Norlys Fibernet A/S

Tietgensvej 4, DK-8600 Silkeborg

Annual Report for 2024

CVR No. 36 42 35 44

The Annual Report was presented and adopted at the Annual General Meeting of the company on 24/4 2025

Christina Cederfeld de Simonsen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Norlys Fibernet A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Silkeborg, 3 April 2025

Executive Board

Carsten Bryder Thejls CEO	Stine Aare Jensen CFO

Board of Directors

Gert Vinther Jørgensen Chairman	Dennis van Alphen Vice chairman	Christian Greve
Malte Larsen	Jess Julin Ibsen	Anne Mette Aaby Aaes
Jakobus Maarten Alfrink	Alexandre Edouard Jean Pieyre	

Independent Auditor's report

To the shareholder of Norlys Fibernet A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Norlys Fibernet A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aarhus C, 3 April 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Groth Hansen	Line Borregaard
State Authorised Public Accountant	State Authorised Public Accountant
mne33228	mne34353

Company information

The Company	Norlys Fibernet A/S Tietgensvej 4 DK-8600 Silkeborg CVR No: 36 42 35 44 Financial period: 1 January - 31 December Incorporated: 4 November 2014 Financial year: 10th financial year Municipality of reg. office: Silkeborg
Board of Directors	Gert Vinther Jørgensen, chairman Dennis van Alphen, vice chairman Christian Greve Malte Larsen Jess Julin Ibsen Anne Mette Aaby Aaes Jakobus Maarten Alfrink Alexandre Edouard Jean Pieyre
Executive Board	Carsten Bryder Thejls Stine Aare Jensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,388,912	1,298,396	1,132,134	906,046	856,558
Gross profit	1,218,979	1,141,831	892,849	401,481	340,318
Profit/loss of primary operations	242,743	154,394	105,469	-36,044	-87,753
Profit/loss of financial income and expenses	-322,049	-272,992	-99,709	-22,940	-16,544
Net profit/loss for the year	-63,284	-92,191	9,946	-45,831	-80,306
Balance sheet					
Balance sheet total	10,810,205	10,663,503	9,971,265	3,739,352	3,563,194
Investment in property, plant and equipment	769,155	1,258,307	1,409,524	488,370	528,768
Equity	2,162,904	2,205,263	2,402,224	893,351	939,182
Ratios					
Gross margin	87.8%	87.9%	78.9%	44.3%	39.7%
Profit margin	17.5%	11.9%	9.3%	-4.0%	-10.2%
Return on assets	2.2%	1.4%	1.1%	-1.0%	-2.5%
Solvency ratio	20.0%	20.7%	24.1%	23.9%	26.4%
Return on equity	-2.9%	-4.0%	0.6%	-5.0%	-8.2%

The amounts and numbers disclosed for 2024 are impacted by the merger of Norlys Fibernet A/S with GEV Fibernet A/S. The merger has taken effect 1 January 2024 from an accounting perspective and the comparative years have not be adjusted.

Management's review

Key activities

The purpose of the Norlys Fibernet is to conduct business within the digital communication network and includes owning, expanding, operating and maintaining a communication network based on fibre technology. The activities of Norlys Fibernet includes developing, marketing, selling and distributing fibre connectivity services and products to external service providers on a wholesale basis.

Market overview

Norlys Fibernet's network is the largest and most densely deployed in Denmark. The network is an open access network accessible to multiple service providers, allowing end users to freely choose their service provider for TV, internet and streaming. Via OpenNet, Norlys Fibernet has agreements with nearly all service providers in the Danish market.

Fast and reliable internet is fundamental for functioning in the global knowledge society, and we see it as our obligation to support the digital transformation of our society. Therefore, Norlys Fibernet has delivered high-speed broadband to almost all cooperative members of Norlys a.m.b.a.

Alongside development activities, we have managed to keep operations stable and meet delivery times for new fibre installations in 2024.

Development during the year

Norlys Fibernet's net profit/loss for the year 2024 shows a loss for the year of DKK -63 million, and as of 31 December 2024, the company's balance shows equity of DKK 2,163 million.

Focus on connecting customers to the fibre network continues

Throughout 2024, we have seen increasing competition among the internet and TV service providers leading to an increase in the number of existing fibre customers changing service provider and decrease in the sale of new active fibre connection . Meanwhile, competition from 5G and coax continues, resulting in fewer new customers on our fibre network than expected. Therefore, we have developed new commercial efforts, including new market campaigns and enhanced business products to be implemented in 2025.

Purchase of two fibre networks in Jutland

2024 included two acquisitions of fibre networks in Jutland.

In April, Norlys Fibernet announced an agreement to purchase the fibre network of the utility and cooperative company GEV, which includes approximately 7,000 homes passed in the Grindsted area. The acquisition of the fibre network in Grindsted is a natural extension of the fibre network Norlys Fibernet already owns in Jutland. A merger between Norlys Fibernet A/S and GEV Fibernet A/S was made retroactively as of 1 January 2024 with Norlys Fibernet A/S as the continuing company.

Ahead lies the opening of the fibre network, allowing customers in Grindsted to choose from the 13 providers of internet and TV to the private and business market active on Norlys' fibre network. With this acquisition, Norlys Fibernet covers a total of approximately 903,000 homes passed.

In June, the company announced a second fibre network acquisition, this time of EWII's fibre network in the Triangle Region, which covers approximately 135,000 homes. Norlys sees a strong strategic alignment, as the fibre network in the Triangle Region is a natural extension of Norlys' fibre geography in Jutland. A larger network ensures synergies and continued development of the fibre network and contributes to Norlys' growth ambitions. The agreement must be approved by the competition authorities before it is valid.

Management's review

New service providers on the fibre network

During the second half of 2024, Norlys Fibernet welcomed 2 new service providers on our fibre network - Swedish Bahnhof and TDC Erhverv. Bahnhof has been a significant player in the Swedish broadband market since its launch in 1994, where the company's focus on fast speeds and anonymity online has resulted in Sweden's most satisfied broadband customers over the past four years, being the 500,000 who receive internet from Bahnhof. TDC Erhverv is a well-known B2B brand in Denmark. With the addition of Bahnhof and TDC Erhverv on the fibre network, private and business customers on our fibre network now have even greater choice, with yet another provider from whom they can choose internet, TV, and streaming. This is an important milestone in our ambition to ensure market competition, which ultimately means better products and prices for all customers on our fibre network.

The past year and follow-up on development expectations from last year

Norlys Fibernet's financial performance in 2024 is considered satisfactory. The company's result for 2024 shows earnings before interest and tax (EBIT) of DKK 243 million, in line with the expectation for the year. The earnings before tax for 2024 show a result of DKK -79 million, which is equally in line with expectations.

The company is still considered to have a healthy and well-established fibre business, growing steadily as the fibre network expands commercially.

Operating risk

The company has not assumed any special risks beyond those normal for the industry.

Targets and expectations for the year ahead

In 2025, the company expects positive revenue development but will be affected by higher operating and interest costs. The expectation of earnings before interest and tax (EBIT) is between DKK 295 million and DKK 335 million for the coming year. The result before tax is expected at the level DKK -30 million to DKK 10 million for the coming year. The result in 2025 will be negatively affected by goodwill amortisation from the EWII acquisition of DKK -155 million.

Statement of corporate social responsibility

Reference is made to the statement of social responsibility, included in the consolidated accounts for Norlys a.m.b.a., CVR no. 26382645

Statement of data ethics

Reference is made to the statement of policy for data ethics, included in the consolidated financial statements for Norlys a.m.b.a., CVR no. 26382645.

Unusual events

The financial position of the company as of 31 December 2024, and the results of the activities and cash flows for the financial year 2024 have not been affected by any unusual events..

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	1	1,388,912	1,298,396
Work on own account recognised in assets		484,473	561,467
Other operating income		1,506	1,430
Expenses for raw materials and consumables		-317,143	-337,457
Other external expenses		-338,769	-382,005
Gross profit		**1,218,979**	**1,141,831**
Staff expenses	2	-364,924	-426,174
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-610,443	-561,263
Other operating expenses		-869	0
Profit/loss before financial income and expenses		**242,743**	**154,394**
Financial income	4	40,258	59,566
Financial expenses	5	-362,307	-332,558
Profit/loss before tax		**-79,306**	**-118,598**
Tax on profit/loss for the year	6	16,022	26,407
Net profit/loss for the year	7	**-63,284**	**-92,191**

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Completed development projects		217,035	193,557
Acquired other similar rights		130,249	131,529
Goodwill		72,593	44,879
Development projects in progress		62,143	61,841
Intangible assets	8	**482,020**	**431,806**
Land and buildings		1,518	1,518
Plant and machinery		9,193,223	8,917,326
Other fixtures and fittings, tools and equipment		13,941	1,670
Property, plant and equipment in progress		369,882	412,663
Property, plant and equipment	9	**9,578,564**	**9,333,177**
Fixed assets		**10,060,584**	**9,764,983**
Raw materials and consumables		0	134
Inventories		**0**	**134**
Trade receivables		59,508	59,104
Contract work in progress	10	29,554	19,255
Receivables from group enterprises		517,500	683,733
Other receivables		19,916	37,808
Corporation tax receivable from group enterprises		37,400	0
Prepayments	11	77,380	81,923
Receivables		**741,258**	**881,823**
Cash at bank and in hand		**8,363**	**16,563**
Current assets		**749,621**	**898,520**
Assets		**10,810,205**	**10,663,503**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital	12	121,002	121,002
Reserve for development costs		217,758	199,210
Reserve for hedging transactions		-74,476	-27,530
Retained earnings		1,898,620	1,912,581
Equity		**2,162,904**	**2,205,263**
Provision for deferred tax	13	112,765	104,187
Provisions		**112,765**	**104,187**
Mortgage loans		7,353,736	7,335,915
Deposits		38	74
Deferred income		24,633	12,251
Long-term debt	14	**7,378,407**	**7,348,240**
Credit institutions		725,300	565,839
Prepayments received from customers		32,936	30,603
Trade payables		126,913	132,626
Payables to group enterprises		84,043	123,468
Other payables	15	170,957	151,823
Deferred income	14,16	15,980	1,454
Short-term debt		**1,156,129**	**1,005,813**
Debt		**8,534,536**	**8,354,053**
Liabilities and equity		**10,810,205**	**10,663,503**

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Statement of changes in equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	121,002	199,210	-27,530	1,912,581	2,205,263
Net effect from merger and acquisition under the uniting of interests method	0	0	0	-669	-669
Adjusted equity at 1 January	121,002	199,210	-27,530	1,911,912	2,204,594
Contribution from group	0	0	0	68,540	68,540
Fair value adjustment of hedging instruments, end of year	0	0	-60,187	0	-60,187
Tax on adjustment of hedging instruments for the year	0	0	13,241	0	13,241
Development costs for the year	0	40,715	0	-18,548	22,167
Depreciation, amortisation and impairment for the year	0	-22,167	0	0	-22,167
Net profit/loss for the year	0	0	0	-63,284	-63,284
Equity at 31 December	**121,002**	**217,758**	**-74,476**	**1,898,620**	**2,162,904**

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK

1. Revenue

	2024	2023
Segments		
Wholesale	1,255,913	1,133,148
Operators and partners	132,999	165,248
	1,388,912	**1,298,396**

Net sales are on the domestic market.

	2024	2023
	TDKK	TDKK

2. Staff expenses

	2024	2023
Wages and salaries	323,713	380,795
Pensions	35,483	39,843
Other social security expenses	5,728	5,536
	364,924	**426,174**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	4,355	4,444
Board of directors	359	388
	4,714	**4,832**
Average number of employees	**586**	**662**

Remuneration for the management is based on an estimate of the time spent by the executive board and the board of directors, as the management is included as a management member in several of the group's companies

The management is part of a 3-year long-term incentive program which is based on the achievement of certain targets. Financial targets relating to Profit before tax and ROIC as well as non-financial targets relating to awareness and speed of green conversion determine the size of the incentive payment.

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	70,604	58,524
Depreciation of property, plant and equipment	539,839	502,739
	610,443	**561,263**
Which is specified as follows:		
Amortisation - Completed development projects	28,419	20,917
Amortisation - Acquired other similar rights	21,865	22,090
Amortisation - Goodwill	20,320	15,517
Depreciation - Other fixtures and fittings, tools and equipment	539,839	502,739
	610,443	**561,263**

	2024	2023
	TDKK	TDKK
4. Financial income		
Interest received from group enterprises	20,323	33,838
Other financial income	18,809	25,213
Exchange gains	1,126	515
	40,258	**59,566**

	2024	2023
	TDKK	TDKK
5. Financial expenses		
Interest paid to group enterprises	0	20,846
Other financial expenses	361,447	310,996
Exchange loss	860	716
	362,307	**332,558**

Notes to the Financial Statements

		2024	2023
		TDKK	TDKK
6.	**Income tax expense**		
	Current tax for the year	-37,400	0
	Deferred tax for the year	21,488	-25,654
	Adjustment of tax concerning previous years	-462	-2,290
	Adjustment of deferred tax concerning previous years	352	1,537
		-16,022	**-26,407**

		2024	2023
		TDKK	TDKK
7.	**Profit allocation**		
	Retained earnings	-63,284	-92,191
		-63,284	**-92,191**

8. Intangible fixed assets

	Completed development projects	Acquired other similar rights	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	246,360	187,950	77,583	61,841
Net effect from merger and acquisition	0	0	48,034	0
Additions for the year	0	0	0	72,784
Transfers for the year	51,897	20,585	0	-72,482
Cost at 31 December	298,257	208,535	125,617	62,143
Impairment losses and amortisation at 1 January	52,803	56,421	32,704	0
Amortisation for the year	28,419	21,865	20,320	0
Impairment losses and amortisation at 31 December	81,222	78,286	53,024	0
Carrying amount at 31 December	**217,035**	**130,249**	**72,593**	**62,143**

Completed development projects are the development of fiber networks and technology, as well as the development of supporting IT systems. Development projects in progress can be attributed to development projects that relate to the company's IT systems as well as other system development to support the company's strategy.

9. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,518	11,918,976	9,032	412,663
Net effect from merger and acquisition	0	109,623	0	551
Additions for the year	0	24,937	15,036	729,182
Disposals for the year	0	0	-2,194	0
Transfers for the year	0	772,514	0	-772,514
Cost at 31 December	1,518	12,826,050	21,874	369,882
Impairment losses and depreciation at 1 January	0	3,001,650	7,362	0
Net effect from merger and acquisition	0	91,987	0	0
Depreciation for the year	0	539,190	648	0
Reversal of impairment and depreciation of sold assets	0	0	-77	0
Impairment losses and depreciation at 31 December	0	3,632,827	7,933	0
Carrying amount at 31 December	**1,518**	**9,193,223**	**13,941**	**369,882**
Interest expenses recognised as part of cost	0	17,519	0	0

10. Contract work in progress

	2024	2023
	TDKK	TDKK
Selling price of work in progress	29,554	19,255
	29,554	**19,255**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	29,554	19,255
	29,554	**19,255**

11. Prepayments

Prepayments consist of IT-services and wholesale revenue.

12. Share capital

The share capital consists of 1,210,020 shares of a nominal value of TDKK 121,002. No shares carry any special rights.

The shares has not been divided into classes.

13. Provision for deferred tax

	2024	2023
	TDKK	TDKK
Deferred tax liabilities at 1 January	104,187	157,855
Adjustment deferred tax concerning previous year	331	1,536
Amounts recognised in the income statement for the year	21,488	-25,654
Amounts recognised in equity for the year	-13,241	-29,550
Deferred tax liabilities at 31 December	**112,765**	**104,187**

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2024	2023
	TDKK	TDKK
Mortgage loans		
After 5 years	4,360,934	5,883,754
Between 1 and 5 years	2,992,802	1,452,161
Long-term part	7,353,736	7,335,915
Within 1 year	0	0
	7,353,736	**7,335,915**
Deposits		
After 5 years	0	0
Between 1 and 5 years	38	74
Long-term part	38	74
Within 1 year	0	0
	38	**74**

	2024	2023
	TDKK	TDKK

14. Long-term debt

	2024 TDKK	2023 TDKK
Deferred income		
After 5 years	0	0
Between 1 and 5 years	24,633	12,251
Long-term part	24,633	12,251
Other deferred income	15,980	1,454
	40,613	**13,705**

15. Derivative financial instruments

	2024	2023
	TDKK	TDKK

Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2024 TDKK	2023 TDKK
Liabilities	95,512	35,295

Interest rate swap contracts have been entered into hedge future interest payments on floating mortgage loans. The contracts have a term of 60 months. Under the contracts, an interest rate in the CIBOR 3 and 6 is exchanged for a fixed rate of interest of 2.28%, 2.5 %, 2.525%, 2.57%, 2.58%, 2,79%, 2,9%, 3.14%, 3.23%, 3.24% and 3.235% on loans with a principal amount of T.DKK 7,353,577.
At the balance sheet date, the fair value of the interest rate swap amounts to T.DKK -95,512.

16. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

17. Contingent assets, liabilities and other financial obligations

	2024 TDKK	2023 TDKK
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a carrying amount of	1,518	1,518
Plant and machinery and other fixtures with a carrying amount of	9,189,528	8,918,996

	2024	2023
	TDKK	TDKK
17. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations, period of non-terminability 12 months	1,390	2,619
Payments under operation leases concerning cars and equipment, remaining terms is 1-49 months	37,039	56,426

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Norlys Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

18. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Norlys a.m.b.a, Silkeborg	Ultimate Parent
Norlys Group A/S, Silkeborg	Parent Company
Norlys Infrastructure Holding A/S, Silkeborg	Parent Company
Norlys Fiber Infrastruktur A/S, Silkeborg	Parent Company

Other related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Norlys a.m.b.a	Tietgensvej 4, 8600 Silkeborg, Denmark

The Group Annual Report of Norlys a.m.b.a may be obtained at the following address:

Tietgensvej 4, 8600 Silkeborg, Denmark

Notes to the Financial Statements

19. Fee to auditors appointed at the general meeting

With reference to §96 subsection of the Danish Financial Statements Act. 3, the fee for the auditor elected by the general meeting is not disclosed. Reference is made to the consolidated financial statements of Norlys a.m.b.a. CVR No. 26 38 26 45.

20. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

21. Accounting policies

The Annual Report of Norlys Fibernet A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Norlys Fibernet A/S is from the 1 January 2024 merged with GEV Fibernet A/S (CVR No. 30896866) with Norlys Fibernet A/S as the continuing company. The merger has been accounted for according to the group-method (koncernmetoden), and as a result there has been made an adjustment in equity 1 January amounting to TDKK -699. No adjustment has been made to the comparative figures for 2023.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Norlys a.m.b.a, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on business segments is based on the Company´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Notes to the Financial Statements

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Connection fees charged in connection with the establishment of new installations, etc., are recognized as long-term liabilities and are recognized as income over 5 years.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Norlys Holding A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5-10 year.

Other intangible fixed assets

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly and indirectly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-30 years
Other fixtures and fittings, tools and equipment	5-10 years
Land is not depreciated	0 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity