# Nokia Denmark A/S

Ørestads Boulevard 73, 2300 København S

CVR no. 13 68 05 31

## Annual report 2021

Approved at the Company's annual general meeting on 5 July 2022

Chair of the meeting:

...................................................
Henning Peter Goldbeck

## Contents

## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Nokia Denmark A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 5 July 2022
Executive Board:

Lise Ferdinand Karstensen
Director

Board of Directors:

| | | |
|---|---|---|
| Henning Peter Goldbeck<br>Chair | Joose Henrik Tolonen | Lise Ferdinand Karstensen |

# Independent auditor's report

## To the shareholder of Nokia Denmark A/S

### Opinion

We have audited the financial statements of Nokia Denmark A/S for the financial year 1 January - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

### 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 this auditor's report. We are independent of the Entity 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.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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 skepticism 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.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 5 July 2022
Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56

Henrik Hartmann Olesen
State Authorised Public Accountant
mne34143

# Management's review

## Company details

| | |
|---|---|
| Name | Nokia Denmark A/S |
| Address, Postal code, City | Ørestads Boulevard 73, 2300 København S |
| | |
| CVR no. | 13 68 05 31 |
| Established | 4 October 1970 |
| Registered office | København |
| Financial year | 1 January - 31 December |
| | |
| Website | networks.nokia.com |
| | |
| Board of Directors | Henning Peter Goldbeck, Chair<br>Joose Henrik Tolonen<br>Lise Ferdinand Karstensen |
| | |
| Executive Board | Lise Ferdinand Karstensen, Director |
| | |
| Auditors | Deloitte<br>Statsautoriseret Revisionspartnerselskab<br>Weidekampsgade 6, 2300 Copenhagen S |
| | |
| Bankers | Nordea Danmark |

## Management's review

### Financial highlights

| DKK'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **Key figures** | | | | | |
| Revenue | 314,436 | 311,505 | 323,287 | 374,485 | 343,648 |
| Gross profit | 157,656 | 154,474 | 147,602 | 130,403 | 83,945 |
| Operating profit/loss | 18,369 | 15,219 | 16,350 | 17,768 | 12,704 |
| Net financials | 875 | -1,302 | 392 | 335 | -783 |
| **Profit for the year** | **15,201** | **10,800** | **11,743** | **14,057** | **9,284** |
| Total assets | 126,688 | 146,364 | 136,444 | 164,259 | 147,309 |
| Investments in property, plant and equipment | 215 | 104 | 4,004 | 777 | 4,686 |
| **Equity** | **44,307** | **39,906** | **42,107** | **46,363** | **54,306** |
| **Financial ratios** | | | | | |
| Operating margin | 5.8% | 4.9% | 5.1% | 4.7 % | 3.7 % |
| Gross margin | 50.1% | 49.6% | 45.7% | 34.8% | 24.4% |
| Return on assets | 13.5% | 10.8% | 10.9% | 11.4% | 9.4% |
| Equity ratio | 35.0% | 27.3% | 30.9% | 28.2% | 36.9% |
| Return on equity | 36.1% | 26.3% | 26.5% | 27.9% | 20.9% |
| **Average number of full-time employees** | **114** | **121** | **125** | **111** | **117** |

For terms and definitions, please see the accounting policies.

# Management's review

## Business review

The company is a supplier of network solutions and related services in the Danish, Greenlandic, and African market.

There are 2 offices in Denmark. The head office in Copenhagen and a research office in Aalborg. Additionally, there is 1 project office in Burkina Faso.

The turnover is partly in Corporate Sales Mode and direct sales to customers. Revenue in 2021 for contracts are thus not only an expression of the sale of telecommunications systems, but also the sale of services to the group company in Finland for service in terms of sales of communication systems in Denmark.

Research and development costs are rebilled to the group company in Finland.

## Financial review

The income statement for 2021 shows a profit of DKK 15,200,822 against a profit of DKK 10,799,503 last year, and the balance sheet at 31 December 2021 shows equity of DKK 44,306,946. In the annual report for 2020, Management expected a profit in the range of DKK 11-12 Million, based on this the Management considers the Company's financial performance in the year satisfactory.

During the year, the Covid-19 virus have had limited financial impact on the Company´s business. The Company have applied the relief packages relating to delay of payment regarding staff withholding taxes and VAT.

## Knowledge resources

This year's knowledge report will be a brief description of the company's, Nokia Denmark A/S, demographic data and therefore does not address any Danish divisions of Nokia TECH or HMD that on license produces phones under Nokia's brand.

We are at the beginning of a new era. With our customers, we create the critical networks that bring together the world’s people, machines and devices, sensing and acting in real time.

As of December 31, 2021, Nokia had approximately 88,000 employees globally and offices in 150 countries. Company Chief Executive Officer is Pekka Lundmark, located in Finland, where Nokia's head office is also located.

As of December 31, 2021, there were 115 employees in Denmark in 2 offices, of which 71 employees were in Copenhagen and 44 employees in Aalborg as well as PhD students from Aalborg University Center that works for Nokia's development department as researchers. The dense cooperation with Aalborg University is of great benefit to Nokia.

At Nokia, we have employees who work locally, regionally and globally. Many employees have their nearest manager abroad, and most have colleagues across national borders, and the company language is English.

About 15% of employees are women and 85% are men. At Nokia, we have a desire to maintain expertise, which is realised, among other things, by meeting our senior employees' desire for flexibility. We also have several employees working part-time. This because of age – or because they spend time teaching at Aalborg University.

The majority of our employees have a higher education. About 1/3 are technicians, and about 2/3 are engineers, cand. merc's or have a similar academic background. It's a high priority to maintain the competences of employees, and Nokia has a global system for interviews where competence and career planning are on the agenda. The aim is that the training must be done through 70% training-on-the-job, 20% coaching & mentoring and 10% participation courses. One of the objectives is that all employees should have a conversation about their development with their direct manager every 90 days and each employee must have at least 40 hours of training per year.

## Management's review

### Financial risks and use of financial instruments

The company relies on the Nokia group's ability to withstand ever-increasing competition in the market.

### Operational risks

The company's main operational risk is linked to the ability to be strongly positioned in the Danish market where the products are sold, as well as to continue to provide research and development services to the Group. In addition, it is essential that Nokia Denmark A/S is constantly at the forefront of the technological developments in the group's areas of activity.

### Currecny risks

The main part of the company's trade takes place in EUR and DKK, hence currency risks are not considered to be material.

### Financing risks

The company has a positive cash flow. Through its parent company, the company has access to additional financing if necessary. There are currently no plans to use interest rate instruments.

### Impact on the external environment

The Company actively participates in promoting and fulfilling the company's responsibility for sustainable development, among other things by favouring resource-saving products and by contributing to the disposal of old equipment according to national and international directives.

### Foreign branches

During 2021 there was very limited activity in our project office in Burkina Faso.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### Outlook

For 2022, management expects a similar level of activity and earnings as in 2021.

## Financial statements 1 January - 31 December

### Income statement

| Note | DKK | 2021 | 2020 |
|---|---|---|---|
| | **Revenue** | 314,435,771 | 311,505,059 |
| | Cost of sales | -122,905,801 | -111,437,031 |
| | Other external expenses | -33,874,004 | -45,594,165 |
| | **Gross profit** | 157,655,966 | 154,473,863 |
| 2 | Staff costs | -137,729,432 | -137,762,347 |
| 3 | Amortisation/depreciation of intangible assets and property, plant and equipment | -1,557,288 | -1,492,958 |
| | **Profit before net financials** | 18,369,246 | 15,218,558 |
| 4 | Financial income | 1,033,881 | 14,527 |
| 5 | Financial expenses | -158,468 | -1,316,717 |
| | **Profit before tax** | 19,244,659 | 13,916,368 |
| 6 | Tax for the year | -3,955,533 | -3,072,076 |
| | Other taxes | -88,304 | -44,789 |
| | **Profit for the year** | 15,200,822 | 10,799,503 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK | 2021 | 2020 |
|---|---|---|---|
| | **ASSETS** | | |
| | **Fixed assets** | | |
| 7 | **Intangible assets** | | |
| | Software | 149,526 | 194,211 |
| | | 149,526 | 194,211 |
| 8 | **Property, plant and equipment** | | |
| | Fixtures and fittings, other plant and equipment | 1,311,092 | 2,608,791 |
| | | 1,311,092 | 2,608,791 |
| 9 | **Investments** | | |
| | Deposits, investments | 532,836 | 532,836 |
| | | 532,836 | 532,836 |
| | **Total fixed assets** | 1,993,454 | 3,335,838 |
| | **Non-fixed assets** | | |
| | **Inventories** | | |
| | Finished goods and goods for resale | 1,160,011 | 1,146,920 |
| | | 1,160,011 | 1,146,920 |
| | **Receivables** | | |
| | Trade receivables | 33,891,005 | 46,990,473 |
| 10 | Construction contracts | 9,553,022 | 6,133,043 |
| | Receivables from group enterprises | 72,813,620 | 79,813,004 |
| 11 | Deferred tax assets | 3,409,092 | 3,409,092 |
| 12 | Prepayments | 1,505,123 | 731,296 |
| | | 121,171,862 | 137,076,908 |
| | **Cash** | 2,362,413 | 4,803,922 |
| | **Total non-fixed assets** | 124,694,286 | 143,027,750 |
| | **TOTAL ASSETS** | 126,687,740 | 146,363,588 |

# Financial statements 1 January - 31 December

## Balance sheet

| Note | DKK | 2021 | 2020 |
|---|---|---|---|
| | **EQUITY AND LIABILITIES** | | |
| | **Equity** | | |
| 13 | Share capital | 20,101,000 | 20,101,000 |
| | Retained earnings | 9,205,946 | 9,005,124 |
| | Dividend proposed | 15,000,000 | 10,800,000 |
| | **Total equity** | 44,306,946 | 39,906,124 |
| | **Provisions** | | |
| 14 | Other provisions | 76,281 | 1,483,076 |
| | **Total provisions** | 76,281 | 1,483,076 |
| | **Liabilities other than provisions** | | |
| 15 | **Non-current liabilities other than provisions** | | |
| | Other payables | 12,991,376 | 12,947,097 |
| | | 12,991,376 | 12,947,097 |
| | **Current liabilities other than provisions** | | |
| | Prepayments received from customers | 0 | 653,842 |
| | Trade payables | 2,614,242 | 16,038,439 |
| | Payables to group enterprises | 23,766,446 | 34,371,829 |
| | Joint taxation contribution payable | 4,443,376 | 3,072,076 |
| | Other payables | 38,489,073 | 37,785,859 |
| | Deferred income | 0 | 105,246 |
| | | 69,313,137 | 92,027,291 |
| | **Total liabilities other than provisions** | 82,304,513 | 104,974,388 |
| | **TOTAL EQUITY AND LIABILITIES** | 126,687,740 | 146,363,588 |

1 Accounting policies
16 Contractual obligations and contingencies, etc.
17 Collateral
18 Related parties
19 Appropriation of profit

# Financial statements 1 January - 31 December

## Statement of changes in equity

| Note | DKK | Share capital | Retained earnings | Dividend proposed | Total |
|---|---|---|---|---|---|
| | Equity at 1 January 2020 | 20,101,000 | 9,005,621 | 13,000,000 | 42,106,621 |
| 19 | Transfer, see "Appropriation of profit" | 0 | -497 | 10,800,000 | 10,799,503 |
| | Dividend distributed | 0 | 0 | -13,000,000 | -13,000,000 |
| | **Equity at 1 January 2021** | 20,101,000 | 9,005,124 | 10,800,000 | 39,906,124 |
| 19 | Transfer, see "Appropriation of profit" | 0 | 200,822 | 15,000,000 | 15,200,822 |
| | Dividend distributed | 0 | 0 | -10,800,000 | -10,800,000 |
| | **Equity at 31 December 2021** | 20,101,000 | 9,205,946 | 15,000,000 | 44,306,946 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies

The annual report of Nokia Denmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Nokia Solutions and Networks Oy, Finland.

#### Basis of recognition and measurement

Income is recognised in the profit and loss account as they are earned, additionally value adjustments to financial assets and liabilities measured at fair value or amortised cost-price. In addition, the profit and loss account recognises all costs incurred to achieve the earnings for the year, including depreciation, write-downs and provisions, as well as reversals as a result of amended accounting estimates of amounts previously recognised in the profit and loss account.

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

Liabilities are recognised in the balance sheet when it is likely that future economic benefits will effect the company and when the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities as described for each accounting item below.

Certain financial assets and liabilities are measured at amortised cost, thereby factoring in a consistently effective interest rate over the maturity. Amortized cost is calculated as original cost price with deduction of repayments and allowances/deduction of the accumulated depreciation of the difference between the the price and the nominal amount. This allocates exchange rate losses and gains over the maturity.

Recognition and measurement shall take into account foreseeable losses and risks arising before the annual report is presented and which confirm or refute facts that existed on the balance sheet date.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

*Foreign group entities*

On recognition of foreign subsidiaries which are integral entities, monetary items are translated at closing rates. Non monetary items are translated at the exchange rate at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date. However, items derived from non monetary items are translated at historical exchange rates for the non monetary item.

# Financial statements 1 January - 31 December

## Notes to the financial statements

1 **Accounting policies (continued)**

## Income statement

### Revenue

The Company has chosen IAS 11 and IAS 18 as interpretation for revenue recognition.

In the case of sales of goods, net revenue is recognised when the benefits and risks of the goods sold are transferred to the buyer, the net turnover can be measured reliably and it is likely that the economic benefits of the sale will go to the company.

Work in progress on a foreign account (contracts) is recognised as production is carried out, whereby the net turnover corresponds to the sales value of the work carried out for the year; (production method). This method is used when the total revenue and costs of contract and the degree of completion on the balance sheet date can be reliably calculated, and it is the economic benefits, including payments, will go to the company. As a final cost incurred in relation to the expected total costs of the contract.

Services are recognised in line with the performance of the service to which the contract relates at the production method, whereby net turnover corresponds to the sales value of the year performed Service. The method is used when the total revenue and costs of the service and the rate of completion on the balance sheet date can be reliably calculated and it is likely that the economic benefits, including payments, will go to the company. The degree of completion is used costs incurred in relation to the expected total cost of the service.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

| | |
|---|---|
| Software | 8 years |

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

| | |
|---|---|
| Fixtures and fittings, other plant and equipment | 3-10 years |

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

#### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

## Balance sheet

#### Intangible assets

Software is measured at cost less accumulated amortisation and impairment losses.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Investments

Deposita is measured at amortized cost price.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Equity

*Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date 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.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

#### Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

#### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

#### Prepayments received from customers

Prepayments received from customers are measured at amortized cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

**Financial ratios**

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|---|---|
| Operating profit/loss | Profit/loss before financial items adjusted for other operating income and other operating expenses |
| Operating margin | $\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$ |
| Gross margin | $\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$ |
| Return on assets | $\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$ |
| Equity ratio | $\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$ |

# Financial statements 1 January - 31 December

## Notes to the financial statements

| | DKK | 2021 | 2020 |
|---|---|---|---|
| 2 | **Staff costs** | | |
| | Wages/salaries | 128,270,126 | 127,211,119 |
| | Pensions | 8,819,787 | 9,057,101 |
| | Other social security costs | 688,338 | 521,726 |
| | Other staff costs | -48,819 | 972,401 |
| | | 137,729,432 | 137,762,347 |
| | Average number of full-time employees | 114 | 121 |

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

| | | 2021 | 2020 |
|---|---|---|---|
| 3 | **Amortisation/depreciation of intangible assets and property, plant and equipment** | | |
| | Amortisation of intangible assets | 44,685 | 29,218 |
| | Depreciation of property, plant and equipment | 1,512,603 | 1,463,740 |
| | | 1,557,288 | 1,492,958 |
| 4 | **Financial income** | | |
| | Interest receivable, group entities | 4,167 | 14,190 |
| | Other interest income | 0 | 337 |
| | Exchange gain | 1,029,714 | 0 |
| | | 1,033,881 | 14,527 |
| 5 | **Financial expenses** | | |
| | Interest expenses, group entities | 21,550 | 10,081 |
| | Other interest expenses | 55,417 | 47,573 |
| | Exchange losses | 0 | 1,202,201 |
| | Other financial expenses | 81,501 | 56,862 |
| | | 158,468 | 1,316,717 |
| 6 | **Tax for the year** | | |
| | Estimated tax charge for the year | 4,443,376 | 3,072,076 |
| | Tax adjustments, prior years | -487,843 | 0 |
| | | 3,955,533 | 3,072,076 |

7 **Intangible assets**

| DKK | Software |
|---|---|
| Cost at 1 January 2021 | 223,429 |
| Cost at 31 December 2021 | 223,429 |
| Impairment losses and amortisation at 1 January 2021 | 29,218 |
| Amortisation for the year | 44,685 |
| Impairment losses and amortisation at 31 December 2021 | 73,903 |
| **Carrying amount at 31 December 2021** | 149,526 |

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 8 Property, plant and equipment

| DKK | Fixtures and fittings, other plant and equipment |
|---|---|
| Cost at 1 January 2021 | 9,827,279 |
| Additions | 214,904 |
| Disposals | -179,377 |
| Cost at 31 December 2021 | 9,862,806 |
| Impairment losses and depreciation at 1 January 2021 | 7,218,488 |
| Depreciation | 1,512,603 |
| Reversal of accumulated depreciation and impairment of assets disposed | -179,377 |
| Impairment losses and depreciation at 31 December 2021 | 8,551,714 |
| **Carrying amount at 31 December 2021** | 1,311,092 |

### 9 Investments

| DKK | Deposits, investments |
|---|---|
| Cost at 1 January 2021 | 532,836 |
| Cost at 31 December 2021 | 532,836 |
| **Carrying amount at 31 December 2021** | 532,836 |

| DKK | 2021 | 2020 |
|---|---|---|
| **10 Construction contracts** | | |
| Selling price of work performed | 9,553,022 | 6,133,043 |
| | 9,553,022 | 6,133,043 |
| recognised as follows: | | |
| Construction contracts (assets) | 9,553,022 | 6,133,043 |
| | 9,553,022 | 6,133,043 |

## Financial statements 1 January - 31 December

### Notes to the financial statements

| DKK | 2021 | 2020 |
|---|---|---|
| **11 Deferred tax** | | |
| Deferred tax at 1 January | -3,409,092 | -3,409,092 |
| **Deferred tax at 31 December** | -3,409,092 | -3,409,092 |
| Deferred tax relates to: | | |
| Property, plant and equipment | -3,409,092 | -3,409,092 |
| | -3,409,092 | -3,409,092 |

The company has a deferred tax asset of DKK 151,356 thousand. The nominal value of this is 22 % in total DKK 33,298 thousand. Of these, DKK 3,409 thousand were recognised in the balance sheet under deferred tax asset, while DKK 29,889 thousand was not recognised in the balance sheet due to the uncertainty over the time horizon for the use of the tax asset.

**12 Prepayments**

Prepayments include accrual of expenses relating to subsequent financial years, insurance policies, DKK 1,357,941 and other prepayments of DKK 147,182.

**13 Share capital**

| | 2021 | 2020 |
|---|---|---|
| Analysis of the share capital: | | |
| 20,101 A shares of DKK 1,000.00 nominal value each | 20,101,000 | 20,101,000 |
| | 20,101,000 | 20,101,000 |

Analysis of changes in the share capital over the past 5 years:

| DKK | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Opening balance | 20,101,000 | 20,101,000 | 20,101,000 | 20,101,000 | 20,100,000 |
| Capital increase | 0 | 0 | 0 | 0 | 1,000 |
| | 20,101,000 | 20,101,000 | 20,101,000 | 20,101,000 | 20,101,000 |

**14 Other provisions**

| | 2021 | 2020 |
|---|---|---|
| The provisions are expected to be payable in: | | |
| > 1 year | 76,281 | 1,483,076 |
| | 76,281 | 1,483,076 |

Other provisions DKK 76,281 (2020: DKK 1,483,076) consist of provisions for losses of loss-making contracts.

**15 Non-current liabilities other than provisions**

| DKK | Total debt at 31/12 2021 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|---|---|---|---|---|
| Other payables | 12,991,376 | 0 | 12,991,376 | 0 |
| | 12,991,376 | 0 | 12,991,376 | 0 |

Other payables consist of provisioned holiday pay obligation, DKK 12,991,376 (2020:12,947,097) in accordance with LBK No. 1025 of 4 October 2019. It is the company's expectation that the debt will be paid to holiday fund in 2022.

# Financial statements 1 January - 31 December

## Notes to the financial statements

### 16 Contractual obligations and contingencies, etc.

**Other contingent liabilities**

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

**Other financial obligations**

Other rent and lease liabilities:

| DKK | 2021 | 2020 |
|---|---|---|
| Rent and lease liabilities | 3,991,765 | 8,134,475 |

Rent and lease liabilities totals DKK 3,991,765. DKK 3,316,758 falls due within a year and DKK 675,007 falls due after 2022.

### 17 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

### 18 Related parties

Nokia Denmark A/S' related parties comprise the following:

**Parties exercising control**

| Related party | Domicile | Basis for control |
|---|---|---|
| Nokia Solutions and Networks Oy | Karaportti 3, 02610 Espoo, Finland | 100% ownership |

**Information about consolidated financial statements**

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|---|
| Nokia Solutions and Neworks Oy | Karaportti 3, 02610 Espoo, Finland | The consolidated financial statement can be requisitioned at https://www.nokia.com/about-us/investors/results-reports/ |

**Related party transactions**

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

# Financial statements 1 January - 31 December

## Notes to the financial statements

| DKK | 2021 | 2020 |
|---|---|---|
| **19 Appropriation of profit** | | |
| **Recommended appropriation of profit** | | |
| Proposed dividend recognised under equity | 15,000,000 | 10,800,000 |
| Retained earnings/accumulated loss | 200,822 | -497 |
| | 15,200,822 | 10,799,503 |

**Henning Peter Goldbeck**
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