-current provisions	19,157	-19,685
Other accruals	807,860	799,121
Total non-current provisions	**739,486**	**866,628**

Non-current provisions:	2021	2020
Non-current provisions 01.01:	866,628	-
Additions	8,740	866,628
Amounts used	-135,882	-
Non-current provisions 31.12:	**739,486**	**866,628**

Current provisions:	31.12.2021	31.12.2020
Provisions	1,126,972	690,512
Other accruals	213,129	836
Total provisions	**1,340,101**	**691,348**

Provisions:	2021	2020
Current provisions 01.01:	691,348	-
Additions	436,460	691,348
Amounts used	212,293	-
Current provisions 31.12:	**1,340,101**	**691,348**

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

17.1 Current and non-current provisions
The group classifies its provisions in the following categories:

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

NOTE 18 - TRADE AND OTHER PAYABLES

Trade and other payables	31.12.2021	31.12.2020
Trade payables	1,234,211	1,086,994
VAT payable		7,430
Withholding payroll taxes and social security		111,283
Other payables	43	159,295
Total trade and other payables	**1,234,254**	**1,365,001**

For an overview of the term date of trade and other payables, reference is made to Note 14.4.

NOTE 19 - 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	23,637,663	559251-3260	Stockholm	-185	23,316,537

The Group's interests in subsidiaries are presented below:

Consolidated entities	Owner	Registered office	Nationality	Share-holding	Group's voting ownership share	Functional currency
Nordic Connectivity Midholding AB	Nordic Connectivity 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
Avalio Networks AB	GlobalConnect AB	Uppsala	Sweden	100%	100%	SEK
IP-Only Networks AS	GlobalConnect AB	Oslo	Norway	100%	100%	NOK
IP-Only Networks Oy	GlobalConnect AB	Vantaa	Finland	100%	100%	EUR
IP-Connect Ab	GlobalConnect AB	Mariehamn	Finland	100%	100%	EUR
GlobalConnect AS	GlobalConnect Topholding AS	Fornebu	Norway	100%	100%	NOK
GlobalConnect Topholding AS	GlobalConnect Group Holding AB	Fornebu	Norway	100%	100%	NOK
Homenet AS	GlobalConnect AS	Fornebu	Norway	100%	100%	NOK
Lynet Internett AS	GlobalConnect AS	Fornebu	Norway	100%	100%	NOK

NOTE 19 - INTERESTS IN OTHER ENTITIES CONT.

Consolidated entities	Owner	Registered office	Nationality	Share-holding	Group's voting ownership share	Functional currency
Xfiber AS	GlobalConnect AS	Fornebu	Norway	100%	100%	NOK
GlobalConnect Invest DK A/S	GlobalConnect Group Holding AB	København	Denmark	100%	100%	DKK
GlobalConnect A/S	GlobalConnect Invest DK A/S	København	Denmark	100%	100%	DKK
Netteam Technology A/S	GlobalConnect Invest DK A/S	København	Denmark	70%	70%	DKK
GlobalConnect Netz GmbH	GlobalConnect A/S	Hamburg	Germany	100%	100%	EUR
GlobalConnect GmbH	GlobalConnect Netz GmbH	Hamburg	Germany	100%	100%	EUR

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

Relating to the refinancing process, several merges have been committed.

- Kapany ManCo AB, Kapany TopCo AB and Kapany HoldCo AB are merged into GlobalConnect Group Holding AB.
- GlobalConnect Holding AS and GlobalConnect Invest NO AS are merged into GlobalConnect Topholding AS.
- Trelleborgs Stadsnät AB is merged into GlobalConnect AB.
- Zen Systems A/S and GlobalConnect NN A/S are merged into GlobalConnect A/S.

GlobalConnect Group Holding AB is the new owner of GlobalConnect Invest DK A/S.

Investments in associates and other shares as of 31.12:

Entity	Owner	Registered office	Nationality	Shareholding	Group's voting ownership share
Bjørvika IKT AS	GlobalConnect AS	Bærum	Norway	33,3%	33,3%
Ishavslink AS	GlobalConnect AS	Alta	Norway	12,0%	12,0%
Stamfiber AS	GlobalConnect AS	Bodø	Norway	16,7%	16,7%

Entity	Carrying value in the consolidated financial position	Result for the year ending December 31	Equity as of December 31
Bjorvika IKT AS*	32	1,194	960
Ishavslink AS	71	3,928	12,252
Stamfiber AS*	17	780	3,527

* From the Financial Statement 2020

NOTE 20 - BUSINESS COMBINATIONS

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

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

The acquisition of the SDU Villafiber includes 14,000 connected homes.

The SDU fiber network is a natural add-on to the group's existing fiber business. The communication operator platform Open Universe will give the group a market leading position in the industry.

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

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

TRANSACTION COSTS RELATED TO THE SDU ASSETS:

SEK 000'	Fair value recognised on acquisition
ASSETS	
Non-current assets	
Property, plant and equipment	1,010,433
Total non-current assets	**1,010,433**
Current assets	
Cash and cash equivalents	25
Total non-current assets	**25**
Total assets	**1,010,458**
Non-current liabilities	
Deferred tax	113,985
Non-current liabilities	343,120
Total non-current liabilities	**457,105**

TRANSACTION COSTS RELATED TO THE SDU ASSETS:

SEK 000'	Fair value recognised on acquisition
Current liabilities	
Trade and other payables	-
Income tax payable	-
Current provisions	-
Total current liabilities	**-**
Total liabilities	**457,105**
Total identifiable net assets at fair value	**553,352**
Purchase consideration	553,352
Goodwill arising on acquisition	**-0**

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 tax effect on the excess values of the acquired assets.

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

NOTE 20 - BUSINESS COMBINATIONS CONT.

OPEN UNIVERSE ASSETS:

SEK 000'	Fair value recognised on acquisition
ASSETS	
Non-current assets	
Tangible fixed assets	70,247
Intangible assets	**13,075**
Customer relationships	1,234,047
Total non-current assets	**1,317,369**
Current assets	
Trade and other receivables	
Cash and cash equivalents	25
Total non-current assets	**25**
Total assets	**1,317,394**
Non-current liabilities	
Deferred tax liability	256,911
Non-current liabilities	70,222
Current liabilities	
Current provisions	3,021
Total current liabilities	**3,021**
Total liabilities	**330,154**
Total identifiable net assets at fair value	987,240
Purchase consideration	2,026,260
Goodwill arising on acquisition	**1,039,020**

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

SEK 000'	Fair value
Purchase consideration	
Liabilities assumed	70,247
Cash consideration paid	2,026,260
Total consideration	**2,096,507**

BUSINESS COMBINATION 2021

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

BUSINESS COMBINATION 2020

On the 3rd of August 2020 GlobalConnect AB acquired 100% of both the share capital and voting rights in Trelleborg Stadsnät AB. Trelleborg Stadsnät AB operates an open city network within Trelleborg municipality and delivers services to a wide array of customers such as residential homes, businesses, property owners and service providers.

Fair value of acquired asset and debt in the subsidiary and the total cash flow from the acquisition is divided in the following way:	
Tangible fixed assets	**88,077**
Other current assets	1,425
Cash and cash equivalents	590
Non-current liabilities	-56,500
Other current liabilities	-8,845
Sum of transferred purchase price	**24,747**
Cash and cash equivalents in the acquired company	**-590**
Impact on group cash and cash equivalents	**2,257**

Trelleborg Stadsnät AB has contributed kSEK 4,452 to the group's external revenue and kSEK -390 to the group's result for the period 3rd of August – 31st of December 2020. If the acquisition had taken place on 1st of January 2020 the contribution to the group's revenue and result would have been respectively kSEK 20,533 and kSEK 914.

NOTE 21 - 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 19 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.

Other non-current assets	Sales to related parties	Purchase from related parties	Amounts owed to related parties
EQT Infrastructure IV	-	mSEK 7.3	-

NOTE 22 - COMMITMENTS

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

22.2 ASSETS PLEDGED AS SECURITY AND GUARANTEE LIABILITIES
For assets pledged as security and guarantee liabilities, reference is made to Note 14.2.

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

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

NOTE 23 - EVENTS AFTER THE REPORTING PERIOD

Following the recent events in Ukraine, considerations has been made as to the impact on the financial reporting of GlobalConnect. GlobalConnect does not have significant operations or exposures in Russia, Belarus or Ukraine. There is continuous monitoring of any effect of imposed sanctions, in addition to the activities mentioned in the section "Crisis management". As a Group, GlobalConnect could be impacted through fluctuations in commodity prices and foreign currency rates, inflation, supply chain disruptions and possible slowdowns in global economies if the conflict becomes long lasting. Additionally, there is a general heightened cyber security threat identified in our main operating countries.

In February 2022, the Group acquired Open Universe – Communication Operator from Telenor, for more information see Note 20.

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Comprehensive Income

SEK 000'	Notes	2021	2020
Revenue		-	-
Other operating income	2	14,200	15,650
Total revenue and other operating income		**14,200**	**15,650**
Employee benefit expenses	3	-18,348	-18,348
Other operating expenses	4,12	-18,466	- 7,231
Operating profit		**-22,614**	**-10,565**
Finance income	5	138	-
Finance costs	5	-589	751
Profit after financials		**-23,065**	**-11,316**
Group contributions		-	0
Profit before tax		**-23,065**	**-11,316**
Income tax expense	10	-4,185	112
Profit for the year		**-18,881**	**-11,429**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

SEK 000'	2021	2020
Loss for the year	-18 881	-11 429
Total comprehensive income for the year	**-18 881**	**-11 429**

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Financial Position

For the year ending 31 December

SEK 000'	Notes	31.12.2021	31.12.2020
ASSETS			
Non-current assets			
Shares in subsidiaries	13	23,637,663	23,598,810
Deferred tax assets	10	4,185	0
Total non-current assets		**23,641,847**	**23,598,810**
Current assets			
Inter Company receivables	6	8,369	5,446
Other current assets		17	365
Cash and cash equivalents	7	1,952	2,955
Total current assets		**10,339**	**8,765**
TOTAL ASSETS		**23,652,186**	**23,607,576**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	9	236	236
Total restricted equity		**236**	**236**
Non-restricted equity			
Share premium		23,568,827	23,568,827
Retained earnings		-28,445	-11,429
Total non-restricted equity		**23,540,382**	**23,557,398**
Total equity		**23,540,619**	**23,557,633**

SEK 000'	Notes	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Current liabilities			
Tax liability	10	112	112
Inter Company liabilities		2,129	
Other liabilities	11	106,154	45,484
Trade payables	8	2,230	4,345
Total current liabilities		**110,625**	**49,942**
Total liabilities		**111,568**	**49,942**
TOTAL EQUITY AND LIABILITIES		**23,652,186**	**23,607,576**

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Cash Flows

For the year ending 31 December

SEK 000'	Notes	31.12.2021	31.12.2020
Cash flows from operating activities			
Profit before tax		-23,065	-11,316
Adjustments to reconcile profit before tax to net cash flow:			
Net finance income, finance costs and appropriations	5	451	751
Working capital adjustment:			
Changes in trade and other receivables	6	-711	-364
Changes in trade and other payables	8	23,947	50,857
Changes in provisions and other liabilities	11	-2,116	4,204
Net cash flows from operating activities		**-1,495**	**44,132**
Cash flows from investing activities			
Acquisition of shares in subsidiaries, net of cash acquired		0	-23,598,810
Interest received		138	-
Net cash flow from investing activities		**138**	**-23,598,810**

SEK 000'	Notes	31.12.2021	31.12.2020
Cash flow from financing activities			
Proceeds from issuance of equity		-	23,557,633
Proceeds from long-term debt		943	-
Interest paid		-589	-
Net cash flow from financing activities		**354t**	**23,557,633**
Net change in cash and cash equivalents		-1,003	2,955
Cash and cash equivalents, beginning of period		2,955	-
Cash and cash equivalents, end of period		**1,952**	**2,955**

FINANCIAL STATEMENTS FOR PARENT

Parent Company Statement of Changes in Equity

For the year ended 31 December

	Restricted equity	Unrestricted equity		
SEK '000	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Balance as of January 1, 2020	**50**	**-**	**-**	**50**
Total comprehensive income	**-**	**-**	**-11 429**	**-11 429**
Issue of share capital	187	23,568,827	-	23,569,014
Transactions with equity holders	187	**23,568,827**	**-**	**23,569,014**
Balance as of December 31, 2020	**236**	**23,568,827**	**-11,429**	**23,557,635**
Total comprehensive income	-	-	-18,881	-18,881
Group contribution	-	-	1,864	1,864
Balance as of December 31, 2021	**236**	**23,568,827**	**-28,445**	**23,540,619**

P 1 - ACCOUNTING POLICIES

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.

P 2 - OTHER OPERATING INCOME

Other operating income	**2021**	**2020**
Other rental income	14,200	15,650
Total other operating income	**14,200**	**15,650**

Other rental income is mainly related to office space.

Income and cost	**2021**	**2020**
Income from sales of services within the group	100%	100%
Cost from purchases from within the group	0%	0%

P 3 - EMPLOYEE BENEFITS AND EXPENSES

Employee benefit expenses	**2021**	**2020**
Salaries	11,730	12,754
Social security costs	3,674	3,956
Pension costs	2,893	2,256
Other employee expenses	51	18
Total employee benefit expenses	**18,348**	**18,984**

Avergae numbers of employees	**2021**	**2020**
Women	1,5	1,5
Men	1,5	1,5
Total	3	3

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

Position		**Board fee/salary**
	2021	**2020**
Board of directors	2,325	1,549
Total remuneration to Board of directors	**2,325**	**1,549**

Board of directors	**Procent**
Women	17%
Men	83%

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

P 4 - OTHER OPERATING EXPENSES

Other operating income	2021	2020
Other operating expenses	18,466	7,231
Total other operating expenses	**18,466**	**7,231**

P 5 - FINANCIAL INCOME AND FINANCIAL COSTS

FINANCE INCOME AND FINANCE COSTS	2021	2020
Finance income		
Other finance income	138	9,666
Total finance income	**138**	**9,666**
Finance costs		
Interest expenses	589	751
Total finance costs	**589**	**751**

P 6 - IC TRADE RECEIVABLES AND OTHER CURRENT ASSETS

IC Trade receivables and other current assets	31.12.2021	31.12.2020
IC Trade receivables	8,369	5,446
Other current assets	17	365
Total IC trade receivables and other current assets	**8,386**	**5,811**

P 7 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2021	31.12.2020
Bank deposits, unrestricted	1,952	2,955
Total cash and cash equivalents	**1,952**	**2,955**

P 8 - TRADE AND OTHER PAYABLES

Trade and other payables	31.12.2021	31.12.2020
Trade payables	2,232	141
Other Payables	-2	4,204
Total trade and other payables	**2,230**	**4,345**

P 9 - 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 2021	-	-	-
Share capital increase 22.01.20.	235,577,220	0.001	236
At 31 December 2021	235,577,220	0.001	236
At 31 December 2021	**235,577,220**	**0.001**	236

Shareholders in Nordic Connectivity AB at 31.12.2021	Shares	Ownership	Voting rights
Legal entity			
Riddle Holdco S.a.r.l	233,862,782	99,3%	99,3%
Other	1,714,438	0,7%	0,7%
Total	**235,577,220**	**100%**	**100%**

The outstanding shares have different voting rights:

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

P 10 - INCOME TAXES

Current income tax expense:	2021	2020
Tax payable	-4,185	112
Total income tax expense	**-4,185**	**112**

Current tax liabilities/assets consist of:	31.12.2021	31.12.2020
Income tax payable for the year as above	-4,185	112
- of which paid in fiscal year	-	-
- not due for earlier years	-	-
Current tax liabilities/assets 31.12	**-4,185**	**112**

Reconciliation of income tax expense	2021	2020
Profit before taxes	**-23,065**	**26**
Tax expense (local tax rate)	-49,82	45
Permanent differences	797	-45
Non-deductible interest	-	112
Recognized income tax expense	**-4,185**	**112**

P 11 - INTER COMPANY LIABILITIES AND OTHER LIABILITIES

Inter Company liabilities and other liabilities:	31.12.2021	31.12.2020
Inter Company liabilities	2,129	-10,971
Other current liabilities	106,154	**45,484**
Inter Company liabilities and other liabilities	**108,283**	**45,484**

P 12 - AUDIT FEE

Audit related fees - EY	**2021**	**2020**
Audit fee	1,860	265
Tax advisory services	309	26
Total auditor fees (ex VAT)	**2,169**	**291,3**

P 13 - SHARES IN SUBSIDIARIES

Shares in subsidiaries consists of shares in Nordic Connectivity Midholding AB. The book value of the shares amounts to mSEK 23,638. For information regarding all the companies in the group, please refer to Note 19 of the financial statement of the GlobalConnect Group.

P 14 - YEAR-END APPROPRIATIONS

APPROPRIATION OF EARNINGS

The Board of Directors proposal for disposition of available funds:

Share premium	23,568,827
Retained earnings	-11,429
Loss for the year	-17,017
	23,540,382

The board proposes that this sum be appropriated as follows:

To be carried forward	23,540,382

P 15 - SUBSEQUENT EVENTS

For more information see Note 23 in consolidated financial statement.

Stockholm, 28.04.2022

Eric Albert Elzvik
Chairman of the Board

Pernille Lyngvold Erenbjerg
Board Member

Per Morten Torvildsen
Board Member

Carl Sjölund
Board Member

Marco Eric Visser
Board Member

Anders Ösmark
Board Member

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 for the financial year 2021-01-01 – 2021-12-31

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 2021 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 2021 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 statement of comprehensive income and statement of financial position for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company’s audit committee in accordance with the Audit Regulation (537/2014) Article 11.

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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 1-52 and 107 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 intends 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.

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

Auditor’s Report cont.

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.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes disclosure about the matter.

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 financial year 2021-01-01 – 2021-12-31 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 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 Report cont.

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, 29. april 2022
Ernst & Young AB

Åsa Lundvall
Authorized Public Accountant

Alternative Performance Measures

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

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

EBITDA MARGIN
EBITDA expressed as a percentage of net sales.

ADJUSTED EBITDA
EBITDA before non-recurring.

ADJUSTED EBITDA MARGIN
Adjusted EBITDA as a percentage to net sales

EBIT
Earnings before interest and taxes.

ADJUSTED EBIT
EBIT before other non-operating cost.

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

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

NET LEVERAGE
NIBD divided by adjusted EBITDA.

OPERATIONAL CASH FLOW
Cash flow from operational activities.

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

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

Operating profit (EBIT)
Net profit + interests + taxes

Operating margin (EBIT), %

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

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

Cash conversion

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

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

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