

Norlys Annual Report



NORLYS

Contents

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Members*

805,000

Employees*

4,500



Electricity grid reliability

99.997%

Norlys in brief

Investments in 2024

4,175
million DKK



Norlys is Denmark's largest integrated energy and telecommunications group with 4,500 employees in Silkeborg, Aarhus, Aalborg, Esbjerg, Copenhagen and a number of smaller cities. We supply energy, EV charging stations, internet, TV, streaming and mobile telephony services to more than 3.5 million households and businesses. Norlys is owned by 805,000 members.

We work for the green transition and digitalisation. In addition to our customer-facing activities, we own Denmark's largest electricity and fibre networks, half of Denmark's largest mobile network and charging infrastructure for electric cars. We own a majority shareholding in Norlys Energy Trading, an energy trading company, and are co-owners of Eurowind Energy, a leading developer of solar and wind farms.

Number of fibre locations

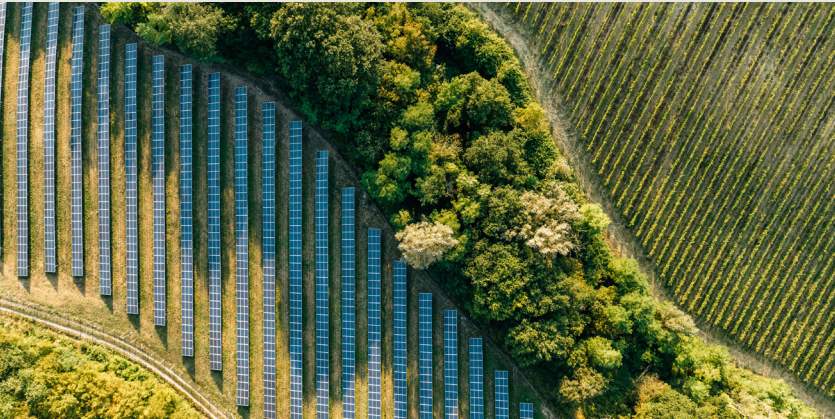
903,000

Mobile network best in test with

979 out of 1,000
possible points

Customer relationships

3,500,000



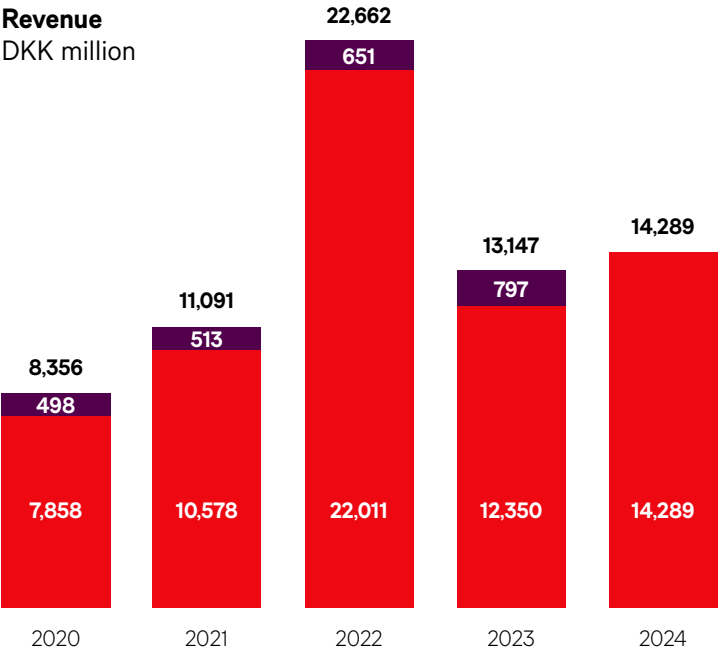
Members of the Board of Representatives*

661

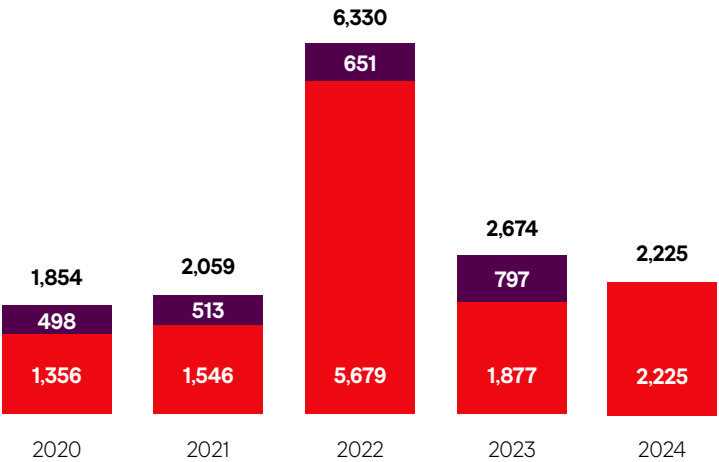
*End-2024



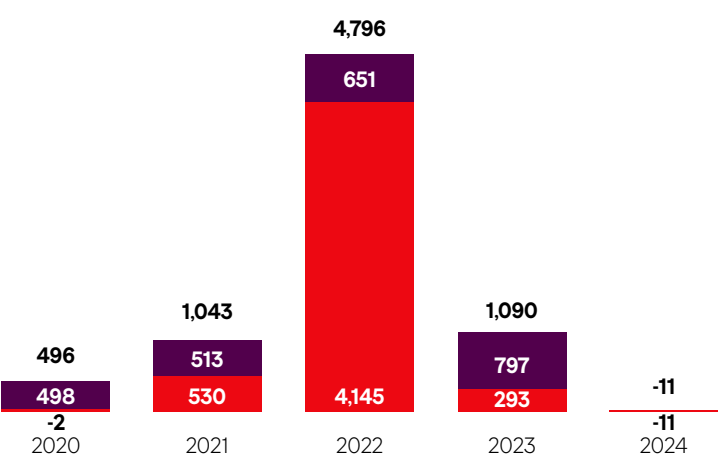
Revenue
DKK million



Profit before depreciation, amortisation
and impairment losses (EBITDA)
DKK million



Profit before tax
DKK million



Grid tariff discounts
Grid tariff discounts for Norlys members are recognised in revenue, with effect on key figures and financial ratios for the 2020-2023 period.

Preface



Jens Erik Platz
Chairman of the Board



Gert Vinther Jørgensen
Group CEO

Dear reader,

Norlys is the result of more than 40 mergers. Piece by piece, merger by merger, and with the support of the Board of Directors, the Board of Representatives and our owners, we have created a solid foundation for what is the largest integrated energy and telecommunications group in Denmark.

Our ambition has been clear right from the start: to be number one or two in the markets we operate in. Today, the energy and telecommunications sector plays a vital role in Denmark's green transition, digital development and national emergency preparedness strategy, and we are proud to actively contribute to these important areas.

We have now reached a phase where our leading market positions must be fully utilised. Norlys underwent a number of marked transformations in 2024 – all designed to prepare the group for the future. The transformations included a number of large acquisitions such as Telia Mobil Danmark, but also transformations of the way we run our businesses.

In 2024, we launched a new corporate and governance structure to support our strategy, ensure profitability and create value for our cooperative members. Norlys a.m.b.a was organised with a strategic owner company, Norlys Group, which is responsible for cohesion across the group,

for our reputation, our value creation and our overall strategy as active portfolio owners, while at the same time acting as the link to the owners. Under the Norlys Group are three independent subsidiaries: Kundeselskabet Norlys, Elnetselskabet N1 and Norlys Fibernet. The other wholly and partly owned companies will continue their activities unchanged.

One of the milestones of the year was the establishment of a new integrated customer company. By bringing all customer-facing activities together, the goal is to be able to offer more coherent solutions for our customers. The ambition is closely linked to another important event, the acquisition of Telia Mobil Danmark. With the acquisition, we welcomed 1.9 million new customers and 800 new employees.

With big transformations come complex integrations. System changeovers, new IT systems and the integration of Telia Mobil Danmark create challenges both internally and for our customers. At the same time, our TV and internet business is facing serious profitability issues in an intensely competitive market. Therefore, 2024 also saw major reorganisations aimed at accelerating the integration of Telia, optimising the system changeover process and creating a profitable end-customer business in which an improved customer experience has our full attention.

In 2024, we also continued to expand our nationwide EV charging network in Denmark. While the rest of Europe is seeing a decline in EV sales and struggling with a lack of charging infrastructure, EVs accounted for 50% of new car sales in Denmark, and the number of public charging points increased by an astounding 73% in just one year – with Norlys playing a key role. Moreover, we are pushing for the electrification of heavy goods transport through partnerships with, e.g., DFDS and MAN Truck & Bus. In the past year, Norlys has also become part of an ambitious agreement to establish the first five HGV charging hubs in Denmark.

We are committed to driving consolidation in the fibre market in line with our agreement with owners – and 2024 was no exception. The competition authorities’ approval of our acquisition of GEV Fibernet means that we now cover 900,000 locations. In 2024, the Board of Representatives approved the acquisition of EWII Fibernet – which is still awaiting final regulatory approval. If the acquisition is approved, we will cover more than one million addresses in 2025.

2024 was also saw major investments in critical infrastructure – in security, expansion and development. Our ownership structure allows us to think long-term and invest with patience. This is a strong starting point for establishing and future-proofing the infrastructure that will support a green, digital – and given the geopolitical situation – secure Denmark.

Financially, 2024 was characterised by difficult market conditions, acquisitions, investments and integration, which clearly affected both our results and cash flows. The strategic choices required financial courage at the time, but will ensure our relevance and competitiveness in the coming decades. Financially, we did not meet our own expectations, which were based on high integration costs combined with greater value creation in the existing business.

Our resilience rests on our presence across the entire energy value chain, ensuring that Norlys remains in a strong position. Eurowind Energy’s latest financial year was characterised by growth and large investments in the continued expansion of renewable energy plants. The earnings of our trading business, which has generated significant profits in the past, are challenged, which is having a negative impact on our 2024 results. This is partly due to long-term contracts on transmission capacities, which had a negative impact in 2024, contrasting with the extraordinary earnings contributed by the same transmission capacities in 2022.

The Norlys Growth Pool provided DKK 57 million in funding to a number of local initiatives, large and small, that will support communities as well as digitalisation and the green transition. Since the merger creating Norlys, total funding of DKK 235 million has been awarded.

We are looking back on a 2024 that was dominated by major, necessary transformations. Our strategy period towards 2027 is now about turning transformation into value creation – for our owners, our customers and the society we are part of.

We would like to thank all our companies, managers and employees for their hard work and committed efforts in 2024.



Jens Erik Platz
Chairman of the Norlys a.m.b.a. Board of Directors



Gert Vinther Jørgensen
Group CEO in Norlys



Financial ratios

EBITDA margin
Realised 2024 15.6%
Result 2023 15.2%
Comment The EBITDA margin is up 0.4 percentage points since 2023, but still falls short of the Group's 20% minimum target. In 2024, EBITDA was significantly affected by integration costs, while earnings in Norlys Energy Trading in particular dragged down the EBITDA margin. The increase since 2023 can mainly be attributed to the grid tariff discounts of DKK 797 million granted in 2023 to grid customers who are members of Norlys.
Group's 2024 target >20%
Calculation Profit before depreciation, amortisation and impairment losses relative to revenue.

EBT margin
Realised 2024 -0.1%
Result 2023 2.4%
Comment The metric is down 2.5 percentage points compared to 2023 and is significantly below the Group target. The metric was impacted, in particular, by large integration costs and weak performance in Norlys Energy Trading and Norlys Digital. Conversely, strong returns on securities contributed positively to earnings.
Group's 2024 target >5%
Calculation Profit before tax relative to revenue.

Equity ratio
Realised 2024 55.5%
Result 2023 60.3%
Comment The Group's equity ratio remains at a high level. The ratio is down 4.8 percentage points compared to 2023, primarily due to the acquisition of Telia Mobil Danmark, as well as significant investments across the group – especially in eMobility, which has increased the balance sheet total.
Group's 2024 target >55%
Calculation Equity relative to balance sheet total.

Debt leverage
Realised 2024 1.0
Result 2023 -2.3
Comment The Group's leverage remains strong relative to the financial target. The Norlys Group is very sound, with limited debt financing. The change in leverage since 2023 is primarily due to the acquisition of Telia Mobil Danmark, which has negatively affected net interest-bearing debt.
Group's 2024 target <3.0
Calculation Net interest-bearing debt relative to profit before depreciation, amortisation and impairment losses.

Cash conversion
Realised 2024 -1.9
Result 2023 -1.6
Comment The ratio is below target and has declined by 0.3 compared to 2023. This is primarily attributable to a negative free cash flow due to high investments and loans to Norlys' associate, Eurowind Energy. The acquisition of Telia Mobil Danmark has not directly affected free cash flow as the acquisition was realised through the sale of securities.
Group's 2024 target >0.25
Calculation Free cash flow relative to profit before depreciation, amortisation and impairment losses.

ROIC
Realised 2024 -1.8%
Result 2023 -0.6%
Comment This ratio is at a low level relative to the financial target of at least 3% and has declined further since 2023. The deterioration is primarily due to a significant increase in invested capital as a result of the acquisition of Telia Mobil Danmark. At the same time, operating activities generated a negative result, impacted by large integration costs and increased depreciation and amortisation as a consequence of investments in recent years and the acquisition of Telia Mobil Danmark.
Group's 2024 target >3%
Calculation Profit from ordinary operating activities (EBIT) relative to equity plus net interest-bearing debt.

Non-financial ratios



Net Promoter Score (NPS)

The Net Promoter Score (NPS) indicates the likelihood that our customers would recommend Norlys to others. Our NPS score for 2024 was -8, which is far below our target. Extensive system changeovers in the TV and internet business has led to unforeseen errors that have affected many customers. This has resulted in extraordinarily long waiting times for customers wanting to get in touch with our customer service. Improving the customer experience is therefore one of our most important focus areas for 2025.

2024 target
+1

Realised 2024
-8

Job satisfaction in Norlys

The results from the Norlys 2024 job satisfaction survey shows a decline from a score of 77 in 2023 to 74 out of 100. However, the decline was expected given the many changes implemented during the year and the associated uncertainties. The response rate remains very high (96%).

2024 target
Index 78

Realised 2024
Index 74

High electricity grid supply reliability

In 2024, we again delivered an uptime in our electricity grid of 99.997%. This means that, on average, our members were without power for a total of 16.19 minutes during the year.

2024 target
16.21 minutes per customer

Realised 2024
16.19 minutes per customer

CO₂ emissions in the Norlys Group

Norlys had an ambition of reducing CO₂ emissions by 20% in 2024 compared to 2021. However, by 2024, emissions had increased by 2.4% since 2021. The main reason for the increase is improved data quality and a more accurate calculation of emission factors for electricity, with Norlys now using DK1 and DK2-specific data rather than a national average. The target covers the Norlys Group's total CO₂ reduction for scopes 1 and 2 compared to 2021. Data is calculated according to the principles of the GHG Protocol and is exclusive of Telia Mobil Danmark.

2024 target
-20% compared to 2021

Realised 2024
+2.4% compared to 2021

Fibre network stability

In 2024, we saw an average downtime of 39.8 minutes per customer, which exceeds our target. The year saw a small number of incidents that have affected the stability of our fibre network more than we would have liked.

2024 target
34.8

Realised 2024
39.8

Norlys brand awareness (unaided)

Our goal was for the unaided national awareness of Norlys as an integrated telecommunications and energy provider to reach at least 42% of the Danish population in 2024. We reached 46%, reflecting the effect of increased visibility through campaigns, partnerships and the extension of our sponsorship with the Danish men's national handball team etc. Awareness of the Norlys brand among the Danish population as a whole reached 89%, exceeding the target of 88%.

2024 target
42%

Realised 2024
46%

An active ownership democracy

Active owner democracy is about creating greater awareness among our cooperative members of their role and importance as co-owners of Norlys. In 2024, 17.5% of our owners were aware of their co-ownership, which is below the target of 25%.

2024 target
25%

Realised 2024
17.5%

Group structure

NORLYS

a.m.b.a.

Norlys' 805,000 members

Norlys Group A/S

Active owner of Norlys' entire portfolio of companies

Core business

Ownership interest	Companies	Activity
100%	Kundeselskabet Norlys	Operates Norlys' customer-facing activities offering a wide range of internet, TV, mobile, electricity and charging solutions
	Norlys Digital A/S	
	Telia Mobil Danmark A/S	
	Norlys Energi A/S	
	Norlys Charging ApS	
	Kundeselskabet Norlys A/S	
65%	Norlys Fibernet	Operates and develops Denmark's largest fibre network where customers are free to choose between a large number of commercial providers
	Norlys Infrastructure Holding A/S	
	Norlys Fiber Infrastruktur A/S	
	Norlys Fibernet A/S	
100%	 Elhætselskabet N1	Operates and develops Denmark's geographically largest electricity grid, enabling a green future with more renewable energy

See note 12 on page 46 in the annual report for a complete overview of the companies

Other wholly and partly owned companies

Ownership interest	Companies	Activity
49.8%	 Eurowind Energy	Develops, builds and operates renewable energy farms
52.7%	NORLYS ENERGY TRADING	Risk management, electricity and gas balancing and trading
100%	 OpenNet	Collaboration platform for fibre network providers
55.9%	 GreenLab	Green and circular industrial park
50%	 TT-Netværket	Mobile infrastructure
99.9%	 Tangeværket Gudenaacentralen	Hydroelectric power plant
100%	Karlsårde Vandkraft	Former hydroelectric power plant
60%	 AUTOMIZE	IT operations, digitalisation and business process automation
97.3%	 Mjolner INFORMATICS	Software, data, innovation and digitalisation



Key figures and financial ratios

	2024	2023	2022	2021	2020
FINANCIAL HIGHLIGHTS (DKK '000)					
Revenue	14,289,028	12,350,258	22,010,888	10,578,137	7,858,105
Gross profit	5,105,379	4,205,683	7,958,088	3,046,610	2,821,578
Profit before depreciation, amortisation and impairment losses (EBITDA)	2,225,008	1,876,572	5,678,779	1,466,870	1,355,998
Profit before financial income and expenses (EBIT)	-584,856	-148,093	4,126,118	-201,831	-151,648
Profit from equity investments	139,814	98,209	615,956	468,165	104,192
Net financial income and expenses	433,633	342,401	-597,517	184,302	45,885
Profit before tax	-11,409	292,517	4,144,557	450,636	-1,571
Net profit for the year	-60,397	464,444	3,519,434	660,569	-85,648
Tariff discount recognised in income statement	0	797,264	650,650	513,258	498,175
Balance sheet total	53,826,869	49,987,514	52,159,395	32,345,979	28,889,316
Investment in property, plant and equipment	3,662,845	3,328,019	2,764,273	2,027,571	1,991,105
Equity	29,898,924	30,150,154	30,753,679	20,178,578	18,420,835
Financial ratios %					
Gross margin ratio	35.7	34.1	36.2	28.8	35.9
Profit margin	-4.1	-1.2	18.7	-1.9	-1.9
Return on capital employed (ROCE)	-1.1	-0.3	9.8	-0.7	-0.5
Equity ratio	55.5	60.3	59.0	62.4	63.8
Return on equity (ROE)	-0.2	1.5	13.8	3.4	-0.5

Key figures and financial ratios are defined and calculated in accordance with CFA Society Denmark's current version of 'Recommendations and Ratios'.
The acquisition of Telia Mobil Danmark A/S was finally approved and completed on 2 April 2024 and therefore affects the key figures and financial ratios for 2024.

2024 in review



2024 in and around Norlys

In 2024, the security of supply and the protection of critical infrastructure jumped to the top of the political agenda in Denmark and the rest of Europe.

Rising geopolitical tensions, with power and digital infrastructures being at risk of cyber threats and hybrid attacks, have highlighted the need for significant investment in both developing and securing our critical systems. In 2024, sustained efforts were therefore devoted to strengthening the resilience of our infrastructure, not only to external threats, but also to the weather patterns of the future. At the same time, we must be able to drive the green transition through the comprehensive electrification of society.

The geopolitical situation has also led to discussions about the framework conditions for consolidating Danish telecommunications companies as a way of ensuring the necessary investments in our security of supply and digital infrastructure.

Investments in critical infrastructure

At Norlys, we manage both the electricity and digital infrastructures that form the backbone of our modern society. We witness daily our growing dependence on these systems – in the context of the green transition, which is resulting in more electric cars and heat pumps, as well as the increasingly digitalised everyday lives of citizens and businesses. In 2024, we made major investments in expanding our electricity grid and fibre network, building a nationwide charging network and also in major IT projects – investments that are a draw on resources in the short term, but which create a secure foundation for both Norlys and society in the long term.

Green transition and competitiveness

The current energy landscape offers both great opportunities and significant challenges. Throughout 2024, we heard the stories of solar projects coming under pressure and of a generally more challenged demand for power from renewable sources – most recently evidenced by the zero bids in Denmark's historic offshore wind tender. Faced by these challenges, it is crucial that we maintain our focus on the core narrative about the green transition and the significant commercial and societal opportunities that come with it. This was further underlined by a report by Mario Draghi, which clearly highlights the connection between the green transition, energy prices and Europe's future competitiveness.

In Denmark, 2024 brought many positive trends when it comes to the future development of the energy sector. The year saw the completion of the work of the National Energy Crisis Task Force (NEKST) established by the Danish government, which has resulted in a number of recommendations for phasing out gas in private homes, expanding land-based solar and wind power and accelerating the expansion of the electricity grid. How both national and European recommendations are implemented politically will be crucial for the development of the energy sector in the coming years.

Charging joy for Danes

While the green transition has faced challenges in several areas, the news has been positive as regards the electrification of passenger

transport in Denmark. Electric cars accounted for half of new car sales in 2024, and the number of public charging points increased by 73% from October 2023 to October 2024 – a development to which Norlys has contributed significantly. In addition, the first steps were taken towards the electrification of heavy goods transport with agreements on the establishment of five HGV charging hubs, where Norlys is also a key player.

Norlys is also contributing to the green transition through our co-ownership of Eurowind Energy, which today generates electricity for over 600,000 European households and develops renewable energy plants in 16 markets.

Substantial investments were also made in the fibre network in 2024 in the form of acquisitions, development and increased security. With new acquisitions, Norlys now delivers fibre to 900,000 addresses. If the authorities approve Norlys' purchase of EWII's fibre network, our geographical catchment area for fibre customers will cover one million addresses. The ambition is now to increase the connection rate to 80% for the existing fibre network by getting even more people to sign up.

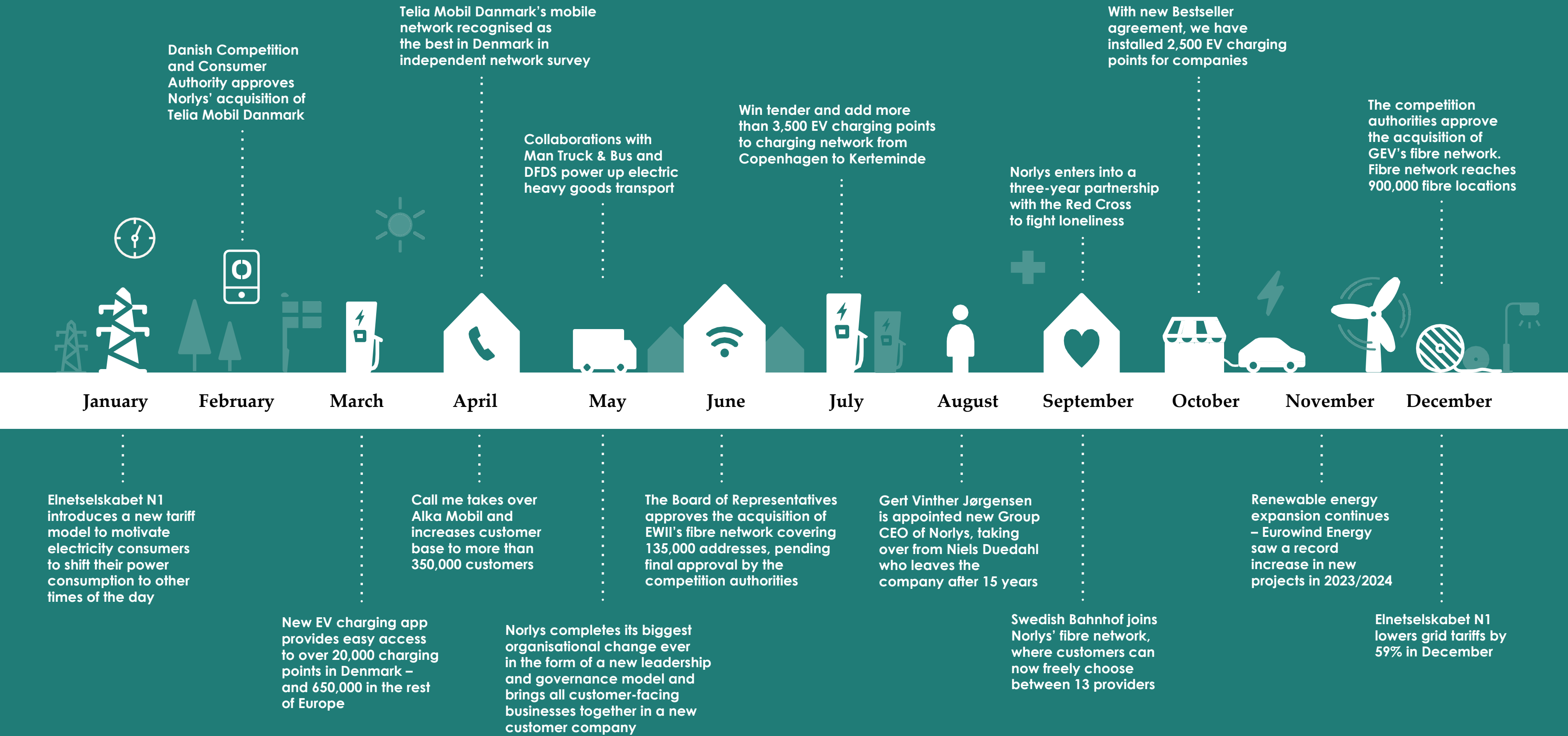
In Norlys, we support free competition through the OpenNet platform, which is owned by Norlys, but which operates 100% independently of us. This ensures transparency and freedom of choice for customers.

A year of transformations

The substantial investments made across our business areas in 2024 coincided with a comprehensive transformation of Norlys. A new corporate and management structure has decentralised decision-making powers as a way of unleashing the great growth potential in the energy and telecommunications markets and in the individual companies in Norlys. In particular, the transformation of our end-customer business has brought together all our customer-facing units in a new integrated customer company as a way of delivering a more coherent customer experience for both households and businesses.

An important part of the transformation was the acquisition of Telia Mobil Danmark, which was approved by the competition authorities in 2024. This means that Norlys is now also a mobile operator and that Telia Mobil Danmark's approximately 1.9 million customers and 800 employees are now part of the Norlys Group. It has resulted in a major integration task, which will continue in the coming years.

Finally, Norlys Group has been established as a focused owner company that acts as an active owner of the Group's portfolio of companies and is responsible for the overall value creation, cohesion and reputation of the Group.



A challenging year of strategic investments and integration

Following the normalisation of our financial performance in 2023, 2024 was a significantly different year for Norlys. We returned a loss that is significantly below our ambitions and expectations.

Our financial performance was impacted by substantial goodwill amortisation, the integration of Telia Mobil Danmark and unsatisfactory results in several business areas. Norlys realised a profit before depreciation, amortisation and impairment losses (EBITDA) of DKK 2,225 million and a loss before tax of DKK -11 million. The acquisition and integration of Telia Mobil Danmark contributed DKK 356 million to EBITDA and DKK -421 million to the loss before tax. Exclusive of the substantial integration costs and other one-off items, we would have delivered a profit before tax of DKK 439 million. This is below the expected EBITDA of approx. DKK 2.9 billion and the expected profit before tax of DKK 1 billion exclusive of Telia Mobil Danmark and is considered unsatisfactory. The realised results are mainly due to the weak performance of our TV and internet business and of Norlys Energy Trading.

Stable power grid, fibre network and energy business operations

Several parts of our business delivered solid results in 2024. The performance of Elnetselskabet N1 was as expected, and Norlys Fibernet was also at the planned level. The energy business followed the same pattern. For Norlys as a cooperative, making long-term investments for the benefit of society is both our responsibility and an opportunity for us. An example is the investment of DKK 888 million by our eMobility business in a nationwide charging network in 2024. Although such investments negatively impact our short-term earnings due to high depreciation combined with a gradual

increase in grid utilisation, they are necessary steps to support the green transition and our future charging infrastructure. In 2024, our mobile business performed strongly in primary operations, but was significantly impacted by high integration costs, resulting in an operating loss (EBIT) of DKK -131 million. Although costly, the integration went according to plan, and the first synergies have started to materialise. Eurowind Energy also contributed a profit of DKK 121 million to the Norlys Group, driven primarily by the partial divestment of two Danish wind farms.

Untapped potential in selected business areas

However, two business areas had a negative impact on the Group's results. The performance of our TV and Internet business fell significantly short of expectations. Competition in the market is fierce, but it is nevertheless clear to us that we have not managed to realise the full potential of our digital business. Our trading business also delivered results far below initial expectations. Energy trading was under pressure in 2024 due to lower market volatility and fewer trading opportunities, which limited earnings. Payments for gas transmission capacities have not been commensurate with the earnings from transporting gas between the individual areas, which contributes negatively to the Group's results. At the same time, it is clear that several company-specific issues need addressing.

Asset management contributed positively and generated significant returns of DKK 685 million. This boosted our

financial resilience in a challenging year and underlines our solid foundation. At the same time, we are addressing the structural challenges of the business to ensure more balanced earnings going forward.

Solvency remains high

Norlys' equity amounted to DKK 29,899 million at the end of the year, with net interest-bearing debt of DKK 2,313 million. The equity ratio remained high at 55.5%, which meets our target and is evidence of our robust financial position despite the challenges of the year. Our free cash flow ended at DKK -4,293 million, while cash flows from investing activities alone were DKK -5,710 million. Despite a slight decrease compared to 2023, cash flows from operating activities remained positive at DKK 1,417 million.

2024 was a transformative and challenging year characterised by investments of strategic importance for Norlys' future growth and competitiveness. Our capital structure is solid, and we are focused on strengthening our underperforming business areas to strengthen our position in a changing market.

The financial results from 2024 will have an impact in 2025, where investments, integration costs and significant levels of goodwill amortisation will continue to affect the Group's financial performance.



A customer company is born

Most consumers do not ever want to be without access to power, EV charging, high-speed internet, streaming, TV and a stable mobile connection. With the final approval of the acquisition of Telia Mobil Danmark in 2024, Norlys was given a unique opportunity to cover all these needs – and it was therefore the right time to bring together all customer-facing activities in a single company.

Internet, TV, mobile and energy solutions have one thing in common: They operate in the most competitive of markets. To strengthen our position and deliver a better customer experience, Norlys has revisited both its strategy and its approach, the ambition being to bring together all customer-facing activities in a single organisation as a way of creating synergies across the various business areas. In short: We want to deliver more coherent, simple solutions and to cover our customers’ needs through an integrated one-stop-shop concept.

In 2024, we took an important step towards realising vision by organising all customer-facing activities into a single integrated customer company. Our ambition is clear – we want to make everyday life easier for households and businesses by offering coherent solutions covering everything from mobile and internet solutions to energy and TV packages.

The competition authorities’ approval of the acquisition of Telia Mobil Danmark was another significant milestone. It meant that we welcomed 1.9 million new customers and 800 employees to Norlys. For the first time, Telia Mobil Danmark was included in the consolidated financial statements and delivered better than expected results from

operating activities. The acquisition has strengthened Norlys’ position across markets and created new opportunities for growth and innovation.

Extensive integration and system changeover

2024 was also challenging for our internet and TV business, which delivered results significantly below expectations. The highly competitive market situation calls for new initiatives, which is why we are working hard to strengthen and simplify our business.

During the year, we intensified our efforts to create a unified telecommunications business – initially through the organisational integration of Telia Mobil Danmark and Norlys and the appointment of a single management for the entire end-customer business.

To meet the needs of the future, Norlys has invested heavily in the digital infrastructure and in major IT projects, intensified its work with integrations and simplified processes. There is no doubt that the challenges impacting Kundeselskabet Norlys in 2024 have not gone away. The ensuing efforts are crucial to future-proofing our customer-facing business, even though they entail significant costs in the short term.

“We believe we can make it beneficial for households and businesses to have a single supplier for internet, TV and mobile services as well as energy. Delivering a consistent customer experience across all our products requires a simpler and more coherent system landscape, which is why we are in the process of moving customers to a new platform. The move impacted customer experience in 2024, and we deeply apologise to the affected customers. The transformation of our customer business is a huge undertaking, but a necessary investment in the future, and the integration of Telia Mobil Danmark plays a key role.”

- Kathrine Forsberg, CEO of Kundeselskabet Norlys.



Extensive system changeover in internet and TV business

A major system changeover impacted the customer experience in 2024 as the task of moving Norlys' internet and TV customers from multiple systems to a single billing platform entered its final phase.

Acquisitions and mergers over many years have created a complex system landscape – not least in the customer-facing functions of Norlys' internet and TV business, where employees are having to navigate multiple systems to serve customers. That is why we want to reduce complexity by moving all customers to a single platform.

In 2023, we started the extensive task of gradually moving more activities and existing customers from the old solutions to the new platform. This whole process culminated in 2024 as the system changeover entered its final phase and the majority of customers were moved.

Especially towards the end of the year, the system changeover affected far too many customers who were hit by unforeseen errors. This resulted in extended periods

of extraordinarily long waiting times to get through to customer service, which is extremely regrettable. The consequence has been a significant drop in overall customer satisfaction.

Large IT projects are never painless and often have a negative impact on customer experience. Nevertheless, we have to admit that in this case the whole process has been far from satisfactory.

Once the migration of customers to a single customer system is complete, we will have a platform that increases the efficiency of our internal processes, enables us to offer customers a more intuitive and seamless experience, and contributes to delivering more streamlined customer services.

CASE

Security is standard – not an optional extra

In 2024, Norlys started offering comprehensive security solutions as a standard element in all our new internet packages for businesses. At a time when the cyber threat to Danish businesses is on the rise and many small and medium-sized businesses do not have sufficient focus on digital security, Norlys has chosen to make security a natural part of our solutions. The new internet packages include a security suite that protects against known vulnerabilities, malicious bots, malware and dangerous websites. At Norlys, we want to help all businesses – regardless of size – feel safer in a digital world where security is more necessary than ever.

Telia Mobile Danmark maintains momentum

Following the acquisition of Telia Mobil Danmark, in 2024 Norlys became a mobile operator. Despite high integration costs, Telia Mobil Danmark has maintained its momentum.

With the acquisition of Telia Mobil Danmark's approximately 1.9 million customer relationships, 800 employees and a 50% stake in Denmark's largest mobile network, the TT network, Norlys has created a market position for itself that strengthens competition and creates value for customers nationwide. As part of the integration, Norlys has taken over 31 stores that will be offering the entire Norlys product portfolio.

In 2024, a strong focus was on the separation of Telia Mobil Danmark from Telia Company and its integration into the Norlys Group. The move of Telia's TV customers to Norlys marked an important milestone, giving customers access to more channels and streaming services at lower prices. At the same time, the rebranding of Telia Mobil Danmark to Norlys has begun, and the first store offering both Norlys and Telia products opened in Kolding as part

of our efforts to combine the product portfolios.

The mobile company Call me, which is part of Telia Mobil Danmark, acquired Alka Mobil during the year, adding thousands of customers and bringing Call me to more than 350,000 customers.

Best mobile network in Denmark

In an independent network survey, Telia Mobil Danmark's mobile network was impressively recognised as the best in Denmark with a score of 979 out of 1000 possible points.

The recognition is the result of years of investment in energy-efficient 5G technology driven by increasing data consumption among Danes. This underscores Telia Mobile Danmark's central role in Denmark's digital infrastructure and our focus on delivering reliable and future-proof communication solutions.

Looking at the Danish telecommunications sector as a whole in 2024, the continued rollout and adoption of 5G technology has been one of the major focal points. While demand for 5G internet has increased significantly and driven growth in the sector, it has also required significant investments by the telecommunications companies in infrastructure and technology. This investment pressure has been further accelerated by an increasing focus on digital security and resilience, especially in light of heightened geopolitical tensions and cyber threats.

As a consequence, 2024 was characterised by intensive discussions on how to create the right regulatory and market framework for consolidation in the telecommunications sector in order to sustain the significant investments required by technological developments and the security situation.



800

employees



31

stores that transition to Norlys stores



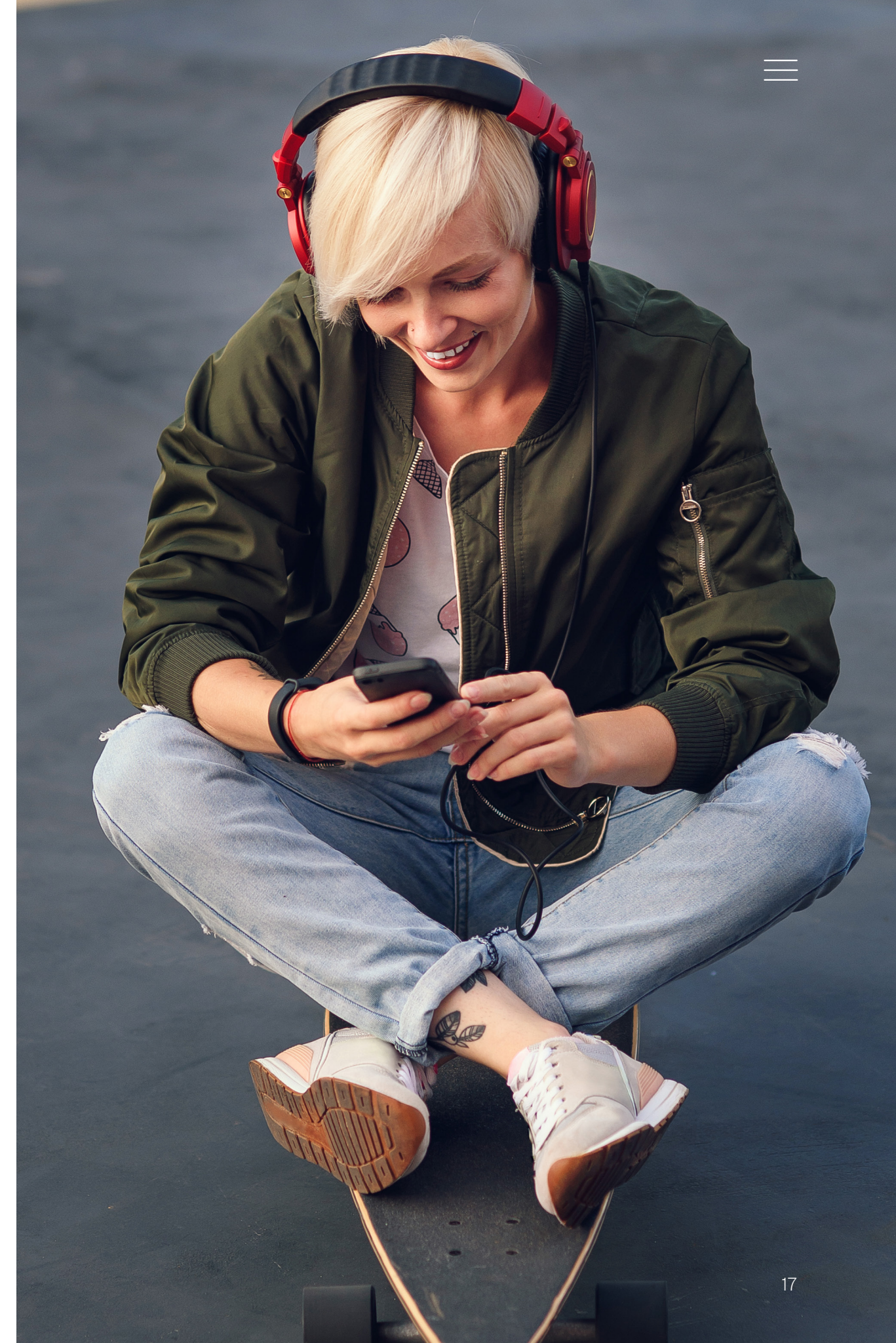
4,300

mobile masts



5G

Best coverage in the four biggest cities



Electrified transport is roaring ahead

eMobility saw explosive growth in 2024, with Norlys playing a key role in developing the charging infrastructure needed to support the green transition of the transport sector.

Electric car sales went up by almost 50% in 2024. This is good news for the climate – while also introducing a need for the EV charging infrastructure to keep up with the growing fleet of EVs. Consequently, 2024 was also a year characterised by significant investments in Norlys' own EV charging hubs and an increased focus on the commissioning of EV charging stations at the addresses partners, companies, municipalities and private individuals.

With the installation of more than 3,000 new public charging points across Denmark – equivalent to eight a day – Norlys has established itself as a key player in the market and as the second-largest EV charging operator in Denmark.

The many new charging points along the Danish road network are the result of winning municipal tenders, of partnering with companies such as McDonald's, Burger King, Dagrofa and Plantorama, and of the establishment of Norlys' own charging stations. Many new rapid chargers have been added – 170 new rapid charging stations have been installed with a total of 340 charging points.

For the green transition to succeed, it must be easy for Danes to switch to electric cars wherever they are. That is why equal access to charging stations and transparent pricing are key. Our open network makes it possible for all EV drivers to charge at our charging stations, whether you are a Norlys customer or not. In 2024, we also launched a new app that makes it possible to use the charging stations of 11 different operators from just one app. The new EV charging app provides easy access to over 20,000 charging points in Denmark – and 650,000 in the rest of Europe. At the same time, we have made it easier to charge automatically at times when a high proportion of the power comes from renewable energy and is cheaper.

With an additional 2,200 Norlys charging points planned for 2025, the expansion is in full swing.

From charging time to quality time

As part of Norlys' vision to turn charging time into quality time, in October 2024 we also opened our first interactive experience entitled 'The Hunt for Good Energy' at the EV rapid charging hub at the Drejebænken motorway services

south of Odense. It was quickly followed by another charging hub in Ikast. These are the first two of the 15 charging hubs planned by Norlys and mark the start of a new standard for EV charging experiences. Developed in collaboration with the Experimentarium science centre in Copenhagen, the concept combines play and learning through activities that make waiting time a positive part of the journey.

A well-functioning EV charging network for HGVs

In 2024, the ground was also prepared for the electrification of HGV transport. A major milestone was the signing of agreements to establish the first five HGV charging hubs that Denmark has committed to building. Four of these charging hubs were initiated by private actors without public support – and Norlys has agreements covering all five. The charging hubs will be completed by the end of 2025.

Moreover, we entered into strategic partnerships with DFDS and MAN Truck & Bus, among others, to develop the charging infrastructure for their growing fleet of electric trucks in Denmark.

FACTS

The goal for 2024 was to install

1,728

public charging points

We succeeded in installing

3,112

corresponding to an average of 8.5 charging points per day throughout the year.

We support and develop energy awareness in Denmark

In 2024, changing energy consumption patterns continued to drive the development, adaptation and simplification of Norlys' products and services for both businesses and individual consumers – all with an unrelenting focus on the customer experience.

To align with the increased awareness among Danes of the importance of using power intelligently, we updated the Norlys energy app during the year. With the app, which is freely available, users get a simple overview of electricity prices, while Norlys electricity customers can log in to the app to identify the most power-guzzling appliances in their homes and get help to optimise their household consumption. The app was developed with a focus on user-friendliness and functionality – an effort that was recognised with the European Lovie Award for Best User Experience. With more than 100,000 active users using the app for an average of 20 days a month, the app has become a regular part of the everyday lives of many Danes.

In addition to consumption insights, based on real-time information about their carbon footprint, the app allows users to shift their consumption to periods with a high share of renewable energy. This is crucial due to the ever-increasing share of power from both wind turbines and solar cells in our energy system, resulting in greater fluctuations in power production and thus also in the price of electricity.

We have also worked to simplify and create a more transparent product offering that is tailored to both

customer needs and market developments. At the same time, our strategy of moving all customer-facing activities to one company has started to show its worth in the form of a significant increase in cross-selling of internet, TV, mobile and energy products.

Innovative solutions for business

In 2024, we launched our Corporate Power Purchase Agreements (cPPA), leveraging Norlys' unique position across the energy value chain. The product was developed by Eurowind Energy, Norlys Energi and Norlys Energy Trading. With this product, we make it possible for business customers to contribute to the green transition through 10-year fixed price agreements for power from combined solar and wind farms. This ensures a stable year-round supply as well as transparent pricing.

The product targets businesses with high electricity consumption and high ESG ambitions, enabling multiple companies to share the energy generated from one energy farm. With this solution, our customers contribute actively to the creation of new renewable energy capacity in Denmark while protecting against future energy price fluctuations. We have already signed agreements with a number of companies – and have high hopes for developments in the coming years.

“Electricity consumption plays an increasingly important role for Danes. More people are driving electric cars or getting an electric heat pump, and many are deeply interested in the green transition and keen to change their consumption habits in order to reduce their energy bills.

Of course, as an energy company we have to take heed, and at Norlys we want to provide consumers with the overview and insights they need to navigate the new reality.”

– Mads Brøgger, CEO of Norlys' energy business.

N1 future-proofs Denmark's largest electricity grid

In 2024, Elnetselskabet N1 continued its extensive investments in future-proofing the electricity grid in Denmark. These investments are essential to securing our critical infrastructure and making sure that it can accommodate the accelerating electrification of society, the expansion of renewable energy and withstand an increasing number of physical and digital threats.

Every second, every hour, all year round, Danish society depends on a stable power supply. With an uptime of 99.997%, the Danish electricity grid is one of the most reliable in the world and therefore plays a crucial role in underpinning the everyday lives of citizens, businesses and society as a whole. In 2024, N1 continued to invest heavily in future-proofing the grid – an effort intensified by the growing electrification of society and new geopolitical challenges.

With an electricity grid covering approximately 40% of Denmark's total area, N1 plays a key role in the green transition by guaranteeing power for more EVs and heat pumps and through the connection of wind and solar farms to the grid in the supply area.

Increased investments meet the needs of the future

Over the years, N1 has invested heavily in the electricity grid, and in 2024 they raised the investment level to a historic high of almost DKK 1.5 billion. For 2025, N1 is budgeting DKK 1.7 billion for reinvestments, capacity upgrades and customer projects, such as the integration of larger wind and solar farms.

Continued investment is essential, as developments are moving fast. Technical reports from the Danish Energy Agency and Green Power Denmark predict a 40% increase in electricity consumption in Denmark over the next ten years. This calls for a substantial expansion of the electricity grid and a focus on future capacity needs as more renewable energy sources are added to the grid, as well as a better understanding of changing customer needs.

In 2024, N1 submitted its network development plan to the authorities. This is N1's suggestions for how the electricity grid should be dimensioned in the years ahead and how to ensure the optimum expansion. The plan takes account of an increase in consumption as well as costs so as to keep consumer prices at a reasonable level.

Reliable power grid in a changing world

Securing critical infrastructure has long been a top priority for Elnetselskabet N1, and building resilience requires a both proactive and responsible approach as well as foresightedness. At a time when critical infrastructure is high on the geopolitical agenda, emergency preparedness levels and the protection of the power grid has taken on renewed importance. For example, since 2022, Elnetselskabet N1 has invested more than DKK 125 million in cyber and physical security in the electricity grid – to protect against both digital threats and extreme weather conditions. This focus on security is crucial, as an attack on the grid can have major consequences for society as a whole as well as individual citizens. In 2024, the electricity grid was characterised by high levels of operational stability, with grid customers being affected by outages for an average of only 16 minutes. This makes N1 one of the most reliable utilities both in Denmark and internationally.

Improved grid capacity utilisation with tariff model 3.0

On 1 January 2024, N1 introduced its tariff model 3.0, which offers financial incentives to help consumers distribute their electricity consumption more

“Tariff model 3.0 is more than just a pricing model – it's a long-term solution that will benefit everyone. By using power during lower-load hours, consumers can save money here and now, while it means that we can develop and expand the grid as wisely as possible. At a time of accelerating electrification of society, it is crucial that we support and promote any positive electricity consumption trends.”

– Lise Bering, CEO of Elnetselskabet N1.

intelligently over the 24-hour period. With three load levels – ‘Low load’, ‘High load’ and ‘Peak load’ – the model allows consumers to save money by shifting their consumption to periods with spare capacity.

The new tariff model is thus contributing to a more even use of electricity over the 24 hours of the day, with particular financial benefits for e.g. EV owners who change their habits and start charging their cars at night.

The tariff model plays a crucial role in future-proofing the electricity grid in step with the increasing electrification of society. The better consumers become at adapting their electricity consumption, the more N1 can optimise the expansion of the electricity grid. By utilising existing capacity more efficiently, N1 can both postpone and reduce the need for costly grid expansions – savings that ultimately benefit consumers through lower tariffs.

Significant savings for cooperative members

As a direct benefit of stabilised electricity prices with lower grid loss costs and more efficient operations, in December 2024, Elnetselskabet N1 was able to reduce grid tariffs by 59%. The positive development will continue in 2025 in that N1's 805,000 household and business customers in Jutland can look forward to a further 21% reduction – which is perfectly in line with Norlys' core philosophy of ensuring that savings benefit customers and thus the cooperative members.



Investments in 2024
DKK 1.5 billion



16.19 minutes
of average downtime
per customer in 2024



**Distributed power
in 2024**
9.3 terawatt hours
(+6% from 2023)



**Connection of
RE generation in 2024**
190 megawatts
(+74% compared to 2023)

Norlys owns, operates and maintains Denmark's largest fibre network measured by the number of households with access to the fibre network.

The fibre network covers 903,000 locations, giving end-users access to an open network with 13 providers of internet, TV and streaming services.

Norlys Fibernet is partly owned by a consortium consisting of the Dutch pension fund PGGM and the French energy group EDF's investment company EDF Invest, which are both represented on the company's Board of Directors.

“We’re actively driving the consolidation of the fibre market and in 2024 strengthened our position as Denmark’s largest fibre network owner through strategic acquisitions and new collaborations. This has given more Danes access to fast and stable fibre connections, while increasing competition and the freedom of choice for both private and business customers. Our ambition is clear: We must continue to develop our fibre network while increasing the connection rate so that even more people and businesses can benefit from the digital infrastructure of the future.”

– Carsten Bryder Thejls, CEO of Norlys Fibernet.

Fibre networks reduce digital divide

Significantly, 2024 saw both the geographical expansion of the Norlys fibre network and increased competition – for the benefit of customers. With the acquisition of two fibre networks in Jutland and our welcoming of the first foreign service provider to our network, we are strengthening our position as Denmark’s largest fibre network provider.

During 2024, competition intensified among the providers of internet and TV services on our fibre network, but to some extent they are mostly competing for existing customers instead of prioritising attracting new ones. At the same time, competition from 5G and Coax continues, resulting in fewer new customers on our fibre network than expected. In 2024, we launched a new aggressive marketing strategy rewarding service providers with DKK 2,500 for every new active customer at unconnected addresses.

In the business segment, Norlys has a very stable customer base on fibre connections, but we see an untapped potential, which is why we are also devoting more attention to corporates. In this market, Norlys Erhverv entered into an extended business agreement with TDC Business in November 2024.

Acquisition of two fibre networks in Jutland

In April, we announced that Norlys had entered into an agreement to buy the fibre network of the multi-utility cooperative GEV, which covers almost 7,000 households in the Grindsted area. Following the acquisition, Norlys’ fibre network covers more than 900,000 addresses. The acquisition of the fibre network in Grindsted is a natural extension of Norlys’ existing fibre network in Jutland. Ahead lies the opening of the fibre network for customers in Grindsted, who will then be able to choose between the 13 providers of internet and TV services for the private and

business markets that are active on Norlys’ fibre network. In June, Norlys announced the acquisition of another fibre network, this time of EWII’s fibre network in the Triangle Region Denmark, which covers 135,000 addresses. Norlys sees this as a strong strategic match, as the fibre network in the Triangle Region is a natural extension of Norlys’ geographical catchment area for fibre in Jutland. A larger network ensures synergies and continued development of the fibre network – while aiding Norlys’ ambitions for growth. The agreement is subject to approval by the competition authorities.

First foreign service provider on fibre network

In September, Norlys welcomed the first foreign service provider to its fibre network: Swedish Bahnhof. Bahnhof has been a significant player in the Swedish broadband market since its launch in 1994, and with more than 500,000 satisfied customers in Sweden and a strong focus on high speeds and data security, Bahnhof brings new dynamics to the market.

With Bahnhof on the Norlys fibre network, the 903,000 private and business customers who have access to our fibre network now have even greater freedom of choice when it comes to choosing their provider of TV, internet and streaming services. This represents an important milestone in our endeavours to ensure competition in the market, which ultimately means better products and prices for all our fibre network customers.

Strong co-ownership in energy value chain

Norlys plays a central role in the green transition through its strong co-ownership of players in the energy value chain. Through our own business areas and our co-ownership of other players, we generate, trade and sell electricity as well as offering EV charging services, and our grid company transports electricity through the collective electricity distribution grid across 40% of Denmark.

Norlys is part of the entire energy value chain. From generation and trading through Eurowind Energy and Norlys Energy Trading, to distribution via Elnetselskabet N1 and end-customer sales through the Norlys commercial energy business. At the same time, we play an active role in innovating the energy systems of the future through our subsidiary GreenLab in Skive.

In 2024, the subsidiary Norlys Energy Trading continued its focus on adapting to the changes in the energy market driven by the green transition and a new geopolitical situation. With a core business that balances supply and demand while protecting wind and solar farm owners against long-term risks, the company has made significant investments in establishing a customer business in the German market.

In 2024, long-term contracts for transmission capacity and the right to move energy between markets had a negative impact on the results of Norlys Energy Trading and the Norlys Group. This is in contrast to 2022, where the company contributed extraordinary earnings. However, looking at the full three-year period covered by the long-term contracts, they have been very profitable overall. At the end of 2024, Norlys Energy Trading is out of the long-term contracts.

Massive investments in more renewable energy

For Eurowind Energy, the 2023/2024 financial year was busy and characterised by high levels of investment; despite the negative impact of falling electricity prices and rising interest rates on results, Eurowind Energy has kept up a significant pace of investment, which underscores its ambitions.

All of Eurowind Energy's profits go towards installing more renewable energy. At the end of 2024, Eurowind Energy was operating energy farms with a combined capacity of more than 1.2 GW, mostly wind farms. The portfolio of development projects has increased significantly from 34 GW to 54 GW across wind, solar and energy storage projects. The high construction activity levels support the company's strategic goal of becoming a Power Major by 2030 and contributes significantly to the green transition in Europe and the USA. Norlys owns 49.8% of Eurowind Energy.

A living laboratory for energy systems of the future

Norlys is the majority owner of GreenLab in Skive, a green and innovative industrial park that provides a framework for the development of the sustainable energy solutions of the future through the co-location of renewable energy generation and industrial consumption. GreenLab is Denmark's leading green and circular industrial park, where

companies and research environments work together to develop the energy systems of the future. The industrial park serves as a living laboratory for the large-scale testing of new technologies and infrastructure solutions.

GreenLab achieved several significant milestones in 2024. Among other things, an investment of approximately DKK 100 million was made in the park's electrical infrastructure, including a new substation. The investment supports the park's role as a supplier of green energy to local businesses and as a test platform for advanced storage technologies like Power-to-X.

In 2024, GreenLab also made the decision to invest in a 100 MWh heat battery (Power-to-Heat) from the American company Rondo. This will ensure the supply of green heat to the park's businesses, replacing the need for fossil fuels. In addition, a Power-to-X testing and training facility has been invested in, allowing professionals to gain practical experience with the latest green energy technology. The goal is for the GreenLab model to inspire others to build the green energy solutions of the future.

FACTS

600,000 European households

are supplied with electricity from Eurowind Energy, which is active in 16 markets in Europe and the USA. Eurowind Energy develops, builds and operates green energy plants and has activities within solar, wind, battery solutions, hydrogen, Power-to-Heat and biogas.

Way out of loneliness is through strong communities

At Norlys, a strong sense of belonging is an inherent part of our identity. Without the strong sense of community that is at the heart of the cooperative philosophy, Norlys would not have existed. With our deep belief in the power of community, we also see it as our natural responsibility to help combat loneliness in society.

Severe loneliness is one of the biggest societal challenges of our time, affecting more than 500,000 Danes across ages and backgrounds. From young people in the education system to 65+ seniors – and especially among vulnerable groups. The problem has far-reaching human and financial implications – with an annual cost to society of up to DKK 7.4 billion through an increased strain on the healthcare system and a loss of manpower.

Partnerships against loneliness

The Red Cross works to prevent and alleviate loneliness through 1:1 activities and social communities. In 2024, Norlys entered into a three-year collaboration with the Red Cross based on the donation of DKK 1 million a year by Norlys. The donations go towards funding the Red Cross' important efforts to fight loneliness through selected initiatives such as home visits and the 'SnakSammen' initiative. With an annual donation of DKK 1 million, we can for example support home visits by volunteers for up to 1,500 lonely people, or online conversations

with volunteers for up to 2,739 people through the SnakSammen initiative.

The partnership is not only about financial support but also aimed at raising awareness of loneliness in the public debate.

Not enough deep conversations

The mobile company Call me, which is part of Telia Mobil Danmark, has launched a campaign entitled 'Apropos', which focuses on loneliness among men. The campaign is part of Call me's mission to promote meaningful connections between people. The focus is on deep conversations among men – more than 25% of Danish men rarely or never have a deep conversation.

The campaign supports our shared belief in creating strong human connections – both digitally and face to face.



842 initiatives received funding from Norlys Growth Pool

In 2024, the Norlys Growth Pool provided funding of DKK 57 million to a number of initiatives, large and small.

Over three application rounds, the Norlys Growth Pool awarded DKK 57 million to projects and initiatives that make a difference to communities and to the green and digital transformation of society. In 2024, funding was granted to a total of 842 projects.

The Norlys Growth Pool was primarily established for the benefit of our about 800,000 members living within our geographical membership catchment area, which covers most of Jutland, and who can apply for funding for projects large and small of benefit to their community.

However, people can also apply for funding to realise ideas that can make a difference to the green transition in a wider perspective – even if they are not members.

The funding is distributed through Norlys’ four local growth pools as well as a growth pool for projects from all over the country.

Examples of supported projects

In 2024, we supported a number of initiatives where community-oriented and green intentions go hand in hand. One recipient is behind a programme to help young people live more climate-friendly lives through joining communities and sharing knowledge. The

programme provides participants with tools and inspiration to reduce their carbon footprint and lead more sustainable everyday lives.

Another recipient has received funding for the purchase of an electric community bus. The community bus will make it easier for vulnerable citizens to participate in activities that promote well-being and a sense of belonging, such as recycling projects, outdoor experiences and sports activities.

In 2024, we also supported an entrepreneurial company working to reduce pesticide use in agriculture. Using robotics, you can spot areas in need of spraying rather than having to spray the whole field. This reduces the use of chemicals through precision farming.

Another recipient is a nationwide group of volunteer knitters who make swaddles for premature babies in neonatal units west of the Great Belt – as a way of caringly supporting families who suddenly find themselves in an unexpected and vulnerable situation.

Read more about projects supported in 2024 in the [Norlys Growth Pool annual report](#)

“As a cooperative, it’s natural for us to support initiatives that strengthen communities and help drive the green transition. Through the Norlys Growth Pool, we have once again this year been able to help hundreds of projects get off the ground – some headed by passionate individuals from local communities, others by innovative companies. It’s very meaningful to see how the pool creates value for our cooperative members in Jutland while also supporting sustainable solutions for the benefit of the whole of society.”

– Jens Erik Platz, Chairman of the Norlys a.m.b.a. Board of Directors.



Norlys Growth Pool in 2024:

2,301
applications

842
recipients

57
million distributed

Corporate social responsibility statement



ESG in Norlys

The rapid change and unpredictability of the global landscape continued in 2024. Geopolitical tensions, climate change and technological breakthroughs are affecting the way we think about energy and communication. As Denmark's largest integrated energy and telecommunications group – and as a cooperative – Norlys has a special responsibility to think long-term and act for our common good.

The electrification of society presents new challenges related to existing grid capacity, coinciding with the increased integration of renewable energy sources. Energy independence is essential to ensuring stability and security of supply. In 2024, we therefore focused on strengthening electricity grid infrastructure and resilience as a key part of the green transition and electrification of Denmark. N1 invested DKK 1.5 billion in security measures, expanded capacity and the integration of large wind and solar farms.

We also took significant steps towards realising our ambition of establishing a nationwide EV charging network for the benefit of all Danes, installing more than 3,000 public charging points in the course of the year, which is equivalent to eight charging stations a day. We want to support and raise the energy awareness of Danes by offering products and solutions that can promote both financially and environmentally responsible behaviour. In 2024, the electrification of Norlys' own passenger car fleet also continued.

In telecommunications, the need for stable and secure high-speed connections continues to grow. 5G technology, IoT and artificial intelligence open up new opportunities, but also increase our dependence on reliable networks. During the year, we have invested in the security of our digital infrastructure and expanded both fibre and 5G coverage to further boost digital cohesion across Denmark.

As a cooperative, we are strongly rooted in our geographical membership catchment area. We do not have shareholders, but a commitment to create value for our members, customers and society. The structure means that our focus is not only on financial performance, but also on long-term solutions that will benefit future generations. During the year, we have discussed Norlys' strategy and goals with our Board of Directors and our Board of Representatives at a number of dialogue meetings. As described in our ownership strategy, our mandate is to promote digitalisation and the green transition, and sustainability is a theme that is addressed at all levels of our strategic hierarchy.

In 2024, Norlys took another important step towards reporting in a more structured manner on the Group's sustainable development. With 2024 serving as a baseline year, we have strengthened our data quality and governance through the appointment of ESG data managers in all companies. In Norlys' new corporate structure, each company will be responsible for their own sustainability efforts within their core areas of activity. Although we are not yet required to report according to the Corporate Sustainability Reporting Directive at present, we have decided to report voluntarily and gradually align parts of our reporting in both 2023 and 2024. Our Sustainability Report 2024 provides more detailed insights into our progress in the environmental (E), social (S) and governance (G) areas, as well as areas with scope for further improvement.

Environment and climate (E)

CO₂e emissions (scopes 1 and 2)

64,203 tonnes

Comment

Norlys' greenhouse gas emissions (scopes 1 and 2) were reduced from 64,467 tonnes in 2023 to 64,203 tonnes in 2024.

Our CO₂e emissions are calculated based on the principles of the GHG Protocol using the location-based method and exclusive of Telia Mobil Danmark to allow comparison with last year's figures.

EVs

36%

Comment

In 2024, Norlys replaced more petrol and diesel cars with EVs.

EVs accounted for 91% of Norlys' fleet of passenger cars (on white number plates) in 2024 compared to 78% in 2023.

Norlys also has vans, and 36% of our whole fleet is electric compared to 27% in 2023.

The calculations cover vehicles owned or leased by Norlys.

Policies

Norlys has adopted the following climate and environmental policies:

- Climate, energy and environment policy
- Climate neutrality for scopes 1 and 2 by 2030
- Climate neutrality for scope 3 by 2040
- Norlys has joined the Science Based Targets initiative.

Contents of company policies

Norlys has a number of policies covering climate change, climate adaptations, energy efficiency and the expansion of renewable energy. Norlys' climate, energy and environment policy sets the direction for how we reduce our climate footprint, promote energy efficiency and expand renewable energy.

- Climate change: Norlys' goal of becoming climate-neutral (scopes 1 and 2 by 2030 and scope 3 by 2040) addresses climate change and has been approved by our Board of Directors.
- Climate adaptation: Elnetselskabet N1's emergency preparedness plans address climate adaptation, including risks associated with flooding. Norlys does not have similar plans in place for the remaining business areas.
- Energy efficiency: Norlys Fibernet has defined concrete energy efficiency goals and aims to reduce energy consumption per customer by 11.9% in the 2024-2027 period.
- Installation of renewable energy: As part of our ownership strategy, we are committed to developing and promoting renewable energy. Norlys owns approximately 49.8% of Eurowind Energy, which is behind the establishment of land-based solar and wind farms.

Actions, initiatives and results

Record number of EVs in Norlys

Since the end of 2021, cars mandated under Norlys' company

car scheme have been exclusively electric. By the end of 2024, our fleet consisted of 347 EVs, representing 91% of all passenger cars (with white number plates) in the company. For the second consecutive year, in 2024 we were awarded the Green Fleet Award as the company with the most EVs in the 100+ company car category.

Nationwide EV charging network

In step with the record increase in EV sales in Denmark, Norlys set a new record in the expansion of our charging infrastructure. In 2024, we installed an average of eight new public charging points a day – or a total of 3,112 new charging points. Of these, 340 were rapid charging points for fast and efficient charging.

Risks

Extreme weather events

Norlys and Elnetselskabet N1 operate critical infrastructure that many people in Denmark rely on every day. To minimise the risk of downtime caused by storms, floods or landslides etc., we are continuously working with emergency preparedness plans and preventive measures to ensure security of supply.

Expansion of electricity grid

The electrification of Denmark is leading to a significant increase in electricity consumption, which presents new challenges related to existing grid capacity. It is therefore essential for Elnetselskabet N1 to be able to expand and maintain the electricity grid in step with the increasing demand for transmission capacity.

Expectations for our work going forward

Norlys' scope 1-2 emissions are expected to be reduced by approximately 66% by 2030. We have therefore launched a number of initiatives aimed at further reducing our climate impact.





Social conditions (S)

Policies

- Policy for good working life in own workforce, which covers our human rights policy and our policy on gender equality
- Policy on working environment

Contents of company policies

We work hard to ensure the best possible conditions for all Norlys employees with a focus on a healthy working life, a good working environment and high job satisfaction – now and in the future. This is framed in our policy for a good working life at Norlys.

Actions, initiatives and results

Diversity in top management

Ensuring diversity in the top management of our companies is a challenge for Norlys. Our distribution is currently not representative, which poses a risk in terms of attracting talent and representing the demographics and diversity of our customers. To further this development, we have established a Diversity & Inclusion Board (D&I Board) composed of CEOs and VPs of People & Culture from

our companies together with our SVP of Group Culture & Leadership and Group CEO. The board will ensure that diversity and inclusion are integrated into the companies’ business strategies and daily operations.

New leadership principles with a focus on diversity and inclusion

Norlys’ leadership principles were updated in 2024 to align with our strategy for 2024-2027. In this context, we chose to emphasise the importance of diversity and inclusion. One of the three principles is about unlocking the potential of each employee: “We will only succeed if we bring all skills and talents into play. Diversity is a superpower, which we need to embrace in all our teams.” The leadership principles were presented to all managers at the first leadership conference of the year and are part of our job satisfaction surveys and People Review process. Implementation will continue in 2025.

Fewer accidents at work reported by Norlys Fibernet

Safety is an integral part of everyday life at Norlys Fibernet, and several years of targeted efforts have yielded significant results. Through health and safety cafés, theme days and focused training, in 2024 we achieved a 28%

reduction in accidents resulting in absence and a 43% reduction in accidents without absence.

An attractive workplace

For the second consecutive year, Norlys moved up 10 places and is now in the top 10 of Denmark’s most attractive workplaces for IT professionals according to Universum.

Maternity/paternity and parental leave

In 2024, we improved the maternity/paternity leave conditions for our employees. It is now possible to take an additional two weeks of parental leave, and the applicable terms have been changed so that single parents, LGBT+ families and other family constellations can now take some of their parental leave with full pay.

Health plan

Norlys prioritises employee health as part of our commitment to a working environment and culture characterised by high standards of prevention. In recent years, we have prepared annual health plans with targeted initiatives and activities. Initiatives launched in 2024 included:

- Training of health ambassadors and establishing a

Employee satisfaction

Index 74

Comment

Norlys’ employee satisfaction has decreased from index 77 in 2023 to index 74 in 2024, which is short of our target and lower than previous years. The decline is not unexpected given the many changes implemented in the course of the past year, including a strategic decision to decentralise the organisation with a new corporate structure.

We are committed to rebuilding employee satisfaction to the high levels seen previously.

Employee satisfaction is surveyed twice a year via a questionnaire which is sent out to all employees and with a response rate of 96%.

Accidents at work

46

Comment

The number of accidents at work has been reduced from 53 to 46 in 2024, reflecting, among other things, an increased focus on safety procedures. The calculation is based on Norlys’ 4,467 employees.

We actively encourage our employees to report potentially dangerous conditions, which contributes to a stronger safety culture. At the same time, performance is continuously evaluated and benchmark goals are set to ensure further improvements.

- of targeted safety measures:
- Learning catalogues describing and synthesising learnings from accidents and near-misses
 - Focus on safety in connection with the onboarding of new employees, including temporary and external employees
 - Statutory workplace assessment report
 - Crisis response and training
 - All accidents are reported in EASY, the common reporting system of Labour Market Insurance and the Danish Working Environment Authority.
 - We register chemical products and substances and adhere to the Danish Working Environment Authority’s guidelines for chemical risk assessments, which are carried out in an online chemical data registration system, to which all employees have direct access

Risks

Accidents at work

Norlys and Elnetselskabet N1 operate critical infrastructure, and many employees perform work that, without proper safety measures, can result in health and safety risks. In Norlys, health and safety procedures are therefore a highly prioritised strategic focus area.

Human rights

Policies

In Norlys, we respect human rights in all our activities. This means that we always respect labour rights and comply with internationally agreed guidelines, including the Universal Declaration of Human Rights (1948), the UN International Declaration of Human Rights, the ILO Conventions and Recommendations on Human Rights and Decent Work (2), the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact Principles and the EU guidelines on labour rights, Including the EU Social Charter, the European Convention on Human Rights and the Charter of Fundamental Rights of the European Union.

This commitment is included in Norlys' policy for a good working life.

Actions, initiatives and results

- Through our Supplier Code of Conduct, we commit our suppliers and business partners to respect human rights in their activities.
- In 2024, we recorded no cases of human rights violations in our business.

Risks

Norlys operates primarily in Denmark, which was ranked by Transparency International as the least corrupt country in the world in 2024. The low risk of corruption and bribery reflects Denmark's strong rule-of-law tradition and stance on human rights, accountability and transparency. This democratic foundation is fully aligned with Norlys' values as a cooperative, and we are committed to respecting, protecting and promoting these principles in our business operations.

Expectations for our work going forward

Norlys has joined the UN Global Compact, and we have described our commitment to respecting human rights in our policy to promote a good working life. We are in the process of developing a Code of Conduct to support our commitment.

Governance (G)

Corruption and bribery

Policies

- UN Global Compact
- Policy for responsible political advocacy: Norlys has zero tolerance of any forms of bribery or corruption. We do not accept attempts to influence political, regulatory or business decisions affecting Norlys through unethical or illegal methods. This applies to all our stakeholders, business partners and suppliers.
- Tax policy
- Policy for cyber and information security
- Remuneration policy
- Norlys Supplier Code of Conduct establishes guidelines for Norlys’ suppliers with a focus on human rights, labour rights, the environment and anti-corruption. Suppliers must establish systems to address these areas and comply with the policy, which sets out clear goals and expectations for our collaboration.

Actions, initiatives and results

Anti-corruption among suppliers

Norlys requires its suppliers to implement anti-corruption principles aligned with the United Nations Convention against Corruption. In the anti-corruption section of the Norlys Supplier Code of Conduct, Norlys also describes specific processes to be implemented by suppliers to ensure they meet global minimum standards for responsible business conduct.

EcoVadis

The ESG team in Norlys’ customer company has developed a strategic roadmap with 14 initiatives focusing on data collection, risk management and supplier partnerships. One of the key projects is the implementation of EcoVadis, which enhances risk management and collaboration with suppliers through screening of their ESG performance.

Recommendations on corporate governance

The Board of Directors of Norlys a.m.b.a. complies with recommendations for good corporate governance in consumer-owned utilities prepared by the industry organisation Green Power Denmark. Norlys reports annually on our compliance with the guidelines, which is evaluated externally. In 2024, Norlys complies with 23 out of 25 recommendations

GovernanceGuide

Norlys’ GovernanceGuide provides members of the Board of Representatives and the Board of Directors with insights into the framework for the day-to-day management and governance of Norlys Group. Its purpose is to ensure that all members are geared to fulfilling their roles, while contributing to increased openness and transparency in the Group. The GovernanceGuide describes the Norlys Group’s board setup, roles, decision-making frameworks and responsibilities as well as the composition of the boards according to the governance structure of the Norlys Group. This ensures insights into the clear division of responsibilities in relation to impacts, risks and opportunities – also within the ESG area.

Risks

Cybersecurity

Due to Norlys’ market position, business areas and status as the operator of critical infrastructure, the Group is an obvious target. A successful cyberattack can severely impact the stability of our operations and business, but it can also come with incalculable repercussions for our customers and for society in general. Norlys therefore continues to invest heavily in increasing our resilience.

Denmark is rated as the least corrupt country in the world.

Norlys operates primarily in Denmark, which was ranked by Transparency International as the least corrupt country in the world in 2024. The risk of corruption and bribery is therefore generally deemed to be low. However, as a critical infrastructure provider, we conduct security screenings of key personnel in critical roles within our cyber and information security and power supply functions.

Expectations for our work going forward

Norlys has signed up to the UN Global Compact. We are in the process of developing a Code of Conduct to support our policy of zero tolerance of bribery and corruption.



Norlys’ ESG efforts

At Norlys, we integrate environmental (E), social (S) and governance (G) factors into our business and strategic decisions. A more detailed review of our sustainability work across these areas can be found in Norlys’ Sustainability Report 2024, where efforts, results and ambitions are elaborated on.

Recommendations on corporate governance

Norlys complies with 23 out of 25 recommendations

Comment

Norlys reports on the recommendations on corporate governance for consumer-owned utilities once a year.

Norlys complies with 23 out of 25 recommendations. Norlys does not comply with the recommendations on the size of the Board of Directors and on external board members.

CEO pay ratio

11.17

Comment

Norlys has started disclosing the CEO pay ratio as a figure of public interest. The CEO pay ratio helps to increase transparency about the pay gap between the company’s top management and other employees.

The CEO pay ratio is calculated on the basis of the median salary for the company’s full-time employees.

Business model

Energy

We produce renewable energy with activities in solar, wind, battery solutions, hydrogen, power to heat and biogas.



Norlys' grid company future-proofs and operates Denmark's largest electricity grid.

We are developing a nationwide charging network.

We balance supply and demand through efficient energy trading.



We sell electricity, gas and EV charging solutions for light and heavy goods transport – to businesses, private and public customers.



Norlys' business model combines our role as Denmark's largest energy and telecom group with our cooperative DNA. Our goal is to create the greatest possible value for our cooperative members, customers, employees and society as a whole.

We connect Denmark with our energy, TV, EV charging, mobile and internet solutions

Telecommunications

We invest long-term in critical infrastructure and create value for our cooperative members and for society – made possible by our cooperative ownership model. Our 4,500 employees work tirelessly to develop and connect Denmark with energy and telecommunications solutions.



We develop, future-proof and operate telecommunications infrastructure through our ownership of the largest fibre network in Denmark and co-ownership of the country's largest mobile network.



We deliver mobile telephony, internet and TV solutions as well as IoT at competitive prices – for businesses, private and public customers.



We work right across the energy and telecommunications value chain – from developing and operating critical infrastructure to delivering solutions that connect people, businesses and communities.

Risks



Financial risks

Financial risks relating to liquidity, interest rates and foreign exchange are described in the Group's financial policy as adopted by the Norlys Board of Directors. The purpose of the financial policy is to provide overall guidelines for financial risk management at Norlys, focusing on liquidity, interest rate and foreign exchange risks. Ultimate responsibility for the ongoing management of the Group's financial risks rests with the Group CFO in the Treasury department, which also enters into financial instrument transactions, for instance interest rate hedges, within the scope of the financial policy. The Treasury department is tasked with supporting the activities of the Group and its companies by ensuring sufficient capital at competitive prices, hedging foreign exchange and interest rate risks and preparing regular liquidity forecasts to ensure that the Group has access to sufficient capital resources at all times.

Operational risks

The key risk associated with electricity and gas trading relates to the ability to price electricity and gas in relation to the expected cost of purchasing the electricity and gas needed to cover customers' consumption and replenish the Group's gas stocks (price risk) in the wholesale market. The Group also bears the balancing risk associated with gas consumption. The contracts entered into by the company for the purchase and sale of these products reflect the desired risk profile. Risks are hedged on

the Nasdaq Stock Exchange, the European Energy Exchange (EEX) or through bilateral agreements with major electricity trading companies. The Group regularly assesses volume risk, i.e. the risk of divergence between consumption forecasts at the time of conclusion of the agreement and realised consumption. The Group's limit for trading in these products and the desired associated risk profile are defined by the Board of Directors of Norlys Energi. Other than that, the Group companies have undertaken no other special risks beyond those considered normal for the industries of the companies concerned, including regulatory and legislative risks.

Cyber risks

Cyber threats, which account for a significant part of Norlys' risk exposures, have increased over the past period – partly due to the geopolitical situation, but also to targeted attacks by organised and professional criminals, which has developed into a huge global industry. Due to Norlys' market position, business areas and status as the operator of critical infrastructure, the Group is an obvious target. A successful attack can severely impact the Group's operations and business, but it can also come with incalculable repercussions for our customers and for society in general.

With great support from the Board of Directors and the Executive Board, Norlys has therefore continued to invest heavily in increasing Norlys'

resilience, both through investing in new and more secure systems and technical solutions, and by ensuring that all relevant security and emergency preparedness policies and guidelines are continuously updated and adapted to the risk picture. Compliance is taking up more and more time for Norlys, and is expected to require additional resources in the coming period. Also, work with EU directives such as NIS2 and CRE has begun in advance of final implementation in Danish legislation.

Norlys has successfully identified and averted targeted phishing attempts and other forms of attacks, thereby preventing significant operational impacts. In addition, Norlys Cyber Monitoring effectively monitors Norlys' infrastructure and effectively identifies, manages and reports incidents. A number of internal and external emergency management drills have been held in the course of the year, which have demonstrated raised maturity levels and provided learnings for further optimisation of our emergency preparedness.

Our collaboration with the authorities, stakeholder organisations and colleagues in the relevant sectors has also been significantly strengthened in recent years. Norlys has thus become a respected player in cyber security and is regularly consulted in connection with the preparation of new legislation, regulations and other activities.

Data ethics statement

Data is at the heart of the digital transformation of Norlys. In this day and age, data is not just a resource, but a catalyst of innovation and for building a strategic competitive advantage. Our ambition is to use data wisely – not for technology’s sake, but to create real benefits for our customers and our employees and for society in a transparent, responsible and value-creating way. To achieve this, we are developing policies and guidelines to ensure that data is used ethically and in accordance with our values and legislation in general. Relevant policies already reflect our focus on data ethics today.

Norlys does not currently have a separate data ethics policy, but in connection with the implementation of our new management and corporate structure in 2025, we have started work on a separate section on data ethics to become part of our Code of Conduct. This and other initiatives will support our ambition of setting a high standard for responsible data use and digital development.



Uncertainty in recognition and measurement

Electricity and gas sales

The Norlys Energi A/S consolidated company accounts for electricity and gas sales on an accruals basis based on consumption data recorded in Datahub and at Energinet. The company continuously monitors the relationship between kWh bought and sold to balance the two. Accruals are inherently subject to uncertainties, for instance due to factors such as differences in end-user meter reading dates, reporting errors by distribution companies and possible incorrect registrations by the company’s balance responsible party. These sources regularly report corrections that may result in refunds or additional billing of the company. Given that these data are generated by sources beyond the company’s control, it is not possible reliably to determine these uncertainties, but much uncertainty may be eliminated by reconciling energy balances as part of the annual settlement.

EV charging stations, eMobility

The group companies Norlys Charging ApS and Norlys Energi A/S are planning to invest over a number of years in the roll-out of charging stations in Denmark – in the form of public charging stations, B2B charging stations, B2C charging stations, charging stations at partnership locations and at own locations, including the construction of restaurants for rent. The impairment tests prepared by the companies and the resulting calculations of capital values are associated with natural uncertainties as the assumptions applied are conditional on external parameters beyond the companies’ control and in a market with limited historical data. The recognition and measurement of the companies’ property, plant and equipment are subject to significant uncertainty as the assumptions applied, including discount rates, capacity utilisation and earnings per kWh, are particularly vulnerable to minor negative outcomes, which can result in a write-down of the carrying amount of the company’s property, plant and equipment.

Outlook for the future

Integration, implementation and investment

2025 is expected to be a year of great opportunities but also significant challenges for Norlys.

With our new management and corporate structure in place, we have created a stronger foundation for execution of our strategies across our business – and we need it. The next year will be impacted by significant integration costs and by market conditions remaining difficult and uncertain, especially in the customer-facing part of our business. Even though this does not come as a surprise, the scope and importance of the task ahead remains the same.

Our primary focus is to ensure the successful integration of Telia Mobile Danmark while at the same time strengthening our digital business and implementing critical system migrations. The Telia integration is a complex process that is happening concurrently with other transformations in our newly established customer company. Moreover, we are accelerating the rebranding of ‘Telia to Norlys’ and putting considerable efforts into building awareness of Norlys as a mobile provider.

Focus on customer experience

The ongoing system migrations have negatively impacted customer experience, and our top priority is to rectify this in 2025. We know there is work to do, and we have a clear plan to significantly improve the customer experience as the integration progresses.

Delivering a strong customer experience will remain one of the most important tasks for Norlys’ core business. Norlys Fibernet focuses on strengthening customer experience, increasing security and promoting the green transition in the network, while consolidating and expanding the infrastructure. Norlys Energi is committed to simplifying the energy market and creating greater transparency to give customers a clearer and more value-creating experience. At the same time, the expansion

of the eMobility business continues. Elnetselskabet N1 plays a key role in the electrification of Denmark and also has a sharp focus on creating the best working relationships with customers.

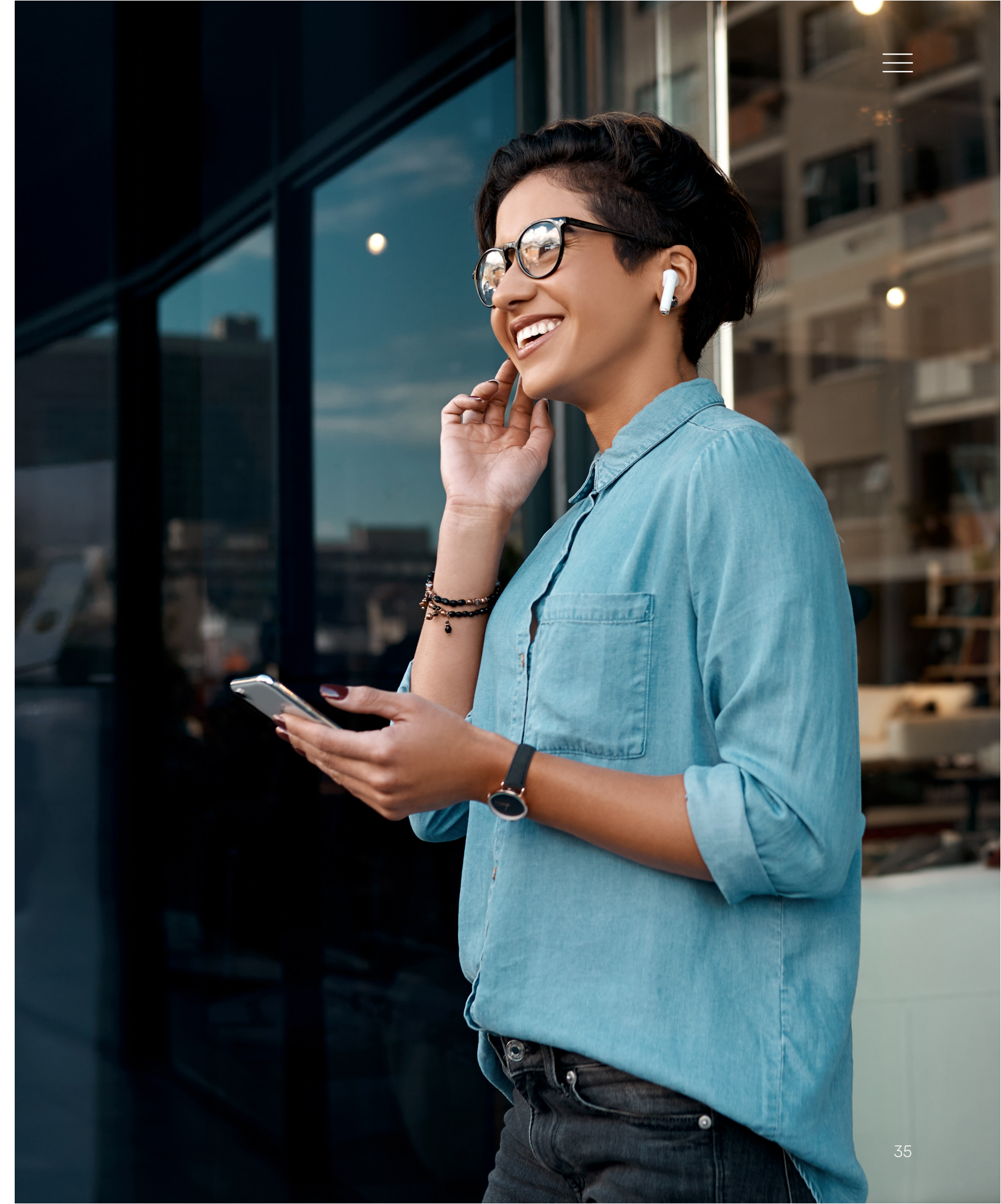
Large investments and integration costs

2025 will be characterised by large investments and integration costs as well as significant goodwill amortisation, relating especially to the integration of Telia Mobil Danmark, GEV Fibernet and – subject to regulatory approval – also EWII Fibernet. For the first time, Telia Mobil Danmark will be fully incorporated into the budget with full-year effect.

We will also be investing a record approximately DKK 4.5 billion in developing and future-proofing critical infrastructure – from fibre and mobile coverage to charging infrastructure and electricity grid capacity in support of Norlys’ long-term strategy.

Management expects Norlys to deliver an operating profit before depreciation, amortisation and impairment losses (EBITDA) of about DKK 1.8 billion in 2025 and a profit before tax of more than DKK 1.4 billion. Exclusive of the extensive integration costs and goodwill amortisation associated with our acquisition of Telia Mobil Danmark and EWII Fibernet, a profit before tax is expected.

There is no doubt that we are entering a demanding but necessary phase in the history of Norlys. We are fully committed to reaping the benefits of our new corporate structure, ensuring the stable integration of our acquisitions, strengthening customer experience and maintaining a consistent focus on creating value for our owners while continuing to build on our strong foundation.



The full potential: Norlys’ strategic journey towards 2027

2024 marked the beginning of a new strategy period running until the end of 2027 and which will set the direction for realising Norlys’ full potential as Denmark’s largest integrated energy and telecommunications group. The strategy is clear, and the focus is now on execution – on translating our ambitions into concrete results that will both promote the green transition and support the digital life of our owners and customers.

In the next few years, integration, transformation and execution power will be key. Since 2019, Norlys has focused on growth and building up our business, and it is now time to optimise, consolidate and strengthen the foundation we have created. With our new corporate and governance structure in place, we are better geared than ever to delivering on our strategic goals.

The new structure, which came into effect in 2024, makes it possible for each company to focus on their core business and strengthen local execution power. Through it active ownership of the companies, Norlys Group ensures cohesion, overall direction and value creation based on our mission statement and ownership strategy – and acts as an important link to our owners.

A coherent customer experience

Towards 2027, the integration of large acquisitions such as Telia Mobil Danmark and EWII Fibernet, which is still awaiting regulatory approval, will be central. At the same time, we will devote concerted efforts to transforming our end-customer business into a more coherent model, developing critical infrastructure and delivering digital solutions that will make

a tangible difference for our owners and customers, while setting new standards for customer satisfaction and loyalty.

A data-driven business

Our strong focus on data and digitalisation is also crucial. We are committed to becoming a data-driven business with the ability to anticipate customer needs, deliver more efficient solutions and increase our digital impact.

2025 will see a historically high level of investments into the expansion of our electricity, fibre and 5G networks and into the further development of a national charging network. In this way, we will guarantee the infrastructural stability and capacity needed to support a greener and more digital future.

Norlys’ full potential

Norlys has been created through mergers and growth – a journey that has created a strong foundation for our business. But a strong foundation is not enough. That is why we are now ready to take the next step – in the form of a record level of investments and strong execution power – to realise Norlys’ full potential.

Strategic objectives towards 2027*

Financial targets	
Operating profit (EBITDA, %)	>20%
Profit (profit before tax, %)	>5%
Equity ratio (% , equity relative to total assets)	>55%
Leverage (net interest-bearing debt relative to EBITDA)	<3
Cash (cash conversion – free cash flow relative to EBITDA)	>0.25
Return (ROIC % – return on invested capital)	>3%
Non-financial targets	
Stable infrastructure (outages in minutes, fibre network/electricity grid)	32/17
ESG (CO2 reduction vs baseline 2021)	65%
Net Promoter Score (NPS)	>15
Brand awareness (unassisted national awareness)	>56%
Employee satisfaction (job satisfaction)	>78
Active ownership democracy (awareness)	>35%

Financial statements 2024

Statement by the Executive Board and the Board of Directors

The Board of Directors and the Executive Board have today considered and adopted the annual report of Norlys a.m.b.a. for the financial year 1 January to 31 December 2024.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group’s and the Parent Company’s assets, liabilities and financial positions at 31 December 2024 and of the results of the Group’s and the Parent Company’s operations and the consolidated cash flows for the financial year 1 January to 31 December 2024.

In our opinion, the management’s review includes a fair review of the matters dealt with in the review.

We recommend the annual report for adoption at the annual general meeting.

Silkeborg, 3 April 2025

Executive Board

GERT VINTHER JØRGENSEN
Group CEO

ANNE METTE AABY AAES
Group CFO

Board of Directors

JENS ERIK PLATZ
Chairman Norlys a.m.b.a.

CHRISTIAN GREVE
Vice Chairman, Norlys a.m.b.a.

CHRISTIAN LAGONI

CLAUS ANTONISEN NIELSEN

CLAUS NØRGAARD

HENRIK BIELEFELDT

JOHN THOMSEN

JYTTE RABÆK SCHMIDT

JØRGEN HOLT CLEMMENSEN

LAUST HOLM SØ

TORBEN RAUNHOLT SCHMIDT

MALTE LARSEN

RUTH PALLUDAN

SØREN HVIDBJERG

SØREN NØRGAARD

SØREN STRØM

VIBEKE THOUGÅRD NIELSEN

THOMAS EJLSKOV HUST

Independent Auditor’s Report

To the Shareholders of Norlys a.m.b.a.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024, and of the results of the Group’s and the Parent Company’s operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Norlys a.m.b.a. 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows (“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 Group 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and Parent Company 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 Group’s and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Group’s and the Parent 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 Group’s and the Parent 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 Group and the Parent 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit.

We remain solely responsible for our audit opinion.

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, 3. April 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Michael Groth Hansen
State Authorised Public Accountant
mne33228



Income statement

Income statement (DKK '000) 01.01.2024 - 31.12.2024		Group		Parent Company	
Note		2024	2023	2024	2023
3	Revenue	14,289,028	12,350,258	0	0
	Own work capitalised	929,136	897,147	0	0
4	Other operating income	141,896	47,865	0	0
	Total operating income	15,360,060	13,295,270	0	0
	Raw materials and consumables used	-8,103,667	-7,680,303	0	0
	Other external expenses	-2,151,014	-1,409,284	-30,015	-40,704
	Gross profit	5,105,379	4,205,683	-30,015	-40,704
5	Staff costs	-2,880,371	-2,329,111	-13,523	-16,503
	Profit before depreciation, amortisation and impairment losses (EBITDA)	2,225,008	1,876,572	-43,538	-57,207
10+11	Depreciation, amortisation and impairment losses on intangible assets and property, plant and equipment	-2,521,159	-1,981,785	0	0
	Other operating expenses	-288,705	-42,880	0	0
	Profit before financial income and expenses (EBIT)	-584,856	-148,093	-43,538	-57,207
	Income from investments in group enterprises	0	0	-616,544	-25,441
13	Income from investments in associates	127,681	61,060	0	0
	Income from other investments	12,133	37,149	0	0
6	Financial income	1,150,954	859,940	785,063	568,493
7	Financial expenses	-717,321	-517,539	-74,538	-7,233
	Profit before tax	-11,409	292,517	50,443	478,612
8	Tax on profit for the year	-48,988	171,927	-1,447	-26,898
	Net profit for the year	-60,397	464,444	48,996	451,714
9	Distribution of net profit				

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Statement of changes in equity

Group (DKK '000)	Retained earnings	Reserve for hedg- ing transactions	Nyfors Growth Pool	Norlys Growth Pools	Non-controlling interests	Total
Equity 1 January 2024	28,654,373	108,151	60,360	69,261	1,581,592	30,473,737
Net effect of correcting material errors	-323,583	0	0	0	0	-323,583
Adjusted equity 1 January 2024	28,330,790	108,151	60,360	69,261	1,581,592	30,150,154
Granted during the year	0	0	-9,395	-40,183	0	-49,578
Fair value adjustment of hedging instruments	0	9,498	0	0	-13,137	-3,639
Tax on changes in equity	0	-2,090	0	0	2,890	800
Other equity entries	11,243	0	0	0	4,227	15,470
Additions during the year	0	0	0	0	23,989	23,989
Disposals during the year	-57,159	562	0	0	-121,278	-177,875
Net profit for the year	3,131	0	2,930	47,070	-113,528	-60,397
Equity 31 December 2024	28,288,005	116,121	53,895	76,148	1,364,755	29,898,924

Parent company (DKK '000)	Retained earnings	Net revaluation reserve according to the equity method	Nyfors Growth Pool	Norlys Growth Pools	Total
Equity 1 January 2024	23,694,432	5,068,092	60,360	69,261	28,892,145
Net effect of correcting material errors	0	-323,583	0	0	-323,583
Adjusted equity 1 January 2024	23,694,432	4,744,509	60,360	69,261	28,568,562
Granted during the year	0	0	-9,395	-40,183	-49,578
Adjustment of hedging instruments in subsidiaries	0	9,498	0	0	9,498
Tax on changes in equity	0	-2,090	0	0	-2,090
Other equity adjustments	0	-45,354	0	0	-45,354
Net profit for the year	615,540	-616,544	2,930	47,070	48,996
Equity 31 December 2024	24,309,972	4,090,019	53,895	76,148	28,530,034

Cash flow statement

Cash flow statement (DKK '000) 01.01.2024 - 31.12.2024		Group	
Note		2024	2023
Net profit for the year		-60,397	464,444
Depreciation, amortisation and impairment losses		2,521,159	1,981,785
Gain/loss on disposal of non-current assets		17,093	34,933
27	Changes in working capital	-578,644	-579,126
28	Other adjustments	-223,595	-156,968
Cash flows from operating activities before financial income and expenses		1,675,616	1,745,068
Financial income received		105,645	176,669
Financial expenses paid		-532,918	-483,982
Income tax paid/received		168,857	0
Cash flows from operating activities		1,417,200	1,437,755
Purchase of intangible assets		-512,120	-656,749
Purchase of property, plant and equipment		-3,662,845	-3,328,019
Sale of property, plant and equipment		54,546	29,193
Purchase of investments		-78,203	-71,872
Acquisition of enterprises		-5,410,432	-3,838
Purchase of securities		0	-41,750
Sale of securities		5,524,146	0
Loans to associates		-1,477,736	-8,187
Dividends paid to non-controlling interests		0	-356,421
Payout to non-controlling interests		-157,500	0
Dividends received		9,954	19,967
Cash flows from investing activities		-5,710,189	-4,417,675
Mortgage repayments		-72,410	-99,327
Connection charges received		615,367	483,755
Raising and repayment of long-term payables		1,566,348	700,000
Change in bank overdrafts		1,537,878	-609,780
Paid to growth pools		-49,578	-61,195
Cash flows from financing activities		3,597,605	413,453
Change in cash and cash equivalents		-695,384	-2,566,467
Cash, beginning of year		2,373,235	4,921,124
Additions relating to mergers and acquisitions		439,832	18,578
Cash and cash equivalents 31.12.		2,117,683	2,373,235
Specified as follows:			
Cash		2,117,683	2,373,235
Cash and cash equivalents 31.12.		2,117,683	2,373,235

Notes

1. Special items (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Impairment of completed development projects	-48,783	-200,045	0	0
Impairment of goodwill	-35,470	-60,807	0	0
Impairment of distribution plant	-35,003	-40,477	0	0
	-119,256	-301,329	0	0

Group
In 2024, the Group's goodwill in Norlys Group A/S was impaired by DKK 35 million, the primary reason for the impairment loss being the underlying company's deviating results. Due to restructuring and the Nordstjernen project, two projects have been discontinued, and as a result, impairments of DKK 29 million in Norlys Energi and DKK 19 million in Norlys Holding have been recognised.

In 2024, the group company Norlys Digital A/S recognised impairment losses of DKK 35 million relating to the decommissioning of our coax-based systems in the current financial year. The coax-based systems have been decommissioned as all the customers have now been migrated to fibre, partly as a result of the CtF project.

In 2023, the Norlys Digital consolidated company wrote down for impairment the value of the company's assets by DKK 200 million, relating to a new invoicing system. The project has turned out to be more complex than expected, leading to replacement of some of the migration solutions in the process. This has resulted in significantly increased costs, which is the primary reason for the write-down for impairment. In addition, in 2023 Norlys Digital recognised impairment losses of DKK 40 million relating to coax systems and associated goodwill of DKK 61 million. The write-downs have been made as the coax system has been decommissioned following the migration of customers from coax to fibre.

2. Uncertainty in recognition and measurement

Electricity and gas sales
The Norlys Energi A/S consolidated company accounts for electricity and gas sales on an accruals basis based on consumption data recorded in Datahub and at Energinet. The company continuously monitors the relationship between kWh bought and sold to balance the two. Accruals are inherently subject to uncertainties, for instance due to factors such as differences in end-user meter reading dates, reporting errors by distribution companies and possible incorrect registrations by the company's balance responsible party. These sources regularly report corrections that may result in refunds or additional billing of the company. Given that these data are generated by sources beyond the company's control, it is not possible reliably to determine these uncertainties, but much uncertainty may be eliminated by reconciling energy balances as part of the annual settlement.

EV charging stations, eMobility
The group companies Norlys Charging ApS and Norlys Energi A/S are planning to invest over a number of years in the roll-out of charging stations in Denmark – in the form of public charging stations, B2B charging stations, B2C charging stations, charging stations at partnership locations and at own locations, including the construction of restaurants for rent. The impairment tests prepared by the companies and the resulting calculations of capital values are associated with natural uncertainties as the assumptions applied are conditional on external parameters beyond the companies' control and in a market with limited historical data. The recognition and measurement of the companies' property, plant and equipment are subject to significant uncertainty as the assumptions applied, including discount rates, capacity utilisation and earnings per kWh, are particularly vulnerable to minor negative outcomes, which can result in a write-down of the carrying amount of the company's property, plant and equipment.

3. Segment information/activities – primary segment (DKK ‘000)

	Energy	Supply	Digital & Tele	Fibre	Trading	Other revenue	Total group
2024							
Revenue	5,589,934	1,569,701	6,024,799	574,187	228,500	301,907	14,289,028
2023							
Revenue	6,876,865	980,823	3,179,668	620,916	446,925	245,061	12,350,258

Geographical markets

	2024	2023
Denmark	13,961,363	11,624,418
Other countries	327,665	725,840
	14,289,028	12,350,258

4. Other operating income

Other operating income consists mainly of profit from the sale of non-current assets and other operating income of a secondary nature to the Group.

5. Staff costs (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Wages and salaries	2,617,313	2,070,351	13,523	16,503
Pensions	219,582	221,092	0	0
Other social security costs	43,476	37,668	0	0
	2,880,371	2,329,111	13,523	16,503
Average number of employees	4,135	3,521	0	0
Of which average number of employees in pro-rata consolidated companies	10	0	0	0
Remuneration of Executive Board and Board of Directors:				
Executive Board	20,453	21,698	17,774	18,701
Board of Directors	6,316	7,034	4,037	5,144
	26,769	28,732	21,811	23,845

The table shows the total remuneration of the Executive Board and the Board of Directors of Norlys a.m.b.a. Due to the General Data Protection Regulation (GDPR), we publish the total remuneration paid to each member of the Board of Directors and the Executive Board in a separate remuneration report available on our website.

Members of Management are part of in a 3-year long-term incentive programme based on achievement of performance targets. Financial performance targets for profit before tax and ROIC, as well as non-financial targets for awareness and the speed of the green transition determine the amount of the incentive payment.

Notes

6. Financial income (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Interest from group companies	0	0	6,558	121,811
Fair value adjustments	736,830	403,521	715,087	362,873
Other financial income	414,124	456,419	63,418	83,809
	1,150,954	859,940	785,063	568,493

7. Financial expenses (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Interest from group companies	0	0	0	105
Fair value adjustments	81,091	35,211	53,248	19
Other financial expenses	636,230	482,328	21,290	7,109
	717,321	517,539	74,538	7,233

8. Tax on profit for the year (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Current tax	-15,978	-48,850	-1,443	-26,784
Change in deferred tax for the year	-6,413	159,666	-4	-114
Prior-year adjustment	-26,597	61,111	0	0
	-48,988	171,927	-1,447	-26,898
broken down as follows:				
Tax on profit for the year	-49,788	-51,220	-1,447	-26,898
Tax on equity movements	800	223,147	0	0
	-48,988	171,927	-1,447	-26,898

9. Distribution of net profit (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Non-controlling interests	-113,528	12,730	0	0
Transferred to growth pools	50,000	50,000	50,000	50,000
Net revaluation reserve	0	0	-616,544	577,070
Retained earnings	3,131	401,714	615,544	-175,356
	-60,397	464,444	48,996	451,714

10. Intangible assets (DKK ‘000)	Group			
	Completed development projects	Acquired patents and know-how	Goodwill	Development projects in progress
Cost at 1 January 2024	1,472,528	337,427	1,265,788	418,095
Additions relating to acquisitions	200,189	1,475,118	1,957,774	40,898
Additions during the year	0	29,687	986	481,447
Disposals during the year	-37,738	0	0	0
Transfers during the year	492,727	15,569	0	-512,516
Cost at 31 December 2024	2,127,706	1,857,801	3,224,548	427,924
Amortisation and impairment losses at 1 January 2024	545,410	225,632	589,261	0
Impairment losses for year	48,783	0	35,470	0
Amortisation for the year	280,195	208,319	257,095	0
Reversal relating to disposals	-38,780	0	0	0
Transfers during the year	2	-843	0	0
Amortisation and impairment losses at 31 December 2024	835,610	433,108	881,826	0
Carrying amount at 31 December 2024	1,292,096	1,424,693	2,342,722	427,924
Interest expenses recognised as part of cost	3,550	0	0	4,585

Special assumptions for development projects

Development projects in progress and completed development projects consist of external expenses and internal hours for development and adaptation of software systems.

Recognised development projects pertain to the development of fibre networks, the development of technology and the development of supporting IT systems, the development of new platforms for the distribution of television content, as well as a new billing and self-service solution for the customers of Fiber and Digital.

Development projects in progress can be attributed to development projects related to the Group's IT systems and other system development to support the Group's strategy and activities. The development projects meet the expectations set out, so there are no indications of further impairment. Accordingly, development projects in progress are expected to contribute to future earnings.

Notes

11. Property, plant and equipment (DKK ‘000)	Group				
	Land and buildings	Distribution plant	Other plant etc.	Other plant in the course of construction	Prepayments for property, plant and equipment
Cost at 1 January 2024	691,284	32,068,873	424,224	1,473,276	0
Additions relating to acquisitions	5,794	17,636	1,643,389	137,260	0
Additions during the year	966	25,707	170,667	3,455,468	10,037
Disposals during the year	-390	-101,132	-378,582	0	0
Transfers during the year	227,074	2,144,369	678,336	-3,045,559	0
Cost at 31 December 2024	924,728	34,155,453	2,538,034	2,020,445	10,037
Depreciation and impairment losses at 1 January 2024	215,799	10,820,147	149,995	0	0
Impairment losses for year	0	35,003	1,359	0	0
Depreciation for the year	18,122	1,368,945	296,885	0	0
Reversal relating to disposals	-187	-68,945	-338,677	0	0
Reversal of prior impairment losses	0	-29,017	0	0	0
Transfers	0	841	0	0	0
Depreciation and impairment losses at 31 December 2024	233,734	12,126,974	109,562	0	0
Carrying amount at 31 December 2024	690,994	22,028,479	2,428,472	2,020,445	10,037
Interest expenses recognised as part of cost	719	33,320	8,607	36,680	0

12. Investments in group enterprises (DKK ‘000)	Parent Company	
	2024	2023
Cost at 1 January	16,237,914	13,237,914
Additions	0	3,000,000
Cost at 31 December	16,237,914	16,237,914
Value adjustment at 1 January	4,744,509	5,429,161
Net profit for the year	-594,613	-1,317
Equity adjustments	-37,946	-659,212
Elimination of intercompany profit	684	684
Amortisation of goodwill	-22,615	-24,807
Value adjustment at 31 December	4,090,019	4,744,509
Carrying amount at 31 December	20,327,933	20,982,423

Notes

12. Investments in group enterprises (DKK ‘000)	Parent Company	
Investments in group enterprises can be specified as follows:		
	Registered office	Voting share and ownership interest
Norlys Group A/S	Silkeborg	100%
Subsidiaries of Norlys Group A/S		
OpenNet A/S	Silkeborg	100%
SE Blue Holding A/S	Esbjerg	100%
Selskabet af 1. november 1995 A/S	Esbjerg	100%
Gudenaacentralen a.m.b.a.	Viborg	99.9%
GreenLab Skive A/S	Skive	55.9%
Karlsgårde Vandkraft A/S	Esbjerg	100%
Norlys Energy Trading A/S	Aalborg	52.7%
Mjølner Informatics A/S	Aarhus	97.3%
Automize A/S	Kolding	60%
Norlys Forsyning A/S	Esbjerg	100%
Norlys Energi A/S	Aalborg	100%
Energi Nord Holding A/S	Aalborg	52%
Norlys Infrastruktur A/S	Esbjerg	100%
Norlys Digital A/S	Aarhus	100%
Norlys Infrastructure Holding A/S	Silkeborg	65%
Kundeselskabet Norlys A/S	Silkeborg	100%
Telia Mobil Danmark A/S	Copenhagen	100%
Subsidiaries of Norlys Energy Trading A/S		
Norlys Energy Trading Americas Inc.	USA	100%
Norlys Energy Trading Americas LLC.	USA	100%
Norlys Energy Trading Asia PTE	Singapore	100%
Norlys Energy Trading GmbH	Germany	100%
PS Investment Consortium AG	Switzerland	100%

	Parent Company	
	Registered office	Voting share and ownership interest
Subsidiaries of Norlys Infrastructure Holding A/S		
Norlys Fiber Infrastruktur A/S	Silkeborg	100%
Subsidiaries of Mjølner Informatics A/S		
Mjølner Informatics Spain S.L.	Spain	100%
Subsidiaries of Norlys Fiber Infrastruktur A/S		
Norlys Fibernet A/S	Silkeborg	100%
Subsidiaries of Norlys Energi A/S		
Norlys Charging ApS	Silkeborg	100%
Subsidiaries of Norlys Infrastruktur A/S		
N1 A/S*	Esbjerg	56%
Subsidiaries of Norlys Forsyning A/S		
N1 A/S*	Esbjerg	44%
Subsidiaries of Telia Mobil Danmark A/S		
Mit Tele I/S**	Copenhagen	99%
TT-Netværket P/S	Copenhagen	50%

* N1 A/S is owned by Norlys Infrastruktur A/S and Norlys Forsyning A/S
** The last 1% of Mit Tele I/S is owned by Norlys Group A/S

Notes

13. Investments in associates (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Cost at 1 January	1,131,193	1,162,231	0	0
Cost at 1 January regarding acquisitions	5,244	0	0	0
Additions during the year	17,272	60,000	0	0
Disposals during the year	-7,148	-7,038	0	0
Transfers during the year	0	-84,000	0	0
Cost at 31 December	1,146,561	1,131,193	0	0
Value adjustment at 1 January	724,457	512,219	0	0
Equity adjustments	-3,566	151,678	0	0
Net profit for the year	148,819	82,442	0	0
Dividends received	-9,954	-19,967	0	0
Amortisation of goodwill	-21,138	-21,382	0	0
Reversal relating to disposals	4,546	0	0	0
Transfers during the year	0	19,467	0	0
Value adjustment at 31 December	843,164	724,457	0	0
Carrying amount at 31 December	1,989,725	1,855,650	0	0

Income from investments in associates recognised in the income statement consists of:	
Share of the profit for the year	148,819
Amortisation of goodwill	-21,138
	127,681

13. Investments in associates (DKK ‘000) (continued)	Group	
	Registered office	Voting share and ownership interest
Eurowind Energy A/S	Hobro	49.8%
Visue A/S	Aarhus	38.9%
RAH Fiberbredbånd A/S	Ringkøbing	45%
SEF Fiber A/S	Svendborg	25%
Komplementarselskabet af 14. juni 2011 A/S	Copenhagen	50%
4T af 1. oktober 2012 ApS	Copenhagen	25%
Operators Clearing House A/S	Copenhagen	25%
Previs Systems AG	Switzerland	20%

14. Investments (DKK ‘000)	Receivables from associates	Other investments	Other receivables
Cost at 1 January 2024	542,121	238,948	71,079
Additions during the year	1,477,736	8,128	52,803
Disposals during the year	0	-93,468	0
Cost at 31 December 2024	2,019,857	153,608	123,882
Value adjustment at 1 January 2024	0	93	0
Impairment losses for year	0	-33,224	0
Value adjustment at 31 December 2024	0	-33,131	0
Carrying amount at 31 December 2024	2,019,857	120,477	123,882

Receivables from associates
On 18 June 2021, Norlys Holding A/S lent DKK 149 million to Eurowind Energy A/S in the form of hybrid bonds. These bonds have the characteristics of a subordinate loan, and therefore the loan is recognised under receivables from associates. The term of the loan is 1,000 years, until 3021, and it carries interest at 5.6% for the first 5 years, after which time the interest rate will increase to the 3-year EUR swap rate plus 10.95%.

Notes

15. Contract work in progress (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Work in progress, selling price	45,288	54,939	0	0
Work in progress, invoiced on account	-6,840	-3,732	0	0
	38,448	51,207	0	0
The net value is recognised in the balance sheet as follows:				
Contract work in progress	39,663	51,687	0	0
Pre-invoicing of contract work in progress	-1,215	-480	0	0
	38,448	51,207	0	0

16. Deferred tax (DKK ‘000)	Group		Parent Company	
	2024	2023	2024	2023
Deferred tax asset				
Intangible assets	199,044	-102,460	0	0
Property, plant and equipment	17,374	82,971	0	0
Receivables	-4,250	-768	0	0
Provisions	0	10,635	0	0
Payables	986,707	863,161	0	0
Tax loss carry-forward	121,702	271,097	0	0
Carrying amount at 31 December	1,320,577	1,124,636	0	0

Change in deferred tax	
Beginning of year	1,124,636
Additions related to acquisitions	224,465
Recognised in the income statement	-6,413
Recognised in equity	6,314
Adjustment of prior-year deferred tax	-50,249
Other adjustments	21,824
End of year	1,320,577

The deferred tax asset relates primarily to connection charges (DKK 963 million) with differences in the treatment for accounting and tax purposes as well as prior-year tax losses. Balances related to connection charges will be eliminated in the revenue recognition for accounting purposes of the accrued amount over the next 40 years,

and it is therefore considered reasonable to recognise the deferred tax assets on this basis. The deferred tax asset related to tax loss carry-forwards constitutes the value of the portion of the loss that is expected to be utilised within a period of 3-5 years based on the Group's expected results during that period.

17. Other receivables
Other receivables consist of security provided to exchanges that are not readily convertible into cash and cash equivalents, derivative financial instruments, prepayments and VAT receivables.

18. Prepayments (current assets)
Prepayments consist of prepaid expenses relating to 2025, subscriptions and licences, as well as customer grants running for 3-8 years.

19. Other provisions
Other provisions relate to energy savings, pending cases, onerous contracts, warranty commitments and other contractual obligations. Total provisions amount to DKK 145,618 thousand, DKK 140,123 thousand of which is expected to fall due after 1 year.

Notes

20. Long-term payables (DKK ‘000)

	Falling due within 1 year	Falling due between 1 and 5 years	Falling due after 5 years	Total payables
Mortgage debt	104,979	3,515,088	7,025,003	10,645,070
Mortgage debt	0	1,566,348	0	1,566,348
Prepayments received from customers	309,249	0	0	309,249
Other payables	2,393,121	806	0	2,393,927
Deferred income	500,823	924,252	3,417,757	4,842,832
Carrying amount at 31 December 2024	3,308,172	6,006,494	10,442,760	19,757,426

21. Contingent assets

The Group has unrecognised deferred tax assets mainly related to prior-year losses, where the Group estimates that the tax asset cannot be utilised in the foreseeable future. At 31 December 2024, the Group's unrecognised deferred tax asset amounted to DKK 156 million.
The Group also has an unrecognised contingent asset related to a regulatory deficit of approx. DKK 70 million.

22. Contingent liabilities

Parent Company The Parent Company is jointly and severally liable with the jointly registered consolidated enterprises for the total VAT liability. At 31 December 2024, the current VAT liability amounted to DKK 224,440 thousand. The Parent Company has provided a suretyship for bank balances for group enterprises. The suretyship is limited to DKK 4,377 million. The Parent Company has provided parent company guarantees for the Norlys Energi A/S subsidiary in the total amount of DKK 859 million. The Parent Company has provided parent company guarantees for the Telia Danmark Mobil A/S subsidiary in the total amount of DKK 15 million. The Parent Company has provided parent company guarantees for the Norlys Group A/S subsidiary in the total amount of DKK 4,377 million. The Parent Company has, as of the balance sheet date, a debt obligation of DKK 996 million, for which the lender holds collateral in securities of an equivalent amount.
Group The Group's liability in Blue Equity II K/S amounts to DKK 100 million, DKK 75.2 million of which has been paid. The outstanding liability amounts to DKK 24.8 million. The Group's liability in Blue Equity III K/S amounts to DKK 75 million, DKK 43.5 million of which has been paid. The outstanding liability amounts to DKK 31.5 million. By making contributions to Ærø Vind 1 I/S, the Group has assumed a liability in which all partners are jointly and severally liable. The company holds 175 shares out of a total of 11,297 shares. At 31 December 2024, the total debt of Ærø Vind 1 I/S was DKK 556 thousand. By making contributions to Ærø Vind 4 I/S, the Group has assumed a liability in which all partners are jointly and severally liable. The company holds 300 shares out of a total of 19,746 shares. At 31 December 2024, the total debt of Ærø Vind 4 I/S was DKK 39 thousand. The Group's credit facility has provided performance guarantees to the company's customers in the total amount of DKK 2,319 thousand. The Group has provided parent company guarantees for the Norlys Energy Trading A/S subsidiary in the total amount of DKK 3,141 million. The Group has entered into unrecognised leases, the liability of which amounts to DKK 1,287 million until expiry. The Group has issued a letter of subordination to the banker of Eurowind Energy A/S. The letter of subordination amounts to DKK 2,587,880 thousand. The Group has a debt obligation of DKK 996 million as of the balance sheet date, with the lender holding collateral in securities of an equivalent amount.

23. Charges and securities

Group Mortgage debt is secured by mortgages on distribution plant and by floating charges on current and future acquisitions of distribution plant that is not covered by the former mortgage. The carrying amount of the mortgaged distribution plant amounts to DKK 21,707,036 thousand. Mortgage debt is secured by mortgages on properties. The carrying amount of mortgaged properties amounts to DKK 237,957 thousand.

24. Financial instruments (DKK ‘000)

For Norlys Energi A/S, Norlys Energy Trading A/S, N1 A/S and Norlys Fibernet A/S Agreements have been entered into on derivative financial instruments in the form of options, forwards and futures. At the balance sheet date, the fair value of derivative financial instruments is as follows:		
	2024	2023
Assets	115,604	422,755
Liabilities	155,882	339,398

Hedging instruments The Group has entered into interest rate swaps to receive a fixed rate of interest on the company's variable rate mortgage loans. The duration of these contracts is up to 14 years. Under the contracts, CIBOR 3 and 6 are converted to a fixed rate of between 1.705% and 3.373% on loans with a total principal of DKK 9,118,908 thousand. The Group's interest rate swaps apply to the remaining term of the Group's loans in the range of 1 to 14 years. At the balance sheet date, the fair value of the Group's interest rate swaps is DKK -84,941 thousand.

In addition, the fair value of hedging instruments to hedge the fair value of physical gas inventories is recognised in the income statement under section 37 a of the Danish Financial Statements Act. At the balance sheet date, the fair value of hedging contracts is DKK -7,542 thousand.

A specification of net value adjustments is shown in the following table.

	Value adjustment, income statement	Value adjustment, equity	Fair value 31 December
Futures (electricity)	11,689	0	11,689
Futures (gas)	-68,072	0	-68,072
Capacities (electricity)	2,807	0	2,807
Capacities (gas)	3,463	0	3,463
Forwards (electricity)	86,442	87,558	52,663
Forwards (gas)	-39,642	1,330	-70,652
Interest rate swaps	0	-84,941	-84,941

No related parties have control of the Norlys Group.

Under section 98 c(7) of the Danish Financial Statements Act, only related party transactions that are not made on an arm's length basis are disclosed. During the financial year, all transactions were made on an arm's length basis, both in the Parent Company and the Group.

Other external expenses include fees to the company’s auditor elected by the Board of Representatives at:	2024	2023
Auditor’s fees	5,997	2,932
Other assurance engagements	942	1,023
Tax consultancy services	2,962	1,094
Other services	43,003	5,316
	52,904	10,365

	2024	2023
Change in inventories	-14,663	218,560
Change in receivables	715,785	2,100,907
Changes in suppliers etc.	-1,279,766	-2,898,593
	-578,644	-579,126

	2024	2023
Financial income	-105,645	-176,669
Financial expenses	532,918	483,982
Other adjustments	-650,868	-464,281
	-223,595	-156,968

No events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

Accounting policies

The annual report of Norlys a.m.b.a. for 2024 is presented in accordance with the provisions of the Danish Financial Statements Act for large enterprises in reporting class C.

The accounting policies are consistent with those applied last year.

The annual report for 2024 is presented in DKK '000. Under section 86(4) of the Danish Financial Statements Act, the Parent Company has omitted to prepare a cash flow statement.

Under section 96(3) of the Danish Financial Statements Act, the Parent Company has omitted to state the fees of the auditor elected by the annual general meeting.

Correction of material misstatements

Material misstatements relating to previous years have been identified in the subsidiary Norlys Digital A/S. The misstatements relate to incorrect accrual and recognition of revenue and costs. In addition, the company's fixed asset values have been found to be too high as a result of capitalised costs that should have been recognised in the income statement in previous years and fixed assets that should also have been impaired in previous financial years.

The error has been treated as a material error in the annual report, and as a result, the error has been calculated for the 2023 financial year and corrected in equity. The comparative figures for 2023 have been restated accordingly. Management has also restated the Group's summary of key figures and financial ratios for the period 2020-2023.

In the income statement for 2023, revenue has been reduced by DKK 26,078 thousand, the Group's costs of raw materials and consumables have been increased by DKK 23,772 thousand, and other operating expenses have been increased by DKK 3,323 thousand; moreover, the Group's

depreciation, amortisation and impairment losses have been increased by DKK 52,137 thousand, and total profit before tax has been reduced by DKK 105,311 thousand, reducing tax for the year by DKK 23,168 thousand. The profit for the year for 2023 has thus been reduced by DKK 82,143 thousand. In the balance sheet as of 31 December 2023, the Group's property, plant and equipment have been reduced by DKK 282,958 thousand, intangible assets have been reduced by DKK 60,808 thousand, other receivables have been reduced by DKK 45,008 thousand, other payables have increased by DKK 24,099 thousand, and deferred income (liabilities) has increased by DKK 1,977 thousand, including an amount of DKK 91,267 thousand in respect of the deferred tax asset. Equity has been reduced by DKK 323,583 thousand. Overall, this results in a decrease in the balance sheet total of DKK 297,507 thousand.

General principles of recognition and measurement

Income is recognised in the income statement as earned. Also recognised in the income statement are value adjustments of financial assets and liabilities, as well as all expenses, including depreciation, amortisation and impairment losses.

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

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

On initial recognition, assets and liabilities are measured at cost. Subsequent to initial recognition, assets and liabilities are measured as described below for each item.

Some financial assets and liabilities are measured at amortised cost, whereby a constant effective interest rate is recognised over the life of the financial asset or liability.

Amortised cost is measured at original cost minus any principal repayments and plus or minus the cumulative

amortisation of any difference between cost and nominal amount.

On recognition and measurement, foreseeable risks and losses arising before the annual report is presented and proving or disproving matters existing at the balance sheet date must be taken into account.

Recognition and measurement of business combinations

The Group has chosen to apply the transitional provisions of 'statement on the relationship between the provisions on business combinations of the Danish Financial Statements Act and IFRS issued by the Danish Business Authority in March 2018', entailing that there are differences in the accounting treatment of business combinations that occur before and after 1 July 2018.

The following sections describe the accounting policies applied from 1 July 2018:

Newly acquired enterprises are recognised in the financial statements from the date of acquisition using the carrying amount method. Enterprises that have been sold or wound up are recognised in the financial statements up to the date of disposal. Comparative figures for newly acquired enterprises are not restated. Discontinued operations are presented separately, see below. The date of acquisition is the date when the company obtains control of the acquired enterprise.

The acquisition method is applied for acquisition of new enterprises over which the company obtains control over the acquired enterprise. The identified assets, liabilities and contingent liabilities of the acquired enterprises are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated from other activities or arise from a contractual right. Deferred tax on revaluations made is recognised.

Positive differences (goodwill) between, on the one hand, the purchase consideration, the value of non-controlling interests in the acquired enterprise and the fair value

of any previously acquired equity investments, and on the other hand, the fair value of the acquired identifiable assets, liabilities and contingent liabilities are recognised as goodwill under intangible assets. Goodwill is amortised on a straight-line basis in the income statement based on the estimated economic life of the individual item.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition. Expenses incurred in connection with acquisitions are recognised in the income statement in the year incurred. If, at the date of acquisition, there is any uncertainty about the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the purchase consideration, initial recognition is based on the preliminary determination of values. If, subsequent to initial recognition, it turns out that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was not correct at initial recognition, a retrospective restatement will be made, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Subsequently, any corrections will be recognised as errors.

Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction. Gains and losses arising from differences between the exchange rate prevailing at the date of the transaction and the exchange rate at the date of payment are recognised as financials in the income statement.

Foreign currency receivables, payables and other monetary items that have not been settled at the balance sheet date are translated at the closing rate. Differences between the closing rate and rate prevailing at the date of the transaction are recognised as financials in the income statement. Non-current assets acquired in foreign currencies are measured at the exchange rate prevailing at the date of the transaction.

The income statements of foreign subsidiaries and associates that are independent entities are translated at the exchange rate prevailing at the date of the transaction or at the approximate average rate of exchange.

Balance sheet items are translated at the closing rate. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year and foreign currency translation adjustments arising from the translation of the income statement at the closing rate are recognised directly in equity.

Translation adjustments of balances with independent foreign subsidiaries that are considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge a net investment in foreign subsidiaries are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other receivables or other payables and in equity.

If the hedged transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability,

respectively. If the hedged transaction results in income or expenses, amounts recognised in equity are transferred to the income statement in the period in which the hedge affects the income statement.

For derivative financial instruments that do not qualify as hedges, changes in the fair value are recognised in the income statement on an ongoing basis.

Consolidation policies

The consolidated financial statements include the Norlys a.m.b.a. Parent Company and subsidiaries in which Norlys a.m.b.a. directly or indirectly holds more than 50% of the voting rights or otherwise exercises control.

Enterprises in which the Group holds between 20% and 50% of the voting rights and/or exercises significant influence, but which it does not control, are considered associates.

On consolidation, intercompany income and expenses, shareholdings, intercompany balances and dividends as well as realised and unrealised profits and losses on transactions between consolidated enterprises are eliminated.

The Parent Company’s investments in consolidated subsidiaries are eliminated at the Parent Company’s share of the subsidiaries’ equity value determined at the date at which the group connection was established.

On acquisition of subsidiaries, the difference between the cost and the equity value of the acquired enterprise is determined on the date of acquisition after adjustment of the individual assets and liabilities to fair value (the acquisition method).

Any decided restructuring provisions relating to the acquired enterprise are deducted. Remaining positive balances are recognised as goodwill under intangible assets in the balance and amortised on a straight-line basis in the income statement over the estimated useful lives of the assets, the maximum period being 20 years. Negative differences (negative goodwill) are recognised in

the income statement at the date of acquisition. Negative goodwill that does not relate to expected losses or expenses is recognised at an amount equivalent to the fair value of non-monetary assets in the income statement over the average lives of the non-monetary assets.

Positive and negative balances from acquired enterprises may be adjusted until the end of the financial year following the acquisition year as a result of changes in recognition and measurement of net assets. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already recognised. Amortisation of goodwill is recognised in the item depreciation, amortisation and impairment losses.

Joint operation

The consolidated financial statements include a joint operation, TT Netværket P/S. Telia Mobil Danmark A/S is part of the joint operation, which handles the expansion, operation and maintenance of the GSM (2G), LTE (4G) and 5G networks.

The partners in this joint operation directly own the assets and are directly responsible for the liabilities. TT Netværket P/S is accounted for in Telia Mobil Danmark A/S’ financial statements by proportionate consolidation based on an ownership share of 50%.

Non-controlling interests

Items of subsidiaries are fully recognised in the consolidated financial statements. Non-controlling interests’ proportionate share of subsidiaries’ profit and equity is presented separately in the distribution of net profit and a separate principal item under equity, respectively.

Timing differences in customer payments

Timing differences in consumer payments arise when certain items in the financial statements, including depreciation of non-current assets, are recognised using different principles in the annual report and the determination of expenses and income under Executive Order on Revenue Framework for Grid Companies (Indtægtsrammebekendtgørelsen), respectively. These are recognised as prepayments or deferred income under receivables or payables, respectively.

The timing difference for the year is recognised in revenue.

Income statement

Segment information

Information is provided on business segments and geographical markets. The segment information follows the Group’s accounting policies, risks and management control.

Revenue

The Group’s revenue consists of different sources of revenue from the Group’s various divisions.

Norlys Energi, Norlys Digital & Tele and Norlys Fibernet

Revenue is recognised in the income statement when the sale is completed. The sale is considered to be completed when:

- delivery has taken place before the end of the financial year;
- there is a binding sales agreement;
- the selling price has been determined; and
- payment has been received or can be expected to be received with reasonable certainty.

Revenue is measured at the consideration received and is recognised excluding VAT and less discounts related to the sale.

Especially for Norlys Digital and Norlys Fibernet:

Contract work in progress (construction contracts) is recognised as the work is performed, meaning that revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). This method is applied when total income and expenses associated with the construction contract and the stage of completion at the balance sheet date can be determined reliably, and it is probable that the economic benefits, including payments, will flow to the company. As stage of completion, expenses incurred relative to expected total expenses of the construction contract are used.

Services are recognised as the services under the contract

are provided using the percentage of completion method, meaning that revenue corresponds to the selling price of the services provided for the year. This method is applied when total income and expenses associated with the services and the stage of completion at the balance sheet date can be determined reliably, and it is probable that the economic benefits, including payments, will flow to the company. As stage of completion, expenses incurred relative to expected total expenses of the services are used.

Norlys Forsyning:

Revenue includes income from the sale of network services, connection and construction charges and other related income. Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year, and if revenue can be measured reliably and it is probable that the economic benefits of the sale will flow to the company. Revenue is recognised excluding VAT and other taxes.

The enterprise’s prices are determined based on a revenue framework set by the Danish Utility Regulator. A regulatory surplus or deficit relative to the revenue framework is recognised in the income statement under revenue if the surplus or deficit is expected to be charged/needs to be repaid.

Network service and subscription discounts are deducted from revenue. Customer connection charges to cover grid connection costs are recognised under equity and liabilities and systematically recognised as income over the life of the plant. Connection charges recognised as income are included in revenue. Construction charges to cover grid connection costs are recognised under equity and liabilities and systematically amortised over the life of the plant.

Services are recognised as the services under the contract are provided using the percentage of completion method, meaning that revenue corresponds to the selling price of the services provided for the year. This method is applied when total income and expenses associated with the services and the stage of completion at the balance sheet date can be determined reliably, and it is probable that the economic benefits, including payments, will flow to

the company. As stage of completion, expenses incurred relative to expected total expenses of the services are used.

Norlys Trading:

Revenue includes physical and financial contracts where delivery has been made during the financial year, including associated trading costs. Fair value adjustments of derivative financial instruments are recognised net. Revenue is measured at the consideration received and is recognised excluding VAT and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature to the activities of the enterprises, including profits on the sale of intangible assets and property, plant and equipment as well as profits on the sale of investments in group enterprises.

Other operating expenses

Other operating expenses include items of a secondary nature to the activities of the enterprises, including losses on the sale of intangible assets and property, plant and equipment as well as losses on the sale of investments in group enterprises.

Raw materials and consumables used

Raw materials and consumables used include raw materials and consumables used to generate the revenue for the year. Electricity purchases are fully accrued after the date of delivery.

Other external expenses

Other external expenses include expenses related to distribution, sales, advertising, administration, premises, bad debts, operating lease costs etc.

Staff costs

Staff costs include wages and salaries, including holiday pay and pensions, as well as other social security costs etc. for the company’s employees. Compensation from public authorities is deducted from staff costs. Parent Company staff costs are remuneration to the Board of Directors and the Board of Representatives.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses include depreciation, amortisation and impairment losses for the year for intangible assets, property, plant and equipment and investments.

Profit from investments in subsidiaries and associates

The proportionate share of the individual subsidiaries’ profits after tax is recognised in the Parent Company’s income statement after full elimination of intercompany profits/losses and less goodwill amortisation under the items ‘Income from investments in group enterprises’ and ‘Income from investments in associates’; items are recognised and measured under the equity method. In both the Group’s and the Parent Company’s income statements, the proportionate share of associates’ profits/losses after tax is recognised after elimination of the proportionate share of intercompany profits/losses. Recognition is based on the most recent annual report.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financials include interest income and interest expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, payables and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the tax prepayment scheme etc.

Tax on profit for the year

Tax for the year, consisting of current income tax for the year and change in deferred tax, is recognised in the income statement with the share attributable to the profit for the year, and directly in equity with the share attributable to items recognised directly in equity. In practice, the Norlys a.m.b.a. Parent Company is not subject to tax on own income, see section 1(1) para (6) of the Danish Income Tax Act (Selskabsskatteloven). All Danish consolidated companies under Norlys a.m.b.a. (that is: all Danish subsidiaries in which the ownership interest is greater than 50%) are jointly taxed with Norlys Holding A/S as management company.

Balance sheet

Intangible assets

Goodwill

Goodwill and consolidated goodwill are amortised on a straight-line basis over the estimated economic lives of the assets, determined on the basis of Management’s experience in the individual business areas. Goodwill and consolidated goodwill are amortised on a straight-line basis over the amortisation period, a maximum of 20 years. The amortisation period is longest for strategically acquired enterprises with a strong market position and long earnings profile if the longer amortisation period is assessed to better reflect the benefit of the resources in question.

The amortisation basis, determined as cost less expenses incurred, is distributed on a straight-line basis over the estimated useful lives of the assets, which is 5-20 years.

The carrying amount of goodwill and consolidated goodwill is assessed on an ongoing basis and written down to the recoverable amount over the income statement if the carrying amount exceeds the estimated future net income from the enterprise or activity to which goodwill is allocated.

Development projects, know-how, customer contracts, patents, rights and licences

Development projects relating to products and processes that are clearly defined and identifiable, where the technical rate of utilisation, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated and where the intention is to manufacture, market or use the product in question are recognised as intangible assets.

Development costs comprise costs, salaries and amortisation that can be directly and indirectly attributed to development activities. Development projects that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses. Following completion of the development work, development costs are amortised on a straight-line basis over the estimated useful economic lives of the assets.

The amortisation period is usually 5 years, but may in some cases be up to 20 years if the longer amortisation period is assessed to better reflect the Group’s benefit of the developed product etc.

Interest expenses on loans raised directly to finance the manufacture of intangible assets are recognised in cost over the manufacturing period. All indirectly attributable borrowing costs are recognised in the income statement.

For development projects that are protected by intellectual property rights, the maximum amortisation period is the remaining life of the rights in question, however not exceeding 20 years.

Know-how, customer contracts, patents, rights and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent life, while rights and licences are amortised over the contract period of 3 to 20 years. Know-how and customer contracts are amortised over their estimated useful economic lives of 5 to 10 years. Gains and losses from the sale of development projects, patents and licences are determined as the difference between the selling price less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under other operating income and other operating expenses, respectively.

Property, plant and equipment

Land and buildings, plant and machinery as well as fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation is cost less the estimated residual value after the end of the useful life. Land is not depreciated. Cost includes the purchase price and costs directly attributable to the acquisition until the asset is ready for use.

For own manufactured assets, cost includes direct and indirect expenses for materials, components, subcontractors and wages and salaries.

For assets held under a finance lease, cost is the lower of the fair value of the asset and the present value of future lease payments.

Indirect costs of production include indirect materials and wages and salaries, costs of maintenance and depreciation and impairment losses relating to machinery, factory buildings and equipment used in the production process, and costs for factory administration and management. Interest expenses on loans raised directly to finance the manufacture of property, plant and equipment are recognised in cost over the manufacturing period. All indirectly attributable borrowing costs are recognised in the income statement.

Depreciation is provided on a straight-line basis, based on the following assessment of the expected useful lives and residual values of the assets:

Buildings 40 years
Distribution plant 10-45 years
Other fixtures and fittings, tools and equipment 3-10 years
Expected useful lives and residual values are reassessed annually.

Gains or losses arising from disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under other operating income and other operating expenses, respectively.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured using the equity method. In the balance sheet, the proportionate ownership interest of the enterprises’ equity value determined using the Group’s accounting policies plus or minus unrealised intercompany gains or losses and plus or minus the residual value of positive or negative goodwill determined using the acquisition method is recognised in the items ‘Investments in subsidiaries’ and ‘Investments in associates’.

Recognition using the equity method has not been fully possible for all the Group’s investments due to lack of access to detailed accounting records. Therefore, the Group has not been able to determine the equity value in accordance with the Group’s accounting policies. Consequently, an investment is recognised at cost.

The total net revaluation of investments in subsidiaries and associates is transferred through distribution of profit to ‘Net revaluation reserve according to the equity method’ under equity. The reserve is reduced by dividend payments to the Parent Company and is adjusted by other changes in equity in subsidiaries and associates.

Subsidiaries and associates with negative equity value are recognised at DKK 0 and any receivables from these enterprises are written down to the extent that the receivable is uncollectible. If the Parent Company has a legal or constructive obligation to cover the enterprise’s negative balance exceeding the receivable, a provision for this purpose is recognised. For the acquisition of enterprises, the acquisition method is used, see the description above under recognition and measurement of business combinations.

Other investments as well as other receivables (non-current assets)

Other investments, recognised as investments, include unlisted shares measured at cost or a lower recoverable amount.

Other receivables, recognised as investments, are measured at amortised cost, usually corresponding to nominal value, less impairment for expected losses.

Impairment of non-current assets

The carrying amounts of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates are assessed annually for indications of impairment other than that expressed by depreciation and amortisation. If there are indications of impairment, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this is lower than the carrying amount.

Recoverable amount is the higher of net selling price and value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or group of assets and expected net cash flows from the sale of the asset or group of assets after the end of useful life.

Inventories

Inventories are measured at cost using the FIFO method. The cost of goods for resale and raw materials and consumables includes the purchase price plus delivery costs. The cost of manufactured finished goods and work in progress includes the cost of raw materials, consumables, direct labour costs and indirect production costs. Where the net realisable value is lower than cost, write-down will be made to this lower value. The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to execute the sale. The value of inventories is determined taking into account the marketability, obsolescence and expected development in selling prices of inventories.

Gas inventory, which is effectively hedged by hedging instruments, is measured at fair value with recognition of value adjustments in the income statement under section 37 a of the Danish Financial Statements Act.

Receivables

Receivables are measured at amortised cost. Receivables are written down for impairment if an objective indication is considered to have occurred that a receivable or a portfolio of receivables is impaired. If there is an objective indication that an individual receivable is impaired, write-down for impairment is carried out at an individual level.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured based on the stage of completion at the balance sheet date and the total expected income for the individual work in progress. The stage of completion is determined as the share of expenses incurred relative to expected total expenses of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the lower of expenses incurred and net realisable value. The individual work in progress is recognised in the balance sheet under receivables or payables.

Net assets are the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities are the sum of the work in progress, where invoicing on account exceeds the selling price. Expenses associated with sales work and obtaining contracts are recognised in the income statement as incurred.

Prepayments

Prepayments, recognised under current assets, include expenses incurred concerning subsequent financial years.

Regulatory surpluses and deficits

Balances of regulatory surpluses and deficits are recognised under payables and receivables, respectively, and offset against revenue in the income statement. The balance represents the amount the enterprise expects to repay or charge in coming years’ rates measured at present value. The basis of the determination is this year’s and prior years’ determination of actual income and expenses relative to the amount preliminarily recognised by the enterprise, which the enterprise has determined at the balance sheet date in accordance with ‘Executive Order on Revenue Framework for Grid Companies’.

Investments

Investments, consisting of listed equities and bonds, are measured at fair value at the balance sheet date. Unlisted investments are measured at cost.

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. When it is probable that total expenses will exceed the total income of contract work in progress, the total expected loss on the work in progress is recognised as a provision.

Income tax and deferred tax

Current tax liabilities and current tax receivables must be recognised in the balance sheet as computed tax on the taxable income for the year, adjusted for tax on taxable profit for previous years and taxes paid on account.

Deferred tax is measured under the balance sheet liability method based on temporary differences between the carrying amount and tax base of assets and liabilities, determined based on the planned use of the asset or 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 setoff against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Payables

Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. Subsequent to initial recognition, financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, so that the difference between proceeds and nominal value is recognised in the income statement over the term of the loan.

Accordingly, mortgage debt is measured at amortised cost: For cash loans, this corresponds to the outstanding balance of the loan.

For bond loans, amortised cost corresponds to the outstanding balance calculated as the underlying cash value of the loan at the time of borrowing adjusted by amortisation of capital losses on the loan over the repayment period.

Electricity connection charges and income from the compensation scheme are recognised as income over 40 years as the associated investments are depreciated, while broadband connection charges are recognised as income over 5 years. Lease commitments related to assets held under a finance lease are recognised in the balance sheet as payables and are measured at the time of conclusion of the contract at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between the present value and the nominal value of the lease payments is recognised as a financial expense in the income statement over the term of the contracts.

Lease payments related to operating leases are recognised on a straight-line basis over the lease term in the income statement. Other payables, which include trade payables, payables to group enterprises and other payables, are measured at amortised cost, usually corresponding to nominal value.

Deferred income

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

Cash flow statement

The cash flow statement shows the Group’s cash flows for the year from operating, investing and financing activities, changes in cash and cash equivalents for the year and the Group’s cash and cash equivalents at the beginning and end of the year. No cash flow statement has been prepared for the Parent Company, as the Parent Company’s cash flows are included in the consolidated cash flow statement.

Cash flow from operating activities

Cash flows from operating activities are determined as the Group’s share of the profit or loss adjusted for non-cash operating items, change in working capital and income tax paid. Working capital includes current assets less short-term payables excluding the items included in cash and cash equivalents.

Cash flow from investing activities

Cash flows from investing activities include payments in connection with the acquisition and sale of enterprises and activities and the acquisition and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities

Cash flows from financing activities include changes in the size or composition of the Group’s share capital and related expenses as well as raising of loans, repayment of interest-bearing debt, connection charges received and dividend payments to members. In the cash flow statement, the company’s bank overdraft withdrawals are classified as cash flows from financing activities in accordance with an interpretation from the Danish Business Authority.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term securities with a maturity of less than 3 months that can readily be converted into cash and with an insignificant risk of changes in value.

Summary of key figures and financial ratios

Explanation of financial ratios.

Gross margin ratio

Gross profit x 100 /
Revenue

Profit margin

Profit before financial income and expenses x 100 / Net revenue

Return on capital employed (ROCE)

Profit before financial income and expenses x 100 /
Average assets

Equity ratio

Equity, end of year x 100 /
Total assets, end of year

Return on equity (ROE)

Profit from ordinary activities after tax x 100 /
Average equity

NORLYS