



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 980 450 155  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: VERIZON NORWAY AS  
Forretningsadresse: Lysaker torg 5  
1366 LYSAKER

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Sharminee Vimalan  
Dato for fastsettelse av årsregnskapet: 18.06.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 12.07.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	2	126 749 470	115 013 148
<b>Sum inntekter</b>		<b>126 749 470</b>	<b>115 013 148</b>
<b>Kostnader</b>			
Cost of Sales		44 969 825	45 265 286
Payroll Expenses	3	18 080 230	15 524 811
Depreciation	9	5 377 597	5 613 673
Bad debts		767 262	645 503
Other operating expenses	5	50 992 150	43 042 097
<b>Sum kostnader</b>		<b>120 187 064</b>	<b>110 091 370</b>
<b>Driftsresultat</b>		<b>6 562 406</b>	<b>4 921 778</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	6	23 244 321	8 577 757
<b>Sum finansinntekter</b>		<b>23 244 321</b>	<b>8 577 757</b>
Financial cost	6	18 689 406	6 312 562
<b>Sum finanskostnader</b>		<b>18 689 406</b>	<b>6 312 562</b>
<b>Netto finans</b>		<b>4 554 915</b>	<b>2 265 195</b>
<b>Ordinært resultat før skattekostnad</b>		<b>11 117 321</b>	<b>7 186 973</b>
Income tax expenses	11	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>11 117 321</b>	<b>7 186 973</b>
<b>Årsresultat</b>		<b>11 117 321</b>	<b>7 186 973</b>
<b>Overføringer og disponeringer</b>			
Transfers to other equity	13	11 117 321	7 186 973
<b>Sum overføringer og disponeringer</b>		<b>11 117 321</b>	<b>7 186 973</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Infrastructure, network, inventory a	9	20 091 734	24 324 676
Other Long term receivables		908 486	0
<b>Sum varige driftsmidler</b>		<b>21 000 220</b>	<b>24 324 676</b>
<b>Sum anleggsmidler</b>		<b>21 000 220</b>	<b>24 324 676</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Accounts Receivables		27 670 712	14 029 138
Receivables from Group companies	4	150 758 173	131 033 531
Other short term receivables		18 397 119	12 797 059
<b>Sum fordringer</b>		<b>196 826 004</b>	<b>157 859 728</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and Cash Equivalent	7	263 456	1 148 450
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>263 456</b>	<b>1 148 450</b>
<b>Sum omløpsmidler</b>		<b>197 089 460</b>	<b>159 008 178</b>
<b>SUM EIENDELER</b>		<b>218 089 680</b>	<b>183 332 854</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share Capital	12,13	4 750 100	4 750 100
Share Premium	13	26 635 889	26 635 889
<b>Sum innskutt egenkapital</b>		<b>31 385 989</b>	<b>31 385 989</b>



### Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>Opptjent egenkapital</b>			
Other equity	13	126 568 054	115 450 736
<b>Sum opptjent egenkapital</b>		<b>126 568 054</b>	<b>115 450 736</b>
<b>Sum egenkapital</b>		<b>157 954 043</b>	<b>146 836 725</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Other Provision		1 376 970	1 109 534
<b>Sum avsetninger for forpliktelser</b>		<b>1 376 970</b>	<b>1 109 534</b>
<b>Annen langsiktig gjeld</b>			
<b>Sum langsiktig gjeld</b>		<b>1 376 970</b>	<b>1 109 534</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		2 711 060	2 052 974
Unpaid Public fees		6 279 377	5 103 416
Kortsiktig konserngjeld	4	32 118 819	19 582 143
Other short term liability		17 649 411	8 648 063
<b>Sum kortsiktig gjeld</b>		<b>58 758 667</b>	<b>35 386 596</b>
<b>Sum gjeld</b>		<b>60 135 637</b>	<b>36 496 130</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>218 089 680</b>	<b>183 332 855</b>



**Tax Administration Norway**

Inquiries to Torstein Kinden Helleland	Your date 30.04.2018	Our date 30.05.2018
Telephone 22078139	Your reference Clare Aitkenhead	Our reference 2018/689211

VERIZON NORWAY AS  
Postboks 258  
1326 LYSAKER

**Permission to prepare the annual accounts and directors' report in English language for Verizon Norway AS, org.nr. 980 450 155**

With reference to your letter received 30 April 2018 with respect to the above matter regarding Verizon Norway AS.

Based on a total evaluation, the view of The Directorate of Taxes is that Verizon Norway AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

**Background**

From your letter:

*Verizon Norway is a telecom company with headquarters in Oslo. The Company's main business is to deliver telecom services to Norwegian companies. All key players and partners in this industry speak and use English. The Company also uses English as the working language and reports all information in English. For more information about the Company's industry/operations, please refer to our web site [www.verizon.com](http://www.verizon.com)*

*Verizon Norway AS is fully owned subsidiary of MK international Limited, org, no 2571031. MK International limited is indirectly a fully owned subsidiary of Verizon Communication Inc with headquartered in New York City. Verizon Norway's results are consolidated into this group's financial statements.*

*There are no other issues regarding the Company's financing implying the need for financial statements in Norwegian.*

**Permission to make the annual accounts and the directors' report in Norway in English language**

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Postal address P.O. Box 9200 Grønland 0134 Oslo skatteetaten.no/sendepost	Visiting address: See <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org.nr: 996250318	Telephone 800 80 000 Telefax 22 17 08 60
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Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

*“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”*

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company is a fully owned subsidiary of a foreign company. The company is a part of an international group. All key players and partners in this industry speak and use English.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad  
Senior Adviser  
Rettsavdelingen, foretaksskatt  
Norwegian Directorate of Taxes

Torstein Kinden Helleland

*This document has been electronically approved and contains therefore no handwritten signatures*



Statsautoriserte revisorer  
Ernst & Young AS

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Postboks 1156 Sentrum, NO-0107 Oslo

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Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Verizon Norway AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Verizon Norway AS, which comprise the balance sheet as at 31 December 2020, profit and loss statement, and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, 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 the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the 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



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audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## Report on other legal and regulatory requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - Verizon Norway AS

A member firm of Ernst & Young Global Limited

Pennco Dokumentnøkkel: B55M8-BBZNY-AEFAY-ZO30C-4M6A7-5VA1P



Oslo, 18 June 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Tore Sørli  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: B55M8-BBZNY-AEFAY-ZO30C-4NGA7-5VATP

Independent auditor's report - Verizon Norway AS

A member firm of Ernst & Young Global Limited



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## Tore Sørli

Statsautorisert revisor

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# Verizon Norway AS

Org. 980450155

## **Annual report 2020**

Directors' report  
Financial statements  
- Profit and loss statement  
- Balance sheet  
- Cash flow statement  
- Notes

Auditor's report



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## Verizon Norway AS

### Directors' report

#### *Operations and location*

##### **The Company**

Verizon Norway AS (“the Company”) business address is Lysaker torg, 1366 Lysaker in Norway.

The Company’s main business is to deliver telecom services in Norway.

The Company is a fully owned subsidiary of MK International Limited, org. no. 2571031. This company is indirectly a fully owned subsidiary of Verizon Communications, Inc.

Verizon Communications Inc. headquartered in New York, USA, is the ultimate parent company, and the Company’s results are consolidated into this group’s financial statements.

Verizon Communications Inc. is a global leader in delivering broadband and other wireless and wireline communications services to consumers, businesses, government and wholesale customers. Verizon also delivers integrated business solutions to customers in more than 150 countries, including all of the Fortune 500. A Dow 30 company with \$128,3 billion in 2020 revenues, Verizon Communications employs a diverse workforce of nearly 132,200.

The Verizon Business Group’s segments provides customers with communication services, including voice, broadband, video, data, network access, long distance, security services and other services, to residential and small business customers and carriers, as well as next-generation IP network services and communications solutions to medium and large businesses and government customers globally.



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## Verizon Norway AS

### Service Agreement

Verizon European Holdings Limited ("VEHL") and Verizon Norway AS ("Company") has an agreement of providing telecommunications services with the effect from 1 January 2007, with amendments effective from 1 January 2010 and 1 January 2019. The agreement can be cancelled by both parties with 3 months written notice. Under the agreement, which is generally referred to as "Service Agreement", the Company provides telecommunications services within Norway to VEHL, and VEHL provides telecommunications services outside Norway to the Company.

The global transfer pricing methodology ("TP") considers the trading activities and risk profiles of the international operating companies of the Verizon Group with respect to non-US markets. TP provides a calculation method for arriving at the arm's length prices to reflect the telecommunication services provided and received by the Company.

When the Company's profit is calculated, the operating result is adjusted by TP in the form of service charges. The Service Agreement has been prepared in accordance with the OECD's guidelines and Norwegian law.

The Company is charged with a service cost of MNOK 23 which is presented as other operating expenses. The service cost is settled quarterly.

### Going concern

The accounts are prepared under the assumptions of going concern and the Board of Directors confirms that this assumption is true.

An important factor regarding going concern is the Service Agreement, which creates more predictability and reduces risk factors. The Company is dependent on existing financial agreements as well as services rendered and received according to the Service Agreement. All agreements can be cancelled on three months' notice. However, the Company has not received any notice of the agreements, nor received any indications as such.

### Financial risk

The Company is exposed to currency risk, as net intercompany receivables are in USD, the Group's currency.

The Company is part of a group netting arrangement that facilitates an efficient management of intercompany balances within the Group. This includes the transfer of cash within the Group to efficiently optimize the availability of funds to settle liabilities as they fall due. The Company will be in a position to meet its liabilities as they fall due.

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## Verizon Norway AS

### *Working environment and staff*

Leave of absence due to illness totalled 5 days (2019: 158 days), which equals 1,9% (2019: 3.9%) of the total working hours. No cases of personal injuries, material damages, accidents or deaths due to the employees, contractors or third parties in the Company's offices have been reported. The employees in the Company have a good work environment, and no particular new initiatives regarding work environment are implemented in 2020.

### *Gender equality*

The Company strives to be a workplace with equal opportunities, and has a non-discrimination policy. The Company has traditionally recruited from environments equally dominated by both men and women. No specific initiatives have been implemented in 2020. The workload and organization is based on position, not gender. 18,8% of the employees in 2020 were women. The Company's board consists of 2 men and 1 woman.

### *Environmental reporting*

During the accounting year, the Company conducted its business in accordance with current environmental rules, and does not contribute to polluting the external environment.

### *Comments on the financial statements*

In the Board's opinion, the annual accounts provide a fair presentation of the Company's assets and liabilities, financial position and result as of 31 December 2020. Sales revenues have increased to MNOK 126,749 (2019: MNOK 115,013). Margins are stable. The net profit of MNOK 11,12 (2019: MNOK 7,19) is higher than the profit from prior year due to an improved foreign exchange gain result.

The total cash flow from operating activities is NOK 259 661. Difference between net operating income and operating activities are mainly caused by changes in Group receivables, but we see as well increase in trade receivables and increase short term liabilities. Investments in tangible fixed assets amounts to MNOK 1,1 (2019:MNOK 3,1).

The board expects that the competition on the supply side within the Company's business areas will continue to be strong, and the Company will concentrate its efforts on customer growth, cost control and customer satisfaction. In the boards' opinion, the Company's focus and ability to make adjustments reduces the Company's credit and market risk inherent in a telecom market with increasing pressure on the offering side and considerable customer volatility. Our forecasts are subject to the normal uncertainty that characterizes projections of future conditions.

During the fiscal year 2020, the Company has not had any research and development costs, as these are costs taken centrally and are included as a part of the valid Service Agreement.



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## **Verizon Norway AS**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the financial statements have been prepared on a going concern basis.

The directors' assessment is that the spread of Coronavirus (COVID-19) and the associated impact on the economy will not have a significant impact on the Company. Whilst there may be some delay in new order completion, there is also a reduction in customers leaving the Company. A significant decline in sales is therefore not expected. Currently, especially with major customers, there are no indications of material bad debts and receivables are being settled on time.

Verizon UK Financing Limited ("VUKF"), a fellow group company, has provided a letter of support confirming its ability to provide the company with the financial support, as necessary, to enable it to meet its obligations for a period not less than 12 months from the adoption of its financial statements for the year ended 31 December 2020. Additionally, VUKF has also received a letter of financial support from the ultimate parent, Verizon Communications Inc., confirming its ability to assist VUKF in meeting its liabilities as and when they fall due, but only to the extent that money is otherwise not available to VUKF to meet such liabilities, for a period of not less than 12 months from date of approval of its financial statements.

## ***Subsequent events***

Subsequent to the end of the financial year, the COVID-19 outbreak has continued to impact businesses and society to varying degrees. The Government's responses, in dealing with the pandemic, continue to affect normal activity levels across the community, the economy and business operations as it has done so since March 2020.

The rollout of several newly developed vaccines coupled with Government measures should see a gradual and safe return to a more normal, pre pandemic, situation. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the company at this time.

So far, the Company has not seen a significant impact on our business to date. The ongoing pandemic and associated economic effects are not expected to cause a significant impact on the company's ongoing results in the short term. The company will continue to monitor the impact on sales, cash flow and bad debt among others, as well as identifying potential new opportunities. There are no current indicators that

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the level of work will decrease, notwithstanding the pandemic makes predicting cash flows in the short to medium term difficult.

The financial statements have been prepared based upon conditions existing at 31 December 2020 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

There are no further subsequent events since year end.

**Results and allocation**

The Board proposes the following allocation of net profit in Verizon Norway AS:

Transferred to other equity:	11 117 320
<b>Total allocations:</b>	<b>11 117 320</b>

Oslo, 18 June 2021

*Francesco De Maio*

Francesco Cesare De Maio  
Chairman of the Board

*Clare Aitkenhead*

Clare Brenda Aitkenhead  
Board member

*Peter Lomsdalen Brechan*

Peter Lomsdalen Brechan  
Board member



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## Verizon Norway AS

### Profit and loss statement January 1 - December 31, 2020 All numbers are in NOK

	Note	2020	2019
<b>Operating income</b>			
Revenue	2	126 749 470	115 013 148
<b>Total operating income</b>		<b>126 749 470</b>	<b>115 013 148</b>
<b>Operating cost</b>			
Cost of sales		44 969 825	45 265 286
Payroll expenses	3	18 080 230	15 524 811
Depreciation	9	5 377 597	5 613 673
Bad debt expense		767 262	645 503
Other operating expenses	5	50 992 150	43 042 097
<b>Total operating costs</b>		<b>120 187 065</b>	<b>110 091 371</b>
<b>Operating profit</b>		<b>6 562 405</b>	<b>4 921 777</b>
<b>Financial income and costs</b>			
Financial income		23 244 321	8 577 757
Financial cost		18 689 406	6 312 562
<b>Net financial items</b>		<b>4 554 915</b>	<b>2 265 195</b>
Profit before tax		11 117 320	7 186 973
Income tax expense	11	0	0
<b>Net profit for the year</b>		<b>11 117 320</b>	<b>7 186 973</b>
<b>Transfers and allocations</b>			
Transfers to other equity	13	11 117 320	7 186 973
<b>Total transfers</b>		<b>11 117 320</b>	<b>7 186 973</b>

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## Verizon Norway AS

### Balance sheet as of December 31

	Note	2020	2019
All numbers are in NOK			
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
	9		
Infrastructure, network, inventory and other tangible assets		20 091 734	24 324 676
Other Long Term Receivables		908 486	
		<hr/>	
<b>Total non-current assets</b>		<b>21 000 220</b>	<b>24 324 676</b>
		<hr/>	
<b>Current assets</b>			
<i>Receivables</i>			
Accounts receivable		27 670 712	14 029 138
Receivables from Group companies	4	150 758 173	131 033 531
Other short-term receivables		18 397 119	12 797 059
<b>Total receivables</b>		<b>196 826 004</b>	<b>157 859 728</b>
Cash and cash equivalents	7	263 456	1 148 450
<b>Total current assets</b>		<b>197 089 460</b>	<b>159 008 178</b>
		<hr/>	
<b>Total assets</b>		<b>218 089 681</b>	<b>183 332 855</b>

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## Verizon Norway AS

		2020	2019
<b>Balance sheet as at December 31</b>			
<b>Equity and liabilities - All numbers in NOK</b>			
<i>Equity</i>			
Share capital	12, 13	4 750 100	4 750 100
Share premiums	13	26 635 889	26 635 889
<b>Total share capital</b>		<b>31 385 989</b>	<b>31 385 989</b>
<i>Retained earnings</i>			
Other equity	13	126 568 054	115 450 736
<b>Total equity</b>		<b>157 954 043</b>	<b>146 836 725</b>
<b>Liabilities</b>			
<i>Provisions</i>			
Other provisions		1 376 970	1 109 534
<b>Total provisions</b>		<b>1 376 970</b>	<b>1 109 534</b>
<i>Current liabilities</i>			
Trade payables		2 711 060	2 052 974
Unpaid public fees		6 279 377	5 103 416
Payables to group companies	4	32 118 819	19 582 143
Other short-term liabilities		17 649 411	8 648 063
<b>Total current liabilities</b>		<b>58 758 666</b>	<b>35 386 596</b>
<b>Total liabilities</b>		<b>60 135 637</b>	<b>36 496 130</b>
<b>Total equity and liabilities</b>		<b>218 089 680</b>	<b>183 332 855</b>

*Francesco De Maio*

Francesco Cesare De Maio  
Chairman of the Board

Oslo, 18 June 2021

*Clare Aitkenhead*

Clare Brenda Aitkenhead  
Board member

*Peter Lomsdalen Brechan*

Peter Lomsdalen Brechan  
Board member

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## Verizon Norway AS

### Cash flow statement as of December 31

	2020	2019
All numbers in NOK		
<b>Cash flow from operating activities</b>		
Profit/loss before tax	11 117 320	7 186 973
Depreciation, amortisation and write-off of fixed assets	5 377 597	5 613 673
Change in inventories, trade receivables and payables	-12 983 488	-6 856 752
Differences in pension funds / liabilities	0	0
Other timing differences	3 936 198	6 192 478
Changes in intercompany accounts	-7 187 966	-9 126 155
<b>Total cash flow from operating activities</b>	<b>259 661</b>	<b>3 010 217</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of fixed assets	-1 144 655	-3 130 852
<b>Total cash flow from investing activities</b>	<b>-1 144 655</b>	<b>-3 130 852</b>
<b>Net cash flow for the year</b>	<b>- 884 994</b>	<b>- 120 636</b>
<b>Cash and cash equivalents at 01.01</b>	<b>1 148 450</b>	<b>1 269 086</b>
<b>Cash and cash equivalents at 31.12</b>	<b>263 456</b>	<b>1 148 450</b>



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Verizon Norway AS

## Notes to financial statements

### Note 1 - Accounting policies

#### *Basic principles*

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect as of December 31, 2020, consist of the profit and loss account, balance sheet, cash flow statement and notes to the accounts. The financial statements have been prepared based on the fundamental principles governing historical cost accounting, comparability, continued operations, congruence and prudence. Transactions are recorded at their value at the time of the transaction. Income is recognized at the time of delivery of services. Costs are expensed in the same period as the income to which they relate. Costs that cannot be directly related to income are expensed as incurred. Accounting principles are elaborated below. When actual figures are not available as of December 31, generally accepted accounting principles require the management to use best estimate in the income statement and balance sheet. There may be discrepancies between estimated and actual figures.

#### *Changes in accounting policy*

The effect of changes in principles and correction of errors in previous financial statements are measured at the time of opening balance. Effects of changes in equity are recognised against equity. The comparative figures in the balance sheet are restated according to the new principles.

#### *Related party disclosures*

The financial statements include complete information regarding transactions with related parties as required by the Norwegian Accounting Act.

#### *Revenue recognition*

Revenue is normally recognized at the time of delivery of services. Operating revenues related to voice, data and VoIP have been reduced for value added tax, discounts and bonuses. Invoicing is done mainly at the end of each month.

The Wireline segment earns revenue based upon usage of our network and facilities and contract fees. In general, fixed monthly fees for local telephone, long distance and certain other services are billed one month in advance and recognized the following month when earned. Revenue from services that are not fixed in amount and are based on usage are recognized when such services are provided.

We recognise equipment revenue for services, in which we bundle the equipment with maintenance and monitoring services, when the equipment is installed in accordance with contractual specifications and ready for the customer's use. The maintenance and monitoring services are recognized monthly over the term of the contract as we provide the services.

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## Notes to financial statements (continued)

### *Cost recognition/matching*

Costs are expensed in the same period as the income to which they relate is recognized. Costs that cannot be directly related to income are expensed as incurred.

### *Receivables*

Receivables are accounted for at face value with deduction for expected loss.

### *Foreign currency*

The recorded value of monetary items denominated in foreign currency is based on year end exchange rates.

### *Fixed assets/long-term debt*

Assets are valued at cost and written down if impaired and the decline in value is not temporary. Long-term debt is valued at its nominal amount.

Fixed assets are entered into the accounts at historical cost, with deductions for accumulated depreciation and write-down. Fixed tangible assets are depreciated straight lined over the expected life of the assets if it is more than three year and the cost price is above NOK 15 000. The useful economic life of the fixed assets is evaluated consecutively. Depreciation is classified as an operating cost. Maintenance of tangible assets is treated as other operating expense. Enhancements are capitalized and depreciated together with the tangible fixed asset in question. The distinction between maintenance and enhancement is based on the condition of the asset when it was acquired.

### *Leases*

Lease contracts with terms that transfer the majority of economic benefits and obligations to Verizon Norway AS (finance lease) are capitalized in the balance sheet, and the present value of the minimum lease cost is included as interest bearing debt. Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Operating lease costs are expensed as a regular leasing cost, and are classified as an operating cost. Verizon Norway AS has only operating lease contracts where the lease payments are accounted for on a straight line basis over the estimated useful lives.

### *Current assets / liabilities*

Assets/liabilities related to current business activities and items which fall due within one year are classified as current assets/liabilities. Other assets/liabilities are classified as long term. Current assets are valued at the lower of cost and market value. Short-term debt is valued at nominal amount.

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## Notes to financial statements (continued)

### *Other income (costs)*

Material income and cost which are not related day to day operations are classified as other operating income (costs). Items that are unusual, irregular and material are classified as extraordinary items.

### *Pensions*

Under defined contribution pension schemes, the company does not commit itself to paying specified future pension benefits, but makes annual contributions to the employees' pension savings. Future pensions will depend on the size of annual contributions and the annual return on pension savings. After paying annual contributions, the company has no further commitments linked to employees' work performance. The expenses following from the defined contribution pension schemes are recognized in the income statement.

Verizon Norway AS is obliged to follow, and complies with, the Act on Mandatory company pension. The company has a pension scheme according to the requirement set in this Act.

### *Cash flow statement*

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term liquid investments with terms not exceeding three months that immediately, and with no material exchange rate exposure, can be exchanged for cash.

### *Taxes*

Tax expense in the income statement includes both the tax payable during the period and changes in deferred tax. Deferred tax is calculated at 22% (2019: 22%) of the temporary differences between book values as well as taxable values and any taxable loss carried forward. Temporary differences that can be reversed in the same period are netted off.



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## Notes to financial statements (continued)

### *Service Agreement*

There exists an agreement between Verizon European Holdings Limited (“VEHL”) and Verizon Norway AS (“Company”) in relation to the provision of telecommunications services with the effect from January 1, 2007, as amended by an agreement effective January 1, 2010 and January 1, 2019. The agreement can be cancelled by both parties with three months’ written notice. Under the agreement, which is generally referred to as Services Agreement, the Company provides telecommunications services within Norway to the VEHL, and the VEHL provides services outside Norway to the Company.

The global transfer pricing methodology (“TP”) considers the trading activities and risk profiles of the international operating companies of the Verizon Group with respect to non-US markets. TP provides a calculation for arriving at the arm’s length price for the telecommunication services using an economically valid basis to split the Operating Profit to reflect the telecommunication services provided and received by the Company.

When the Company’s profit is calculated, the operational result is adjusted by TP in the form of service costs. The Service Agreement has been prepared in accordance with the OECD’s guidelines and Norwegian law. The service cost is settled quarterly.



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## Notes to financial statements (continued)

### Note 2 - Sales revenue

	2020	2019
<i>Business segments</i>		
Strategic networking	69 362 067	63 472 825
Security, cloud and IT services	33 727 965	35 186 971
Managed network	10 630 700	9 190 579
Other	13 028 739	7 162 733
<b>Total income</b>	<b>126 749 470</b>	<b>115 013 148</b>

### Note 3 - Staff cost and remuneration to the auditor

	2020	2019
<i>Salary and personnel costs</i>		
Payroll	12 529 456	11 266 745
Social security costs	2 254 972	1 967 131
Pension costs	1 241 048	973 880
Other employee related costs	2 054 754	1 317 055
<b>Total</b>	<b>18 080 230</b>	<b>15 524 811</b>

Average number of employees in 2020 and 2019 were 12 and 12, respectively.



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## Notes to financial statements (continued)

### Note 3 - Staff cost and remuneration to the auditor (continued);

Salary and pension costs are charged to the company through Service Fees. The Board of Directors have not received any salary. Remuneration to Members of the Board in connection with termination of the employment or assignment will not be charged to Verizon Norway AS. No loans have been granted nor guarantees pledged to the Members of the Board or other related parties.

<i>Remuneration to the auditor is divided into the following:</i>	<b>2020</b>	<b>2019</b>
Statutory audit fees	475 000	475 000
Tax advisory fee	70 113	70 113
<b>Total</b>	<b>545 113</b>	<b>545 113</b>

VAT is not included in the fees specified above.

### Note 4 - Transactions with enterprises in the same group and affiliated companies

<i>Receivables</i>	<b>2020</b>	<b>2019</b>
Short-term receivables from companies in the same group	133 552 943	44 611 248
Deposits in cash pool arrangement	17 205 230	86 422 283
<b>Total</b>	<b>150 758 173</b>	<b>131 033 531</b>

<i>Liabilities</i>	<b>2020</b>	<b>2019</b>
Short-term liabilities to companies in the same group	32 118 819	19 582 143
<b>Total</b>	<b>32 118 819</b>	<b>19 582 143</b>

The European Verizon companies have established a netting arrangement that facilitates the efficient management of inter-company balances with the group. This includes the transfer of cash within the group. The inter-company balances as of 31 December 2020 are included in the netting arrangement.

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## Verizon Norway AS

### Notes to financial statements (continued)

#### Note 5 - Other operating expenses

	<b>2020</b>	<b>2019</b>
Service fee	23 053 968	21 322 623
Office rent	4 562 019	4 540 861
Maintenance	1 658 325	1 386 151
Other operating expenses	21 717 838	15 792 462
<b>Total</b>	<b>50 992 150</b>	<b>43 042 097</b>

The methodology used in calculation of the Transfer Pricing allocation is described in Note 1.

#### Note 6 - Financial income and expenses

	<b>2020</b>	<b>2019</b>
<b><i>Financial income</i></b>		
Interest income from group companies	205 927	1 111 138
Other interest income	826 484	1 055 052
Foreign exchange rate income	22 211 910	6 411 567
<b>Total</b>	<b>23 244 321</b>	<b>8 577 757</b>



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## Notes to financial statements (continued)

### Note 6 - Financial income and expenses (continued);

	2020	2019
<i>Financial expenses</i>		
Interest expense to group companies	128 732	294 668
Other interest expense	7 853	41 427
Foreign exchange rate losses	18 459 761	5 846 510
Other financial expenses	93 061	129 957
<b>Total</b>	<b>18 689 406</b>	<b>6 132 152</b>

### Note 7 - Bank Deposits

The company has restricted cash of NOK 111.60 as of December 31, 2020 related to employees' withholding tax.

### Note 8 - Pensions

Verizon Norway AS is obliged to follow and comply with the Act on Mandatory Company Pensions. The company has a pension scheme according to the requirement set in this Act.

As of 31.12.20 there were 10 employees in the defined contribution scheme. The defined contribution pension scheme is recognized in the income statement.

The company's pension fund is not posted to the balance. The expenses following from the defined contribution pension schemes are recognized in the income statement. The pension premium was NOK 1 241 048 (2019; NOK 973 880) which was covered by the pension fund and the defined contribution fund.



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Notes to financial statements (continued)

Note 9 - Fixed assets

	Infrastructure in lease premises	Fibre-optic equipment	Work in progress	Inventory / Other tangible assets	Asset removal obligation	Total
Acquisition costs						
01.01	50 361 387	103 309 823	708 791	23 900 377	1 109 534	179 389 913
Adjustment						
Acquisition Cost	-436 029	0	436 029	0	0	0
Additions	188 585	1 018 190	52 467	81 995	0	1 341 236
Disposal of assets	0	0	0	0	0	0
Transfers	79 327	607 833	-1 144 821	130 282	0	-327 379
Adjustments manual accounts	130 798	0	0	0	0	130 798
Acquisition costs						
31.12.20	50 324 068	104 935 845	52 467	24 112 654	1 109 534	180 534 568
Adjustment	130 671		-130 671			0
Accumulated depreciation	40 730 965	98 612 520	0	19 989 815	1 109 534	160 442 834
Carrying amount						
31.12.20	9 593 103	6 323 326	52 467	4 122 839	0	20 091 734
Depreciation for the year	2 511 883	2 307 300	0	558 414	0	5 377 597

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**Notes to financial statements (continued)**

**Note 10 - Leases**

The company is leasing offices in Hans Møller Gasmansvei, Lysaker Torg and Elisenbergveien. In compliance with N-GAAP these lease contracts have not been capitalised as they are not considered to be financial leases.

The company has booked an asset retirement obligation of NOK 1 109 534 to bring the leased buildings back to original construction. The same amount is capitalised as fixed assets and will be expensed during the remaining rental period.

		<b>2020</b>
	<i>Lease expiry</i>	
<i>The company is renting the following premises:</i>		
Lysaker Torg	30-11-21	1 528 680
Hans Møller Gasmansvei	31-12-25	2 956 110
Elisenberg-veien	31-12-21	1 647 612



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## Notes to financial statements (continued)

### Note 11 - Tax

<b>Reconciliation of tax expense against ordinary profit before taxes</b>	<b>2020</b>	<b>2019</b>
22% of profit before taxes (2019, 22%)	2 445 810	1 581 134
Unrecognised change in deferred tax asset	-2 445 810	-1 591 992
Tax effect of permanent differences	0	10 858
<b>Tax expense</b>	<b>0</b>	<b>0</b>

<i>Calculation of the tax base for the year:</i>	<b>2020</b>	<b>2019</b>
Profit before taxes	11 117 320	7 186 973
Permanent differences	0	49 353
Changes in temporary differences	1 915 396	-1 188 111
<b>Tax base of the year</b>	<b>13 032 716</b>	<b>6 048 215</b>
Use of carry forward tax losses	13 032 716	6 048 215
<b>Total taxes payable (22% of the tax base for the year)</b>	<b>0</b>	<b>0</b>

<i>Summary of temporary differences</i>	<b>2020</b>	<b>2019</b>
Non-current assets incl. goodwill	- 585 015	578 849
Current inventory	-2 063 493	-1 311 961
Provisions for losses on receivables	-1 109 534	-1 109 534
Net tax losses carried forward	-53 894 518	-66 927 234
Net temporary differences at 31.12	-57 652 560	-68 769 880
Total Deferred tax asset / Deferred tax (22% 2019)	-12 683 563	-15 129 374

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## Notes to financial statements (continued)

### Note 12 - Share capital and shareholder information

<b>The share capital consists of:</b>	<b>Number of shares</b>	<b>Nominal value</b>
Ordinary shares	47 501	100

<b>Overview of the shareholders of the company at 31.12:</b>	<b>Ordinary shares</b>	<b>Ownership</b>	<b>Voting rights</b>
MK International Ltd	47 501	100%	100%

### Note 13 - Equity

	<b>Share capital</b>	<b>Premium shares</b>	<b>Other equity</b>	<b>Total</b>
Equity 01.01	4 750 100	26 635 889	115 450 734	146 836 723
Profit	0	0	11 117 320	11 117 320
<b>Equity 31.12</b>	<b>4 750 100</b>	<b>26 635 889</b>	<b>126 568 054</b>	<b>157 954 043</b>

The share capital of NOK 4 750 100 consists of 47,501 shares of NOK 100. All shares carry the same voting rights.

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