TDC Group

Annual report 2020

Teglholmsgade 1
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Content

Management's review

Financial statements

TDC Group in brief

About TDC Group

TDC Group's mission is to build and support an innovative, open model to ensure all of Denmark connects to the new digital opportunities.

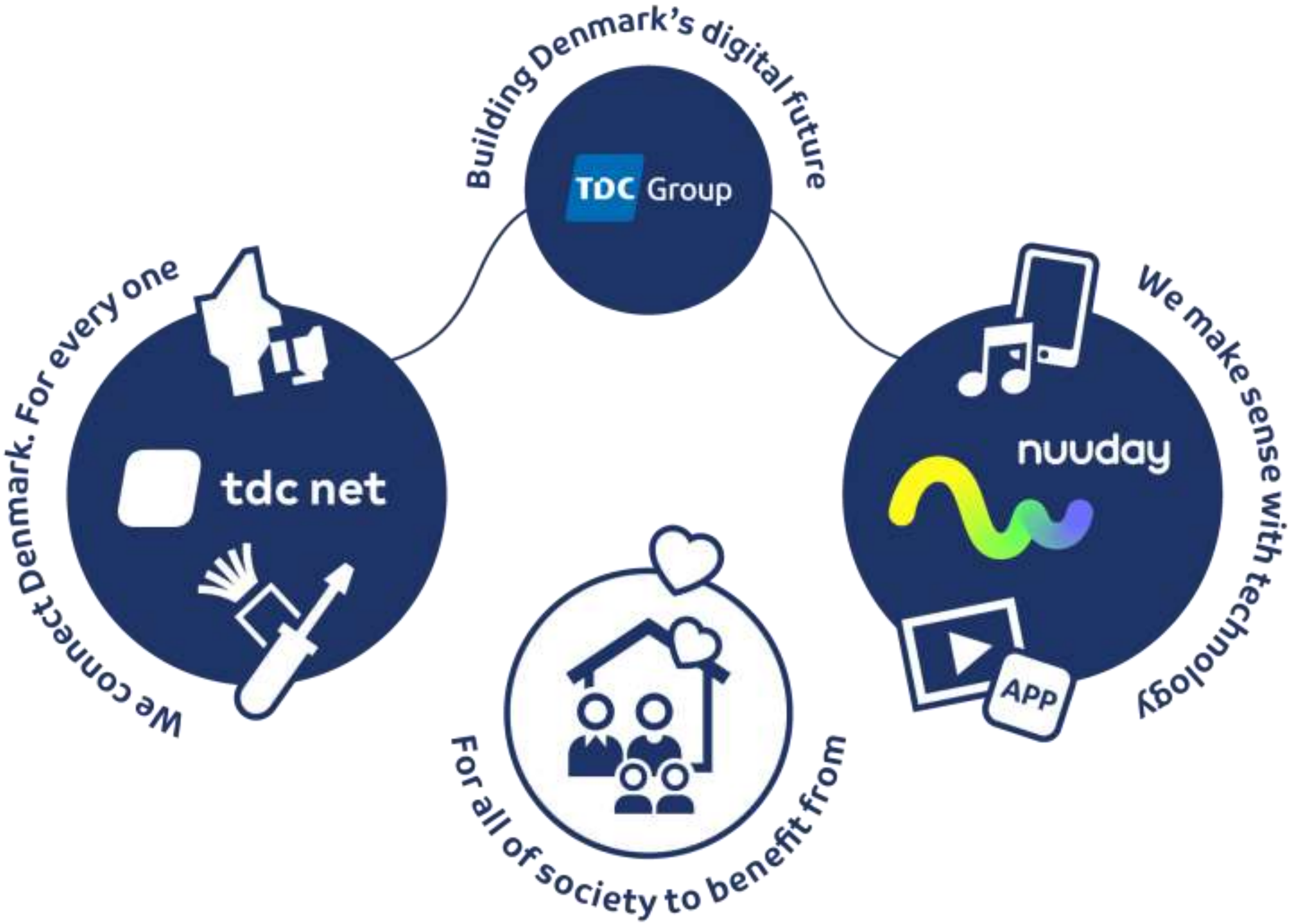
To achieve our mission, we have two companies, Nuuday and TDC NET, with separate defined missions. Nuuday's mission is anchored in creating technologies and customer services that make sense in everyday life. TDC NET's mission is to connect Denmark through the fastest internet connections and best mobile network in Denmark.

TDC Group as a business

As well as individual missions, TDC Group's separate entities, Nuuday and TDC NET, have two distinct business models. Activities carried out by TDC A/S therefore relate mainly to corporate functions and shared services to support the business models of Nuuday A/S and TDC NET A/S.

TDC NET's business model creates the foundation for the stable and reliable service we provide for our customers while maintaining and expanding upon our infrastructure and network.

Nuuday's business model produces reliable high-quality solutions for our customers, with innovation in focus as we expand our solutions.



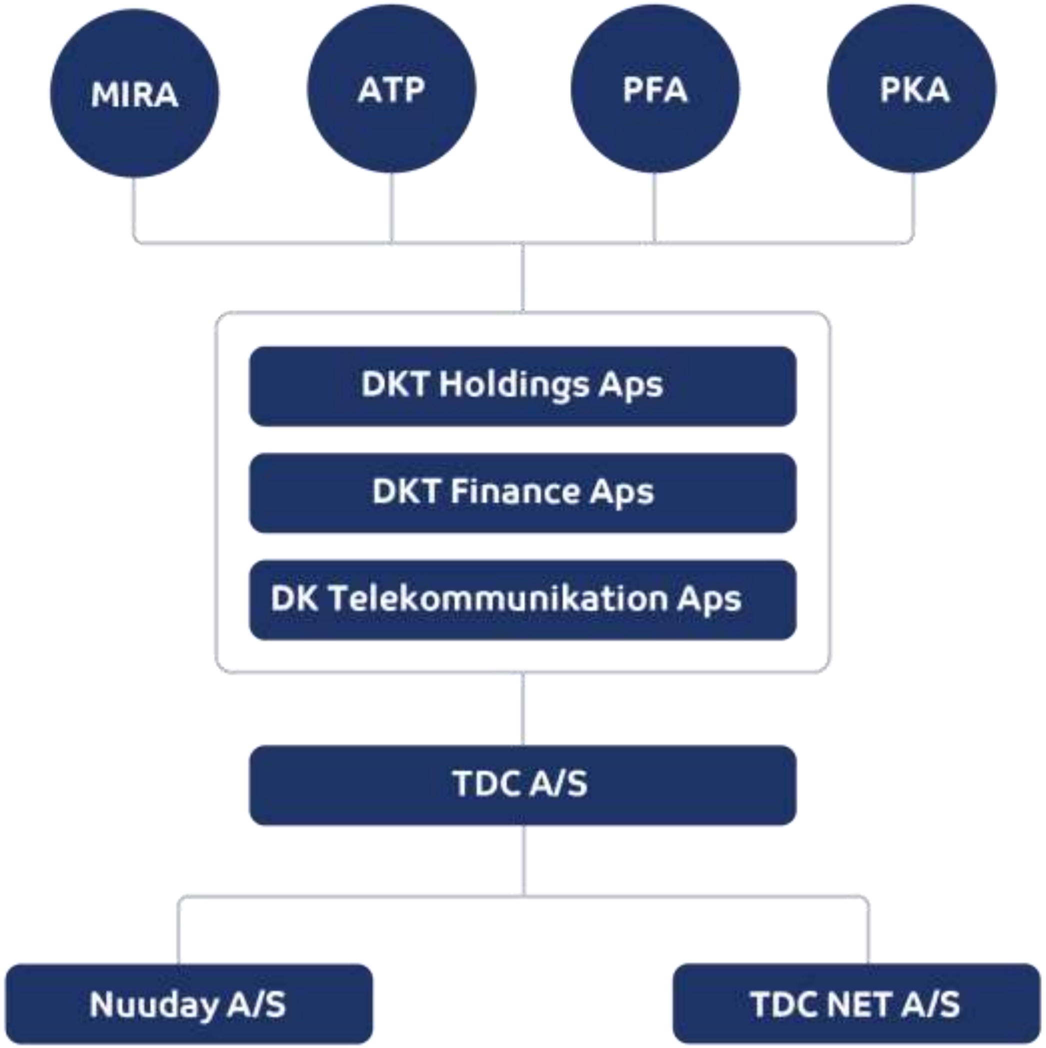
Legal structure of TDC Group

DKT Holdings ApS (DKTH) was established on 22 December 2017 with the purpose of running an investing business through its wholly-owned subsidiaries, DKT Finance ApS (DKTF) and DK Telekommunikation ApS (DKT). DKTH is owned by a consortium comprising:

- DKTUK Limited (50%), managed by Macquarie Infrastructure and Real Assets Europe Limited
- Arbejdsmarkedets Tillægspension (ATP) (16.7%)
- PFA Ophelia InvestCo I 2018 K/S (16.7%), managed by PFA Asset Management A/S
- PKA Ophelia Holding K/S (16.7%), managed by AIP Management P/S.

TDC A/S was legally separated on 11 June 2019. From the legal separation, two new business units emerged; Nuuday A/S and TDC Net A/S, which are subsidiaries wholly-owned by TDC A/S.

As TDC A/S owns 100% of Nuuday A/S and TDC NET A/S. TDC A/S's purpose is to govern, advise and deliver shared services to Nuuday A/S and TDC NET A/S.



Key events in 2020

TDC Group

Following the outbreak of COVID-19, TDC Group has maintained continuity in all business-critical operations, with preventive measures being implemented to minimise risk and ensure stable operations. The effects of COVID-19 on TDC Group's financial performance have related mainly to reduced roaming profits for Nuuday and a productivity slowdown at TDC NET.

Henrik Clausen was appointed CEO on 17 February, and Mike Parton, who had been constituted CEO since 24 October 2019, was reinstated as Vice Chairman of TDC's Board of Directors.

The Chairman of TDC's Board of Directors, Bert Nordberg, resigned with effect from 31 December 2020, and Mike Parton was appointed as Chairman of TDC's Board of Directors.

TDC NET

For the fifth year running[1], TDC NET's mobile network was hailed as Denmark's best mobile network following tests carried out by the Danish Technological Institute.

TDC NET officially launched 5G in Denmark on 7 September. In the final quarter of 2020, TDC NET finished the 5G swap, making Denmark the first Nordic country to have nationwide 5G coverage. This achievement was accompanied by TDC NET ending the year with a strong fibre rollout, bringing the total homes passed for the year to approximately 123k.

Nuuday

The merger of Fullrate into YouSee was announced on 20 January 2020 and initiated shortly after to provide the best digital products and innovative solutions for both brands. The first customer migrations were completed according to plan and the process continued in Q2 2020.

Nuuday completed an extensive organisational change in June to introduce a new agile setup with cross-functional teams. Prior to the change, Nuuday worked with a traditional silo mindset, which now has been replaced with cross-functional teams tasked with improving Nuuday's time to market while ensuring all customer needs are accommodated.

In Q3, Nuuday launched two new brands – YouTV and Eesy. YouTV is a flexible TV and streaming service, where customers can combine their preferred TV channels and streaming services in one application independent of location and underlying network or subscriptions. Eesy complements the current mobile offerings from YouSee and Telmore and offers a simple mobile product at very competitive pricing, still on Denmark's best mobile network. Both launches target a new customer segment. These additional brands ensure Nuuday remains relevant for all households in Denmark.

In the last quarter of 2020, Nuuday took important steps towards becoming the preferred future digital service provider. Nuuday expanded the reach of high-speed fibre across Denmark, adding five new agreements with the utility companies Norlys, Ewii, Fibia, Thy-Mors Energi and EnergiFyn to the already well-established agreements with Eniig and Ewii. This move establishes Nuuday's position as the leading provider of high-speed connections in Denmark. Meanwhile, Nuuday has continued transforming towards becoming a more efficient service provider and investing in simplification and standardisation.

[1] In April 2021 TDC NET's mobile network was hailed as Denmark's best mobile network for the sixth year running.

Five-year overview

	2020	2019	2018	2017	2016
Income statements (DKKm)					
Revenue	16,089	17,044	17,356	17,386	18,174
Gross profit	11,463	12,099	12,457	12,636	13,319
EBITDA	**6,420**	**6,524**	**6,691**	**6,920**	**7,251**
Operating profit/(loss) (EBIT)	**1,292**	**1,166**	**1,745**	**2,455**	**2,879**
Profit before income taxes	236	171	385	1,873	1,952
Profit for the year from continuing operations	151	180	8	1,392	1,493
Profit for the year from discontinued operations1	-	-	5,714	149	1,574
Profit for the year	**151**	**180**	**5,722**	**1,541**	**3,067**
Income statements, excluding special items					
Operating profit (EBIT)	**1,484**	**1,360**	**2,603**	**2,676**	**3,130**
Profit before income taxes	428	363	1,243	2,094	2,202
Profit for the year from continuing operations	**306**	**336**	**773**	**1,556**	**1,690**
Profit for the year	306	336	1,207	1,686	2,314
Balance sheets (DKKbn)					
Total assets	**55.8**	**56.9**	**50.9**	**63.1**	**64.3**
Net interest-bearing debt (*NIBD*)	26.6	27.2	19.6	20.1	22.1
Hybrid capital	-	-	-	5.6	5.6
Total equity	15.3	15.3	15.5	25.6	24.6
Average number of shares outstanding (million)	806.0	806.0	805.7	802.6	802.0
Capital expenditure (DKKm)	**(5,547)**	**(4.801)**	**(3,501)**	**(3,804)**	**(3,576)**
Statements of cash flow (DKKm)					
Operating activities	5,441	5,221	4,569	5,683	5,479
Investing activities	(4,714)	(5,130)	(3,983)	(3,476)	(3,799)
Financing activities	(1,856)	(765)	(17,757)	(2,944)	(3,181)
Total cash flow from continuing operations	**(1,129)**	**(674)**	**(17,171)**	**(737)**	**(1,501)**
Total cash flow in discontinued operations[1]	-	(3)	17,645	856	2,820
Total cash flow	**(1,129)**	**(677)**	**474**	**119**	**1,319**
Equity free cash flow	**408**	**(114)**	**620**	**1,598**	**1,509**

Key financial ratios	2020	2019	2018	2017	2016
Financial ratios					
Gross margin (%)	71.2	71.0	71.8	72.7	73.3
EBITDA margin (%)	39.9	38.3	38.6	39.8	39.9
Adjusted NIBD/EBITDA2 (X)	3.7	3.6	2.9	2.8	2.9
Gross profit (DKKm)					
Mobile services	4,228	4,300	4,216	4,007	3,980
TV	1,518	1,730	1,969	2,135	2,233
Internet and network	4,181	4,317	4,282	4,354	4,533
Landline voice	960	1,087	1,266	1,476	1,738
Employees					
FTEs (end-of-year)	7,032	7,498	7,126	7,362	7,168
FTEs and temps (end-of-year)	7,038	7,508	7,134	7,424	7,191
Other KPIs					
Scopes 1 & 2 market-based emissions (tCO2e)	83,937	83,903	92,141	-	-
Rate of work-related injuries (per 1,000,000 hours)	8.9	9.06	-	-	-
Female managers (%)	20	21	-	-	-
Data transported (1,000 TB output/year)	19,111	17,234	15,662	12,200	-
Employee engagement score (Index)3	74	77	76	75	-
100 Mbps population coverage (%)	70	70	70	70	67
1000 Mbps population coverage (%)	46	43	37	21	-

[1] Sweden (divested in Q2 2016) and Norway (divested Q3 2018) are presented as discontinued operations. Other divestments are included in the respective accounting items during the ownership.
[2] NIBD figures for 2016-2017 include 50% of hybrid capital, as rating agencies provide 50% equity credit for hybrid bonds. Calculated without the additional lease liabilities due to the adoption of IFRS 16. Including IFRS 16, the *NIDB/EBITDA* ratio amounted to 4.1 at 31 December 2020.
[3] Comparable figures are not available for the year 2016 due to a changed measurement parameter.

TDC Group performance in 2020

2020 guidance follow-up

Our 2020 guidance assumed a flat to slightly declined EBITDA development, strategic capex investments of DKK ~2.6bn in 5G and fibre, total capex spending of DKK 5.5- 5.9bn and net debt-to-EBITDA EoY of ~4.1x excluding IFRS 16.

TDC Group delivered on all guided parameters. The 2020 EBITDA result was within guidance of flat to a slight decline in EBITDA for the full-year (-1.6% YoY).

The 2020 capital expenditure and strategic capital expenditure investments in 5G and fibre were within the guided amounts of 5.5-5.9bn (5.5bn) and ~2.6bn (2.5bn), respectively. The 2020 EoY net debt-to-EBITDA was below the guided amount of ~4.1x excluding IFRS 16 (3.7x).

Revenue

In 2020, TDC Group's revenue decreased by 5.6% or DKK 955m to DKK 16,089m compared with 2019. The decline was driven mainly by TV, the drag from legacy technologies in internet & network and landline voice.

Gross profit

TDC Group's gross profit decreased by 5.3% or DKK 636m to DKK 11,463m in 2020. The decline was driven primarily by TV, the drag from legacy technologies in internet & network and landline voice.

Operating expenses

In 2020, operating expenses decreased by 9.5% or DKK 532m to DKK 5,043m. The improved operating expenses were fuelled by cost savings across TDC Group.

EBITDA

In 2020, EBITDA decreased by 1.6% or DKK 104m to DKK 6,420m. The development was triggered by declines in TV, internet & network and landline voice that were somewhat offset by improved cost savings.

Capital expenditure

Capital expenditure totalled DKK 5,547m in 2020, up by 15.5% or DKK 746m compared with the same period last year. This resulted mainly from increased investments in fibre rollout.

TDC Group, key figures (DKKm)	2020	2019	Change in %
Income statements			
Revenue	16,089	17,044	(5.6)
Gross profit	11,463	12,099	(5.3)
Operational expenses	(5,043)	(5,575)	(9.5)
EBITDA	6,420	6,524	(1.6)
Profit for the period from continuing operations excluding special items	306	336	(8.9)
Profit for the period	151	180	(16.1)
Total comprehensive income	850	820	3.7
Capital expenditure, excluding mobile licences	(5,547)	(4,801)	15.5
Mobile licences	-	(1,349)	-
Key financial ratios			
Gross margin, %	71.2	71.0	-
EBITDA margin, %	39.9	38.3	-

Cash flow

Total cash flow from continuing operations decreased by DKK 455m to DKK -1,129m.

Cash flow from operating activities in continuing operations in 2020 rose by DKK 220m to DKK 5,441m. The increase was driven primarily by net working capital (DKK 403m). The latter was due mainly to the COVID-19 temporary liquidity support package (postponing VAT and employee tax payments) provided by the Danish Government (approx. DKK 350m). Another positive contribution was a larger distribution of excess capital from the TDC Pension Fund compared with 2019 (DKK 64m before tax). The increase in cash flow was partly offset by the different timing of income tax paid (DKK -134m), higher cash flow related to special items (DKK -106m) due to a higher level of redundancies as well as lower EBITDA (DKK -104m).

The DKK 416m decrease in cash outflow from investing activities in continuing operations, up to DKK 4,714m, was driven primarily by higher cash flow adjustments to capex due to the different timing of payments compared with 2019, partly offset by higher capex.

The cash outflow from financing activities in continuing operations in 2020 increased by DKK 1,091m to DKK 1,856m, driven mainly by repayment of short-term bank loans raised in 2019.

Profit for the year

Excluding special items, profit for the year decreased by 8.9% or DKK 30m to DKK 306m. The decrease in EBITDA mentioned above and the increase in income taxes were almost offset by decreased depreciation, amortisation and write-downs.

Profit for the year (including special items) decreased by DKK 29m to DKK 151m.

Comprehensive income

Total comprehensive income increased by DKK 30m to DKK 850m. The DKK 29m decline in profit for the year was more than offset by a positive development in defined benefit plans for Danish employees (DKK 67m after tax).

Net interest-bearing debt

During 2020, net interest-bearing debt excluding the impact from IFRS 16 increased by DKK 336m to DKK 22,363m. The increase was due primarily to the dividend payment of DKK 875m to DK Telekommunikation ApS as well as lease repayments of DKK 298m, which were partly offset by the positive net cash flow from operating and investing activities (DKK 727m).

2021 guidance

2021 guidance assumes slightly lower to flat EBITDA.

Cash flow and net interest-bearing debt (DKKm)		2020	2019	Change in %
Cash flow from operating activities		5,441	5,221	4.2
Investment in property, plant and equipment		(3,233)	(3,400)	(4.9)
Investment in intangible assets		(1,502)	(1,621)	(7.3)
Lease repayments		(298)	(314)	(5.1)
Equity free cash flow		**408**	**(114)**	**-**
Total cash flow from operating activities		5,441	5,218	4.2
Total cash flow from investing activities		(4,714)	(5,130)	(8.1)
Total cash flow from financing activities		(1,856)	(765)	142.6
Total cash flow from continuing operations		(1,129)	(674)	67.5
Total cash flow from discontinued operations		0	(3)	-
Total cash flow		**(1,129)**	**(677)**	**66.8**
Net interest-bearing debt (NIBD) excl. impact from IFRS 16		(22,363)	(22,027)	1.5
Net interest-bearing debt (NIBD)		(26,612)	(27,204)	(2.2)
NIBD/EBITDA[1]	x	3.7	3.6	-

[1] Calculated without the additional lease liabilities, due to the adoption of IFRS 16 and the resulting EBITDA effect. The EBITDA effect of IFRS 16 amounted to DKK 425m for the last twelve months. Including IFRS 16, the NIBD/EBITDA ratio amounted to 4.1 at 31 December 2020.

ESG

Contents

ESG framework at TDC Group

TDC has been connecting Denmark with the world since 1882 and clearly, our infrastructure and services have supported the growth and development of Denmark into a digital society. As the country's foremost connectivity and digital services provider, it is important that we fulfil our obligation to be good corporate citizens and operate in a responsible manner, growing our business in line with our sustainability ambitions and ethical values. This translates into decision-making in our business that reinforces sustainable and responsible development.

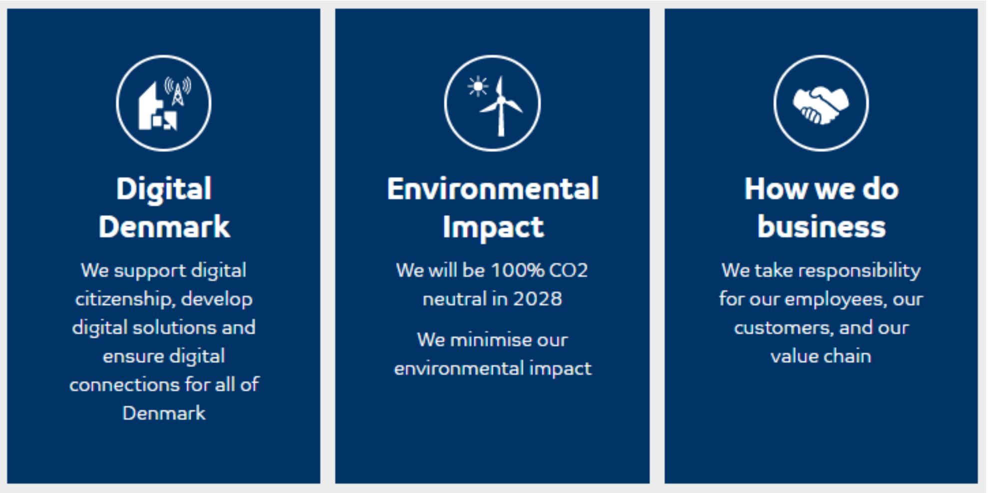
Our sustainability strategy

Our sustainability strategy, which is based on our material issues, guides our environmental, social and governance activities.

Despite the broad range of issues covered; we have defined a three-pillared strategy that balances stakeholder concerns, ESG risks, core competencies, public commitments and business ambitions. It is also aligned to the UN Sustainable Development Goals, and underpinned by our Sustainability Policy, which we publish on our website.

To ensure that we deliver on our ambitions, our strategy is tied to various KPIs that monitor and measure our performance and are used for internal reporting to Management and the Board of Directors.

Our strategy is now well into the rollout and execution phase, and some of our targets published in 2019 have already been raised to match our increased appetite for taking responsibility for ESG issues, especially regarding climate action.



This demonstrates our ambition to make a positive impact and actively operate and develop TDC in a way that promotes sustainability and contributes to society's green transition.

Governance

Our sustainability strategy is embedded in our business strategy and is approved by our Board of Directors. On an operational level, our Executive Management team is responsible for ensuring our targets are met, and the strategy and activities have been cascaded down throughout the entire organisation.

To manage our climate commitments, we have established a CO2 Forum, led by a member of the Executive Management Team of TDC Group, in which key management-level personnel from both TDC NET and Nuuday participate. The CO2 Forum is responsible for the roadmap to CO2 neutrality[1] that they have developed with input from suppliers and employees, taking direction from our sustainability team and project management offices. The Director of Sustainability is responsible for implementing the sustainability strategy in operations and achieving our KPIs. In this task, she is assisted by the Sustainability Team and a large network of employee 'Sustainability Ambassadors' who are located in teams and brands across TDC Group, TDC NET and Nuuday.

In addition, our governance is supplemented by project- or topic-specific checks and balances, which are externally audited. For example, our environmental activities are tied to our ISO 14001 certified environmental management system, and our Occupational Health and Safety (OH&S) approach is tied to our ISO 45001 certified OH&S system. We also have an extensive range of issue-specific policies covering critical ESG risk areas such as: data protection, privacy and data

[1] Our definition of CO2 neutrality refers to achieving net zero greenhouse gas emissions for our Scope 1 and 2 emissions by reducing to zero those generated through energy used in our operations or from the generation of electricity and heat that we purchase. We will achieve this by sourcing zero emission fuels and offsetting. Measured in tons of CO2e, our 2023 target to achieve a 50% reduction in CO2e emissions has a 2020 baseline.

ethics, anti-corruption, IT security, and our Code of Conduct. These have established lines of responsibility, culminating with the Board of Directors or the Audit Committee of the Board of Directors, that support strong governance within ESG areas at TDC. Finally, our ESG reporting is prepared in accordance with GRI Reporting Standards: Core Option and is assured by an external third-party assessor.

A materiality-led approach to sustainability

At TDC, we define and understand our material issues according to best practice sustainability reporting standards (GRI). The integration of stakeholder insights and feedback is a central tenet of our approach.

Our most recent materiality assessment, conducted in 2019, followed a 5-step approach. First, we identified and engaged with all our stakeholders and key internal experts, before performing a desk study of issues and trends that allowed us to assess and prioritise the challenges and opportunities both for and from our business. Quantitative and qualitative engagement with stakeholders included surveys and interviews, and finally this input was integrated to create a hierarchy of impacts on and from our operations and products.

Stakeholders' voices included in this exercise were: our Management and Board of Directors, our customers, employees, owners and investors, the authorities and regulatory bodies, media, suppliers, business partners, NGO partners, and interest groups.

Our materiality matrix was the outcome of this assessment, and the material issues identified by this assessment informed our strategy development and are all captured in our three strategic pillars. By developing our strategy in this way, we aim to build resilience and future-proof our business by bringing all concerns and voices into the conversation.

As a result, we aim for our ESG activities and targets to be inclusive, proactive, and materiality led. By uncovering our potentially most challenging areas and addressing them in a systematic and considered manner, we can focus our attention and resources on what is most important to our stakeholders. And focus our efforts where we are certain we can make the greatest impact, while maintaining strategic relevance for the business.

By conducting this in-depth exercise every 2-3 years and maintaining close contact with key stakeholders on an ongoing basis, we can remain aware of our ESG-related risks and opportunities, while being better prepared to respond to, address or capitalise on unexpected events.

Our materiality matrix

Our materiality matrix (below) visualises our top material issues and, in turn, our ESG reporting boundaries.

UN Sustainable Development Goals

The 17 goals of the UN sustainable development agenda for 2030 seek to ensure "universally beneficial outcomes" for all, including future generations. It is a plan of action to achieve a peaceful, equitable and sustainable life for all people on a healthy planet.

We support this agenda, and our approaches and targets are aligned with the UN SDGs to ensure that our efforts support the global effort for sustainable development. We do this because we believe we can use the 2030 goals as a blueprint to increase the positive impact of our business.

By bringing the 2030 sustainable development agenda into the heart of our business, we have identified three SDGs that, we believe, enable us to contribute to in a meaningful way.

In 2020, TDC worked actively to advance progress in these three areas: Quality Education (SDG #4), Industry, Innovation and Infrastructure (SDG #9) and Climate Action (SDG #13).

SDG actions taken by our business in 2020

4 QUALITY EDUCATION	**Target** • 25% of Danish school children to benefit from TDC digital citizenship materials by 2025 **2020 Actions** • By the end of 2020, 99,205 Danish school children had been reached with digital citizenship materials; 52% of the way towards achieving our 2025 target • Digital citizenship materials launched in Greenland
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Target** • One million homes to be connected to fibre; nationwide 5G coverage **2020 Actions** • In 2020, TDC passed 123,000 homes in Denmark with fibre broadband, meaning we are now 39% of the way to achieving our goal • National 5G coverage was achieved by December 2020
13 CLIMATE ACTION	**Target** • 100% CO_2e neutral[1] in 2028 (Scopes 1 and 2 emissions)[2]; set Science-Based Targets (SBTi)[3] **2020 Actions** • Agreed roadmap to CO_2e neutrality (zero emissions from operations) • Target deadlines brought forward 2 years; 50% reduction in CO_2e emissions by 2023 vs. a 2020 baseline, 100% reduction by 2028 • Completed first Scope 3 emissions inventory; a critical step towards setting our SBTi target

1 Our definition of CO2 neutrality refers to achieving net zero carbon dioxide emissions for our Scope 1 and 2 emissions by reducing to zero the CO2e emissions generated through our use of energy in our operations or from the generation of electricity that we purchase. We will achieve this through sourcing zero emission fuels or offsetting. Our 2023 target to achieve a 50% reduction in our CO2e emissions has a 2020 baseline.
2 We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology, which classes emissions in three groups: Scopes 1, 2 and 3. Our Scope 1 emissions consist of the fuel in our vehicles, the oil in our backup generators and other energy sources we use in our operations. Scope 2 emissions are those from purchased electricity. Scope 3 comprises value chain emissions.
3 Science-Based Targets are clearly defined greenhouse gas emission reduction targets in line with the latest climate science aimed at meeting the goals of the Paris Climate Agreement and limiting global warming to 1.5°C. For more information, read here.

Engaging with our stakeholders

Memberships

As a part of engaging with ESG topics, TDC is a proud member of specially selected international and national organisations and commitments that promote sustainable development.

We collaborate with the Telecoms Industry Association (TI), the Danish Chamber of Commerce (Dansk Erhverv), DA (Dansk Arbejdsgiverforening), the Danish IT Industry Association (ITB), Danske Mediedistributører (FDIH), and the UN Gender Diversity Roundtable.

In Europe, we collaborate with the European Telecommunications Network Operators' Association (ETNO), and GIGA Europe.

At international level, we are board members of the Global e-Sustainability Initiative (GeSI) and we also participate in the association of mobile network operators worldwide GSMA, as well as the Joint Audit Committee (JAC), an association of telecom operators working to further ESG implementation in the global ICT supply chain.

TDC has been a signatory of the UN Global Compact since 2009; providing annual Communications on Progress towards the 10 principles of the compact. In 2019, we also signed the UN Business Ambition for 1.5°C Pledge and are working towards fulfilling our commitments under this pledge.

Certifications and external recognition

We publish information related to our ESG activities in order to increase transparency and facilitate benchmarking by our owners, investors, suppliers and other interested parties.

We strive to align our operations with international standards when applicable. Currently, we have three ISO certifications across our business, covering environmental management, occupational health and safety, and IT security.

- In 2020, we were pleased to retain our ISO 14001 certification in Environmental Management. This ISO standard is an internationally recognised framework that helps organisations to improve their environmental performance through more efficient use of natural resources. The certification encompasses all TDC brands and is amongst the largest in Denmark, covering all our employees and locations.

- In spring 2020, we upgraded our OHSAS 18001 certification to meet the ISO 45001 standard. This certification covers TDC's largest locations where employees are permanently located.

- Our business-to-business brand NetDesign has been ISO 27001 certified in terms its IT security for several years.

Our activities and performance are rated by both GRESB and EcoVadis, and we seek to demonstrate year-on-year improvement.

- In 2020, we received a GRESB Infrastructure rating of 65, up 4 points from 2019.

- Our EcoVadis rating for the 2020 assessment was 65, up 3 points from 2019, which put us in the top 10% of respondents.

- Our ESG reporting is prepared in accordance with GRI Reporting Standards: Core Option and is assured by an external third-party assessor.

Environment and climate

Our approach

The ICT industry is a key enabler of sustainable economic growth. By connecting individuals and communities across the globe, we facilitate the flows of knowledge and commerce that underpin our economies and livelihoods. The adoption of 5G, where lightning-fast and stable mobile internet connections will allow for the remote operation of all kinds of machines and processes in real time, will reveal even more potential. Connectivity and digital technology promise to facilitate the delivery of sustainable development for all according to the Digital with Purpose report from the ICT industry body GeSI. This report found that digital technologies can potentially deliver carbon emissions reductions equivalent of seven times the growth in the entire ICT sector's emissions footprint over the period to 2030.

However, this connectivity is not without an environmental cost. Telecom networks require electricity to operate, our equipment requires large-scale manufacturing and rare earth minerals, and our employees must transport themselves around Denmark to service customers. This impact is our responsibility and consequently, we actively engage with this agenda.

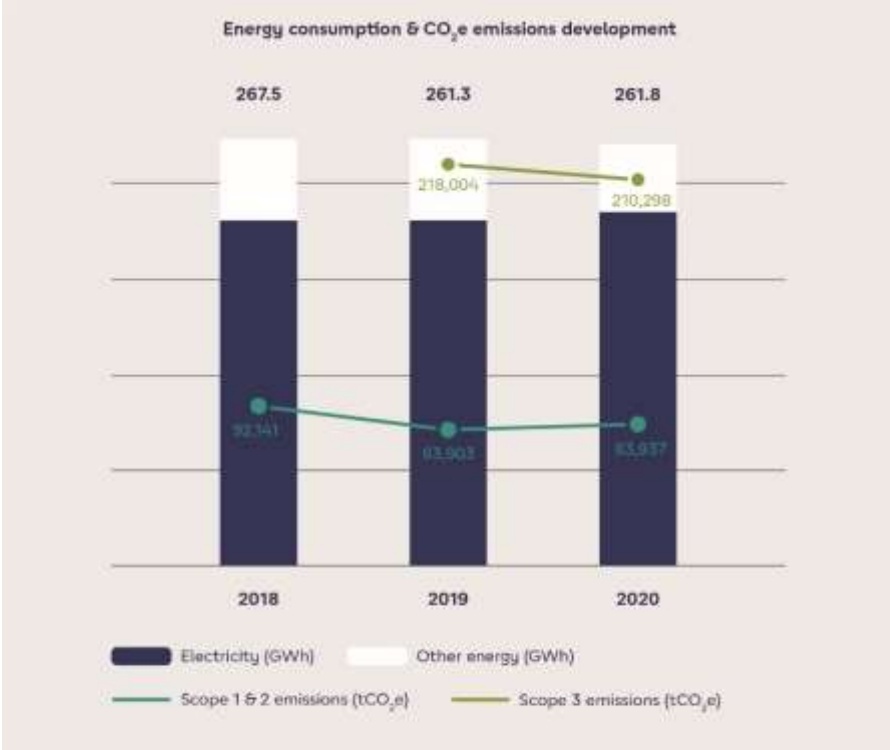
We take an inward-out approach to managing our impacts. First, we look at our operations and how we can reduce impacts across all environmental KPIs, including initiatives on energy consumption and intensity, carbon emissions, resource use, waste, and electronic waste (WEEE). Next, we consider how to reduce the impact of our products and services and our employee activities on behalf of TDC, e.g. through remote collaboration. Finally, we seek to increase the knowledge of sustainable behaviours and research through involvement with international organisations and advocacy at national, regional and international fora.

We maintain a systematic framework of impact assessment, gap analyses, initiative planning, and active management, all guided by our materiality matrix and based on the ISO 14001 Environmental Management System framework. Our entire operation, spanning over 10,000 network sites and almost 7,500 employees, has been ISO 14001 certified since 2019.

We believe that taking this approach helps us to build a resilient, lean business that can create value for the environment, value for society, and value for our owners simultaneously.

Climate ambitions

Due to our position as one of the largest private companies in Denmark, with 100% of our operations in our domestic market and a significant consumption of electricity, we have a unique opportunity to play a role in supporting Denmark in achieving its national climate targets. To do this, we have set an ambitious climate target: to be 100% CO2 neutral by 2028 for our direct emissions (scopes 1 & 2)[1] and to reduce our CO2 emissions by 50% by 2023, measured against a 2020 baseline. These commitments drive all our activities to reduce our climate footprint.



We have also committed to set a Science-Based Target[2] in line with the protocols of the Science-Based Targets Initiative (SBTi) for our emissions, including Scope 3[3], by September 2021. That will address reducing emissions in our operations and across our whole value chain.

[1] We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology, which classes emissions in three groups: Scopes 1, 2 and 3. Our Scope 1 emissions consist of the fuel in our vehicles, the oil in our backup generators and other energy sources we use in our operations. Our Scope 2 emissions refer to the emissions from the electricity we purchase to power our operations and the heat from district heating. We measure our emissions in tons of CO2e.

[2] Science-Based Targets are greenhouse gas emission reduction targets that are clearly defined and in line with the latest climate science in order to meet the goals of the Paris Climate Agreement and its aim to limit global warming to 1.5°C. For more information, read here.

[3] Our Scope 3 emissions refer to the emissions generated in our upstream and downstream value chain that result from our operations.

Environmental activities: 2020 and beyond

During 2020, three major programmes were put in place to achieve our climate ambitions.

1. Governance and activities

Firstly, we established the internal governance structures needed to drive success regarding our Scope 1, 2 and 3 emissions. Our CO2 Forum has developed a roadmap of initiatives that will deliver on our targets, using input from employees gathered through workshops and working groups, and with direction from our Sustainability Team. One of their first actions was to bring forward our scope 1 & 2 targets by 2 years.

The other key initiatives in 2020 included opening a tender for a renewable energy PPA (power purchase agreement) for our electricity consumption. This agreement will cover almost 100% of our Scope 2 emissions once implemented. We expect the agreement to be finalised in 2021 in time for execution in 2022.

We have chosen to pursue this strategy instead of buying certificates from existing renewable energy capacity, as we wish to take co-responsibility for supporting the green transition in Danish society. Our actions will fuel the development of new renewable energy resources to cover our electricity consumption without compromising other's access through competition for existing resources.

Four additional CAPEX investments were secured for rollout in 2021. Together, they are expected to reduce CO2e emissions from the network by 191 tons in 2021. The projects cover upgrades to our cooling and power systems at various important technical sites.

In 2020, we have continued several projects from previous years that have helped to reduce our energy consumption; including legacy decommissioning. One example is the shutdown of an older version of our XDD broadband platform, which will result in a 1.5 GWh annual energy saving in the network. Although rolling out 5G and fibre across Denmark counteracted this saving, these new networks raised our energy consumption, as expected. As a result, energy consumption remained flat in 2020 compared with 2019.

2. Scope 3 inventory

In 2020, we completed our first-ever complete inventory of our Scope 3 emissions. This work uncovered in detail our indirect upstream and downstream emissions and demonstrated the true climate impact of our operations. We can clearly see that the scale of our Scope 3 emissions are two and a half times greater than our direct operations. The biggest emitters are purchased goods and services, capital goods, and use of goods sold.

This inventory provides us with the critical baseline for setting our SBTi Scope 3 target and highlights the levers available to influence them. It will also inform our supplier engagement programme, which we will ramp up in 2021, supported by an increased organisational focus and resourcing. We have identified suppliers with the largest emissions and estimated the emissions of suppliers who are not fully transparent. We will therefore work within a supplier relationship management framework to identify the potential for reducing emissions, while also conveying the importance of emission data quality and disclosure to suppliers.

An example of how this insight can help us reduce our climate impact is employee commuting. We now have a baseline that can be used to see how different internal policy options can affect our total carbon footprint. For example, in June, we launched "Pioneering Digital Collaboration", an initiative that gives employees more freedom to work anywhere, anytime. We anticipate that employees will work more from home, even after the COVID-19 lockdowns are lifted. According to our modelling, that could a decrease of over 1,400 tons of CO2e.

3. Resource management & circularity

2020 was another very successful, if atypical, year, as we reduced the total waste volume produced from our operations by 13% compared with 2019. This sizable drop can be attributed to most employees working remotely for long periods of time. Nonetheless, we managed to maintain a high recycling rate of 61%.

From a network perspective, our 5G rollout has required upgrading 3,800 existing radio sites. Consequently, around 700 tons of existing installation material has been used for spare parts, recycled, or scrapped (e.g. approx. 40 tons of iron, 200 tons of batteries, and 400 tons of cables) this year. We have also identified approximately 85,000 devices that are now available to be sold for reuse by operators in other countries, harvested for spare parts, or recycled.

From a customer equipment perspective, we continued to work on reducing the lifecycle impact of our Customer Premise Equipment (CPE) by promoting circular processes through refurbishment and reuse. Between them, TDC Erhverv and YouSee refurbished almost 157,000 units, up 51% compared with 2019. By doing so, they avoided 77 tons of e-waste. This work not only reduces our environmental impact by shortening supply chains and avoiding transport emissions, it also reduces the need to mine for and manufacture new devices.

Moving forward

The journey towards a 50% reduction of our Scope 1 and 2 CO2e emissions by 2023[1] is well underway. We are paying specific attention to the increased energy consumption that will result from the 5G and fibre rollouts, and mitigation efforts are included in our planning.
For 2021, and as a part of our commitment to the UN Business Ambition for 1.5°C pledge, we will set our Scope 3 emission reduction target and submit our targets for scopes 1, 2 & 3 to the SBTi for approval. We will also work to detail our Scope 3 lever catalogue and utilise supplier engagement to further this process.

Of the direct actions to reduce energy consumption in 2021, some were already approved for implementation in 2020. This includes entering a PPA for all our Scope 2 electricity consumption, the four capital investments at our technical sites detailed above, and employee engagement with a focus on commuting and waste. Rolling these out will be key operational activities in 2021.

In order to increase transparency and continue to improve our reporting, we will report to CDP and in line with TCFD reporting requirements. We will also have our energy and emissions data assured by an external third party for the first time.

[1] Compared with a 2020 baseline.

Digital Denmark

As the leading telecommunications provider in Denmark, we are committed to realising 'Digital Denmark' through countrywide connectivity and by promoting digital citizenship for all.

Our approach

We work as one company and in partnership with dedicated and knowledgeable representatives of civil society to promote digital citizenship and ensure that everyone can benefit from the new, rapidly evolving opportunities digitalisation brings. TDC has always played a special role in facilitating communication and ensuring connections between people.

TDC wants to enable Denmark to move forward as a digital nation while taking co-responsibility for the society that fostered us by ensuring and protecting equal digital opportunities even though the technological landscape is rapidly changing.

Our investments in 5G, fibre, and our network are investments in the digital future of Denmark. In 2020, our investments amounted to DKK 5,547m.

Digital citizenship and skills

As the country's leading supplier of digital connections, we take co-responsibility for ensuring that individuals and members of society have the skills required for a digital age. This relates to technical, creative and social skills that are crucial for developing as individuals and treating others with respect in a digital universe.

We insist that digitalisation is for everyone and we recognise that some need a little more help to discover the benefits of digital solutions.

TDC is also a founding member of the "Digital Dogme" initiative for upgrading employees' digital skills and sharing knowledge among companies across industries and sectors. In 2020, TDC led a Digital Dogme working group that discusses different knowledge levels within cyber security and works to increase the focus on this topic.

Supporting 'Parents in a Digital World'

Faster than ever, technological devices, digital games and social media are creating new opportunities and disrupting the way we live our lives and interact with each other. And even though we have been engaging with social digital tools for several decades, we still have much to learn about how to handle all the new opportunities offered by digitalisation.

Particularly, when it comes to our children. Many parents find themselves on uncertain ground when setting guidelines for their children's use of digital and social media. With our partner for more than 30 years, Børns Vilkår, we have run several campaigns, including the most recent campaign on so-called 'Sharenting', when parents share images of their children on social media without consent. We did this to start a debate and raise awareness. The campaign exceeded our expectations by reaching more than 200,000 people.

Preserving history

'ENIGMA', the national Post, Tele and Communication Museum, is an important source of knowledge on the communications technologies that have shaped our society in the past. In many ways, the story of TDC echoes the story of Denmark's digital development. Consequently, since 1996, we have supported the daily operations of the museum.

In 2020, we announced that, TDC Group will play an important part in the planned historic re-opening of the museum, which features exhibits related to digitalisation.


Photo credit: Daniel Urhøj

How we do business

Our approach

As one of the largest employers in Denmark, owning and operating critical national infrastructure, we are aware of our duty to Danish society to operate in a conscientious and transparent manner. It is critical that our partners, employees and customers trust us and feel secure when using our products and services.

We are committed to taking a proactive approach. We comply with the relevant laws and regulations; however, we aspire to higher standards and seek to continuously improve our policies and practices through external benchmarking assessments, certifications, and other external validation sources. For example, in 2020 we adopted a wide-ranging Data Ethics Policy, which is available on our website. This policy goes beyond the legal requirements, and through its eight points, seeks to set a standard for data handling that customers can rely on.

In addition, and to demonstrate our commitment to transparency, we have also published our Tax Principles on our website. As a leader in our industry, we are proud to contribute to the Danish economy, both directly and indirectly.

To ensure that we address stakeholder concerns, we also actively engage with all our stakeholders to identify material issues and strategic priorities, and we are committed to the highest standards of ethical behaviour.

UN Global Compact

TDC Group has been a signatory to the UN Global Compact since 2009. Ever since, the ten principles of the Global Compact have underpinned our commitment to human rights, labour conditions, respect for the environment, health and safety, data protection and security, and ethical business practices. We publish an annual progress report.

Supporting the principles of the Global Compact, we have devised a suite of policies and procedures that our employees are required to either be aware of or attend training in. These are all available on our website in both Danish and English and include our Whistleblower Policy, our Anti-corruption and Gift Policy and our Data Privacy Policy. Our Partner Code of Conduct is also displayed on our website and addresses the compact principles specifically from the perspective of suppliers and business partners, our Sustainability Policy, GRI reporting index, and ESG accounting principles.

Sustainable procurement

TDC's business activities affect many stakeholders, including employees, customers, suppliers, subcontractors, partners, and owners and investors. All our stakeholders should be confident that the ways we do business comply not only with legal requirements, but also with the highest professional and ethical standards.

The main risks we focus on in our supply chain are the environmental impact of the products we buy, human and labour rights, particularly in our network rollout activities, and health and safety along the whole value chain.

Our first tool for mitigating these risks is our membership of the UN Global Compact, which we have been a signatory since 2009. We take our commitment to the ten principles seriously and through our Partner Code of Conduct, we translate these principles and their underlying conventions into policies for our employees, partners, and suppliers.

In 2020, several activities brought our Partner Code of Conduct into clearer focus, as we worked to reduce risks in our operations and value chain. Firstly, to mirror the increased activity in our network rollout, we systematically addressed the safety performance of our key civil works suppliers by establishing safety reporting systems. From an organisational point of view, we also upgraded our OH&S certification from OHSAS 18001 to ISO 45001 one year ahead of schedule.

In terms of environmental impact, a number of activities started, or existing activities continued in 2020. One major advance this year was the establishment of our scope 3 inventory, which puts us on track to set a Science-Based Target for these emissions in 2021. This work is laying the foundation for uncovering our most impactful scope 3 categories and the levers available to influence them. It will also inform our supplier engagement programme, which we will roll out in 2021.

Work on reducing the lifecycle impact of our Customer Premise Equipment (CPE) continues by promoting circular processes through refurbishment and reuse. The process is initiated when a customer returns a TV box or modem, which is then redeployed or refurbishing for reuse by other customers. In 2020, TDC Erhverv and YouSee refurbished almost 157,000 units, thereby avoiding 77 tons of e-waste. By shortening supply chains and removing the need to manufacture new devices, reuse reduces the environmental impact of our products.

TDC is proud to share that in 2020, we were awarded silver-level recognition by EcoVadis, which ranked our ESG performance among the top 10% of evaluated suppliers. Our performance improved by 3 points compared with 2019.

In 2021, we will increase our focus in this area by implementing a sustainable procurement programme based on a strategic approach to addressing our material risk issues in a systematic and holistic manner. This will replace our Vendor Sustainability Forum. We expect to achieve this in partnership with our telecommunications peers, industry initiatives and through the use of EcoVadis as a screening and engagement tool for our suppliers. We also intend to build on all the work completed in 2020 with the scope 3 inventory, as the various initiatives are already in place, by setting KPIs and targets as well as establishing internal sustainable procurement reporting.

Health and safety

Our approach

Ensuring good labour practices that promote wellbeing and physical safety has high priority and is key to securing that all TDC employees can fulfil their potential regardless of their fields of expertise.

Structure and governance

The Health & Safety organisation is structured in line with the Danish Working Environment Act and TDC is H&S certified (ISO 45001) based on an H&S management system that defines strategy, risks and procedures.

Our health and safety collaboration is handled by the Joint Health and Safety Committee. This Committee consists of four employee representatives from the Health & Safety organisation and three representatives from the trade unions in addition to a representative from TDC Group management and the Head of Health & Safety.

Furthermore, across all brands and companies under TDC Group, health and safety is anchored in 93 Health & Safety groups. Specifically, for TDC Group there are seven health and safety groups.

Health & Safety risks

In line with the overall risks reported via the enterprise risk management board, the main health & safety risk in 2020 for employees across TDC Group, Nuuday and TDC NET was COVID-19. Specifically, for technicians in TDC NET work in relation to the fibre rollout, other projects, and maintenance tasks (tripping/falling, traffic).

In line with the Danish Government, TDC has designed a risk level model to guide mitigation actions. The highest risk level pertains to the widespread infection rate in society, and when recommended, TDC sends staff home to work, closes canteens and organises all meetings online. For technicians, the model also regulates how close staff come to clients, e.g. when we're at risk level 5, no employee is to enter a client's home. The risk of working in the Fiber Factory project is mitigated by both an active Health & Safety organisation in TDC NET Onsite and a Health & Safety Concept in the Fiber Factory itself.

2020 Performance

The Health & Safety strategy was approved by TDC's Board of Directors in 2020. With a focus on developing a preventive H&S culture, it is designed to mitigate and reduce the negative effects of the physical and psychological work environment.

We have converted our OHSAS 18001 certification into ISO 45001 certification – the world's international standard for occupational health and safety designed to protect employees from work-related accidents and diseases.

We have also implemented a health & safety data collection with our top 30 subcontractors with a specific focus on fibre rollout and 5G.

Furthermore, we have conducted basic health and safety training for all staff as well as e-learning. This gives employees insight into safe labour practices and provides the health and safety team with insights into and knowledge of employees' awareness levels.

Finally, we have developed a TDC Bradley model to conduct a baseline Bradley survey to measure the maturity of our health and safety culture. We can then learn from the results and launch new relevant initiatives and activities based on the findings.

The Bradley score for TDC Group is 76/100.

The score reflects that the Health & Safety culture is mature and based on a high level of awareness and personal responsibility among the employees and managers. To further strengthen the Health & Safety culture, managers and teams develop and implement individual action plans throughout the organization.

2020 data

Fatalities	0
With lost time	45
Without lost time	65
Total	**110**
Days of absence	467
Injury incidence (lost time injuries per 10,000 employees)	60
Rate of fatalities (per 1,000,000 hours)	0
Rate of high consequence work related injuries (per 1,000,000 hours)	3.7
Rate of work-related injuries (per 1,000,000 hours)	8.9
Rate of near-miss accidents (per 1,000,000 hours)	7.8

Targets

The 2020–2025 Health & Safety strategy, which covers TDC Group, TDC NET and Nuuday, has as an overall target to reduce the negative health and safety consequences by 50% in 2025 regarding injuries, wellbeing and attrition.

2021 outlook

The major project activities will focus on:

- Continuing to develop our culture
- Continuing dialogue with subcontractors, including collecting health and safety data from a revised list of our top 30 subcontractors, and TDC Management site visits
- Improving overall employee wellbeing
- Continuing focus on the COVID-19 situation
- Reporting and reducing near-miss accidents

Digital trust: GDPR and data ethics

GDPR: We keep your data close at heart

We take responsibility for protecting customers' and employees' personal data very seriously.

We aim to meet all GDPR requirements and provisions. Through both organisational and technical measures, we ensure that we process personal data safely, securely, and in compliance with all relevant legislation.

While the responsibility to achieve and maintain GDPR compliance stretches across the entirety of TDC, an appointed Group Data Protection Officer (DPO) drives this specific agenda from a central point of view, supported by the DPO Office. Data Privacy Managers (DPMs) in each business line are responsible for day-to-day processes and GDPR compliance.

The DPO liaises with the supervisory authorities and reports both to the Board of Directors via the Audit Committee, and to the Executive Management Team.

All employees must complete e-learning training in GDPR and personal data compliance and pass a test every 18 months; this is also a mandatory component of the onboarding process for all new employees.

For employees who handle personal data every day, supplementary educational and awareness initiatives are implemented.

2020 GDPR performance

Within the last year, 95% of all employees across TDC Group, Nuuday and TDC NET have completed our comprehensive GDPR e-learning course.

In addition, the DPO Office has conducted awareness campaigns focusing on how to work safely from home and on rules of conduct when processing personal data.

We continue to assess processes to maintain our focus on decreasing the number of personal data breaches. Despite our focused efforts and high level of awareness, however, we do unfortunately experience data breaches.

This can happen due to cyber-criminal attacks or errors. However, we continuously strengthen our systems and processes, and prioritise focusing clearly on GDPR.

Our approach to data ethics

In 2019, TDC's first-ever Data Ethics Policy outlining our data ethics principles was approved by our Board of Directors. The policy is available on our website.
In 2020, we conducted a series of interviews with managers and employees in parts of the organisation that work specifically with this field and handle personal data and tasks involving aspects of data ethics.

It is our assessment that, across the organisation, personal data is handled responsibly and in accordance with our Data Ethics Policy.

Similarly, the series of internal interviews have led us to conclude that a high degree of awareness of GDPR compliance is also conducive to maintaining a good data ethics culture in the organisation.

Even though the use of artificial intelligence (AI) is regulated by GDPR. AI is also an area where we must pay attention to data ethics, due to the pace of technological development and the large volumes of data that we hold as a company. Our conclusion is that awareness of ethical data-related behaviour is strong among management and employees in the departments working with AI to ensure that AI improves services for our customers, as stated in our policy.

2021 data ethics outlook

We will set up initiatives to raise awareness of data ethics, especially for employees working extensively with data, to ensure compliance with our principles and to support our data-ethical culture.

We will also focus on designing processes and structures that ensure our Data Ethics Policy is firmly anchored. Particularly when it comes to ensuring that all new business initiatives with significant implications for privacy and handling of personal data must be approved by the corporate management team but also processes that support a positive error culture, where openness about errors and problems leads to improvement.

Security

Our approach

Security remains a top priority, and we base our work on four principles:

1. Protect our company
2. Protect our customers
3. Protect our employees
4. Protect citizens.

We take overall responsibility for IT security, information security and physical security by applying a wide-ranging Group Security Policy based on best practices and compliance with the ISO27001 standard for handling IT security.

2020 performance

At TDC Group, we are continuously conducting awareness activities to raise the level of knowledge concerning the present threat landscape and educate employees and customers on how to react to cybercrime attacks.

We want security to be part of our employees' everyday mindset. In 2020, we launched a new security awareness campaign and mindset for security training.

Instead of annual online security training for all employees, we implemented a new online training platform where employees receive an invitation to a short training/awareness session every second to third week featuring different security themes and surveys.

Each activity has a maximum duration of 2 minutes to minimise the impact on the employees' normal work.

We now have a good overview of the employees' knowledge and engagement and will continue to make more targeted activities for special groups of the organisation.

The list of topics focuses on the theme "social engineering", and the security mindset we want our employees to adopt is known as STAR behaviour:

- **S**top
- **T**hink
- **A**sk
- **R**eport

Parallel with the online training, we are present on all the internal platforms, explaining security measures taken and guiding employees to secure behaviour with tips and tricks. Again, in the strong belief that security awareness should be part of all employees' everyday work.

Furthermore, during the COVID-19 situation, working securely from home it has been an ongoing task to ensure that all employees have the right tools and mindset to continue business as usual in a secure way.

Similarly, Group Security ensures that transforming TDC and building TDC NET and Nuuday continue without compromising security.

2021 outlook

In 2021, we will continue to raise security awareness and begin transforming online activities to on-premises activities to become a closer aspect of employees' everyday work.

Finally, we will strengthen our security competencies in TDC NET and Nuuday to secure the transformation as we continue our journey towards becoming best in class.

Diversity and inclusion

Our approach
At TDC Group, we serve all areas of Danish society across age, gender, ethnic background, religion, ability, and sexual orientation. We want our employees to reflect the society in which we operate. We believe diversity will support us in creating a better working environment and better results.

We are proud that among our 7,484 employees we have 48 different nationalities, a wide age profile from 16 to 76 years of age, and numerous different backgrounds.

Nonetheless, despite having worked with diversity and inclusion (D&I) for many years, we are taking further steps to stimulate D&I, because we know that a diverse and inclusive culture fosters a more creative and innovative work environment.

Today, 28% of all employees at TDC are women, while 20% of all managers are women, so we understand that we have an important journey ahead. That has prompted us to set an ambitious goal to achieve 50/50 gender balance in management. With this ambition, we want to strengthen our business and send the message both internally and externally that TDC is a workplace with equal opportunities for anyone with the right skills and mindset to become a leader.

2020 performance
We have taken new steps to pursue our ambition for gender balance in leadership. By using data insights more extensively, we have been able to identify areas with the biggest potential for improvement. One area is our ability to attract more diverse talent, and we have therefore implemented the AI-based software tool Develop Diverse, which helps us create inclusive and gender-neutral job ads to attract a wider and more diverse pool of candidates for vacant positions.

In 2020, we introduced a new D&I programme for the entire top leadership team. Through the programme, top leaders are trained in unconscious biases and inclusive leadership to enable them to take ownership of D&I initiatives in their own branches of the business. Our leaders should embody our values of inclusion as good role models for the organisation.

A digital Denmark built by all, for all
Great potential exists in engaging more girls and women in shaping the digital Denmark of tomorrow. We therefore remain committed to supporting and encouraging young girls and women to pursue IT career paths.

Therefore, we collaborate with a wide range of educational institutions to inspire more girls and women to become interested in the career opportunities presented by IT and future technologies. We host Girls' Day in Science in collaboration with Naturvidenskabernes Hus and hold Tech Career Days in collaboration with the IT University of Copenhagen. In 2020, we extended our partnership with Women in Tech Denmark to include an internal network across TDC Group, Nuuday and TDC NET for women working in IT. We also collaborate with ReDI School, which is a non-profit tech school offering IT courses to women with migrant and refugee backgrounds.

A culture of inclusion and equality
We believe differences enhance teamwork. That is why we promote a diverse workplace where we feel we can contribute and be our true selves.

In 2020, we continued our work to include and strengthen wellbeing for minority groups, including people with mental or physical disabilities, refugees, and people identifying as LGBT+. TDC was once again a main sponsor for Copenhagen Pride and during Pride Week, also hosted educational talks for all employees on LGBT+ inclusion and wellbeing at work. We remain a partner in the Ministry of Equality's industry focus group, which aims to create broad industry collaborations to support the inclusion and wellbeing of members of the LGBT+ community.

TDC Group has always offered its employees the opportunity to organise their work life to suit individual needs, reduced work capacity, busy family lives etc. and will continue to do so. In accordance with this cornerstone aim, TDC hopes to encourage new fathers and non-birth mothers to take up to 14 weeks of paid partner leave. Our culture today is highly supportive of partner leave, and we are proud that more than 81% of fathers and non-birth mothers at TDC Group took leave in 2020.

2021 outlook
In 2021, we aim to integrate a new D&I governance model to ensure that our goal for achieving gender balance in leadership is driven and monitored just as rigorously as any other strategic or financial target. Each business leader will be provided with ambitious yet realistic annual gender balance targets.

Besides a new governance structure, another focus in 2021 will be to foster a culture of inclusion and respect. Therefore, we will analyse our current culture as well as our focus on leader training in inclusive leadership and bias awareness – from our Board of Directors to our team leaders. Bias-mitigating talent acquisition processes and talent management practices will also be a key focus in 2021 to drive continuous improvements in talent diversity at all levels.

Risk management

Risk management

TDC Group faces both internal and external risks on which we focus in the short, medium and long term, as described in the following pages. These are accompanied by risks TDC Group has identified that could influence long-term growth if TDC Group were to become a low-margin service provider and potentially lost its corporate footprint and network utilisation. However, TDC Group implements strategic initiatives to mitigate these risks.

Risk management is an integrated, structured, and dynamic aspect of TDC Group's business operations and planning and is based on a hybrid of internationally recognised standards such as ISO, COSO, and NIST.

Risk assessments are conducted monthly with business lines and corporate functions identifying and updating all significant risks within the TDC Group risk universe. Risks are then consolidated and assessed based on their type, potential impact and probability, and the conclusions are then reported to the Risk Committee monthly, to the Corporate Management Team quarterly, the Audit Committee biannually, and the Board of Directors on an annual basis. Responsibilities are assigned for significant risks, which are monitored and evaluated monthly and compared with defined risk appetite levels. Mitigating initiatives are also established, tracked, and evaluated.

By their very nature, forward-looking statements involve certain risks and uncertainties. Risks not currently known to TDC Group, or emerging risks that TDC Group currently deems to be immaterial, may also adversely affect TDC Group's business, financial condition, and results of operations. The most essential risks and uncertainties that could be impacted by TDC Group's operations are stated but might not be limited to those listed below.

TDC Group's Risk Management Process Cycle

Commercial factors

Description

As the telecommunications industry is still undergoing a huge transformation, the risk landscape remains subject to fierce competition from market developments and price pressure, with digitisation, changes in customer behaviour, and new technologies among the major drivers prompting a transition to new business models and structural changes.

Given TDC's leading market position, we continuously observe events or circumstances that could result in a loss of customers, declining customer experiences and loyalty, loss of competitiveness and/or competitive leadership in the markets where we operate, as well as events or circumstances that could potentially improve or compromise TDC's commercial developments, changes to service offerings, product portfolios, and market performances in general.

The TV market is changing rapidly towards both more flexible viewing solutions and strong new players with larger market shares accelerating the trend of customers moving from traditional flow TV to other solutions. Meanwhile, content owners are changing their business models, selling directly to end customers and increasingly taking over the role of aggregating content. This leads to increased pressure on premium content rights that could potentially raise prices to levels that cannot be passed to consumers and/or lead to loss of content rights.

In the mobile market, the competitive landscape is accelerating with renewed intense price competition and new entrants. In landline broadband, the market development for both retail and wholesale customers is trending towards migration to faster networks.

Furthermore, competition is increasing in the B2B market and new entrants with convergent products may increase competition and challenge our ability to remain attractive and competitive. Technology developments could also increase churn if swift adaptation to new technologies is not ensured.

Potential impact

Intensified competition and net loss of customers could lead to reduced ARPU[1] and pressure on margins and profits.

On TV, RGU[2] net losses could be experienced due to the discontinuation of the Discovery contract, however financial performance exceeded the expectations due to higher ARPU. In addition, accelerating pressure from OTT suppliers, content owners, content prices, and customers terminating TV subscriptions could exert pressure on ARPU levels and net adds.

Increased competition with continued price pressure, including new competitors, could result in failure to execute sustainable pricing in the B2C and B2B mobile markets.

Finally, inability to remain on par with technology developments and service offerings could lead to higher churn.

Mitigation initiatives

- Monitoring commercial developments, market and customer behaviour, changing service offerings, product portfolios, and market performances in general
- Focusing on market positioning and ensuring the best mobile network in Denmark to retain and attract customers
- Securing the appropriate positioning towards device manufacturers and other operators
- Differentiating on the B2B market
- Launching new business initiatives to regain and strengthen TDC's market position as the leading provider of digital solutions and entertainment

[1] **ARPU** refers to Average Revenue Per User and is calculated per month. TDC Group calculates ARPU for a given product group as its total revenue divided by the average RGUs in the period. ARPU includes gross traffic revenue unless otherwise stated

[2] **RGU or Revenue Generating Unit** refers to the total number of customer relationships generating revenue for TDC Group. TDC Group's RGU statement includes the number of main products sold by TDC Group's residential, business and wholesale segments. Customer relationships are synonymous with RGUs.

Network quality and security factors

Description

High-quality and secure services and networks are fundamental to TDC and our product portfolios, and crucial to our customers and the Danish society. They are therefore pivotal for our continued commercial success.

At global level, various threats and events potentially undermining the effectiveness of operations or development of IT and/or technology, as well as threats and events that could potentially compromise the processing, confidentiality, integrity, availability, stability, capacity, performance, continuity or resilience of information technology are becoming more frequent and sophisticated.

Multiple threats could potentially trigger the materialisation of operational, IT, and cyber risks, typically stemming from human errors (e.g. information leakages), malicious activity (e.g. malware), natural phenomena (e.g. floods), or system failures (e.g. hardware failures).

However, other parameters such as complex IT landscape and legacy technology being unable to match the speed and functionality of newer IT software and hardware held by competitors also affect our business.

As such, many factors can influence the outcome of our ambitious strategies, including the rollout of fibre and 5G technology. Uncertainty regarding the speed at which other competitors are rolling out fibre and 5G, uncertainty regarding the future level of unit costs associated with fibre rollout, and uncertainty regarding publicity if vendors fail to meet re-establishing requirements are just a few of these factors. In addition, uncertainties regarding new technology, legacy technology and technology debt, security by design and by default, as well as the robustness of vendors, outsourcing and vendor setup, scalability, suite vs. breed, inadequate design, or process and service life-cycle management may all impact network quality, security, and operations, or hamper innovation and development.

Potential impact

Any loss of confidentiality, integrity, or availability of information, data, technology assets or damage to our infrastructure or services could impact our operations, customers, society, and/or reputation. More specifically, cyberattacks could potentially expose critical data and affect business operations and activities impacting customer experience, perceived quality, and brand reputation, which could increase customer churn and overall profitability.

As such, any event resulting in TDC being unable to meet its customers' quality and security requirements or expectations could potentially impact customer retention or otherwise affect our opportunities to ensure growth and remain ahead of our competitors. Therefore, if security and contingency measures fail to prevent or overcome a major incident, TDC might incur e.g. regulatory sanctions, contract penalties, significant financial losses, damage to its reputation and loss of customers, general attraction value, and market share.

Resistance towards 5G could potentially result in vandalism, destroyed or damaged equipment or even threats towards employees, which could lead to financial losses, increased costs, downtime or even employee disengagement or staff injuries.

However, initiatives and strategic programmes on e.g. technology debt and infrastructure rollout proceeded according to expectations and plan, maintaining overall network quality and determining our leading competitive position. Some, like the 5G rollout, were even achieved successfully ahead of schedule, leading to TDC being the first telecom provider in Scandinavia to offer 5G and cover 90% of the population of Denmark within one year. Such initiatives are certainly providing our customers and Danish society with new opportunities and strengthening the capacity of our award-winning network on the brink of a new digitisation age.

Mitigation initiatives

- Continuous investment in network infrastructure, security, and optimisation of processes and structures
- Group-wide crisis management organisation
- Successful rollout of tech and infrastructure programmes, including fibre and 5G
- Monitoring customer satisfaction and expectation fulfilment
- Close dialogue with Danish Authorities and our customers
- Vendor quality control
- Focusing on network resilience through risk management and incident management

Political, legal and financial factors

Description

TDC's business may be impacted by several political, economic or legal/regulatory factors. For example, our business may be impacted to some extent by market regulation requiring TDC to provide certain services on regulated terms and at regulated prices. In addition, TDC may be impacted by regulatory changes or new regulation or legislation that, in turn, may lead to e.g. increased compliance requirements or reduced sector profit, reducing the incentive to invest. Other factors related to network integrity, data security, and customer privacy are also to be considered highly relevant in this context, as TDC has a responsibility to protect data from misuse, loss, unauthorised disclosure and damage. However, the digitisation age is leading to new and faster ways of working and connecting, which are resulting in more complex and data-driven business models continuously challenging the ability to retain control over how data is collected and used.

Other macro factors could relate to financial risks such as higher interest levels leading to higher financing costs when refinancing, or fraudulent events leading to financial loss. Macro factors could also be related to public sentiment regarding TDC or our suppliers potentially weakening our ability to engage with political and regulatory stakeholders. Finally, additional macro factors could also relate to external events or circumstances that could compromise or improve TDC's standing or credibility, potentially impacting consumers and/or revenue streams.

Potential impact

Changes in regulation or government policies could affect our business activities, as could decisions by regulatory authorities or courts, including granting, amending or revoking telecom licences and spectrum permits, which could ultimately affect TDC's possibility of carrying out its business and/or operations. Review of market regulations, e.g. on broadband markets, and revising the LRAIC[1] model to set new pricing parameters from 2021, may impact future revenue generation.

Furthermore, a new law on supplier security in critical telecommunications infrastructure might lead to replacing/swapping network equipment earlier than planned, leading to increased short-term cost levels and increased planning complexity. Individual cases of operational and external issues could also constitute short-term detractions from TDC's public image by affecting its overall reputation and brand image. For instance, negative publicity due to the TV market situation resulted in medium-term detractions resulting in lost customers and other direct business impacts.

Finally, risks related to network integrity, data security, and customer privacy could also lead to unfavourable perceptions of TDC's ability to handle these matters, which could impact our business. Non-compliance with national and EU legislation could result in significant financial penalties.

Mitigation initiatives

- Monitoring political and legal developments in the markets where TDC operates
- Proactive and continuous close dialogue with politicians, regulatory and market stakeholders, such as the Danish Business Authority
- Storytelling and clear communication about TDC's strategy and initiatives through campaigns, marketing, and social media focusing on our contributions to Danish society
- Implementing the EU General Data Protection Regulation (GDPR) and training all TDC employees in security and privacy awareness

[1] **LRAIC (Long Run Average Incremental Cost)** refers to the most applied pricing regulation methods used to set interconnection prices for operators with Significant Market Power (SMP). LRAIC uses an average of the costs of services. The interconnection prices are set equal to the costs associated with producing the regulated services in a modern and fully effective telecommunications network of the same size as the SMP operator's network.

Transition and transformation factors

Description

The ongoing transition of TDC Group into two stand-alone companies, namely Nuuday and TDC NET, could turn out to be more wide-ranging than expected when separating IT systems and establishing new processes, and may also demand more resources and investments than previously anticipated.

Furthermore, failure to execute an optimised separation due to difficulties in attracting, engaging, and retaining qualified employees, especially IT specialists, cannot be ruled out.

Taking part in the digital transformation is essential to engage customers, increase productivity, and ensure high-quality products in the future landscape. Therefore, events or circumstances that could potentially improve, compromise or undermine the effectiveness of TDC's execution of transformation, including objectives, initiatives, processes, capacity, capabilities, and deliverables, are being monitored closely.

Potential impact

Investment envelope issues, concerning the potential lack of the required investments to deliver initiatives, as well as top-line impact, i.e. negative impact on revenue from key cost initiatives, and challenges regarding building capabilities and ensuring synergies to avoid missing capabilities after the separation, could also have a major impact on TDC's ability to execute on transition and transformation initiatives.

The fact that many employees are being allocated to execute the transition could also move our focus away from optimising the core business, leading to a lower degree of efficiency. This calls for initiatives being taken to avoid the risk of voluntary churn of key personnel, which in turn could impact capacity, quality, and/or time constraints, ultimately leading to the lack of execution power to deliver on strategic initiatives. In 2020, our focus on attracting and developing digital talent was therefore maintained, and Group IT remains dedicated to handling the IT-related processes in TDC's separation phases.

Finally, failure to achieve the digital transformation could also lead to lower productivity and efficiency compared with competitors and OTT[1] products.

Mitigation initiatives

- Clear focus and engagement from top management and an IT foundation that enables the IT of the future
- Focusing on ensuring the appropriate and efficient investment levels within guided bounds
- Focusing on investing in and attracting the right talents for the digital transformation
- Initiatives to strengthen cooperation and collaboration with educational institutions

[1] **OTT or Over The Top** refers to online delivery of video and audio without the internet service provider being involved in the control or distribution of the content itself.

ESG risks

Risk	Management Approach	Governance
Human Rights TDC Group's risks relating to human rights concern our employees, our customers, and the employees of partners and companies in our supply chain. These include the risk of forced labour, discrimination or harassment and the misuse or loss of personal data through human error, data breaches, or other nefarious means.	As a signatory to the UN Global Compact since 2009, we take our commitment to acting responsibly, in line with the principles, very seriously. The inalienable right of all people to live free of discrimination and degrading treatment, and to have the right to freedom of association, collective bargaining and (data) privacy, is strongly supported at TDC. We do not tolerate the use of forced or child labour, discrimination, abuse, or harassment. We have in place an array of policies and procedures that support our efforts in this area. These are underpinned by activities including training, awareness raising, auditing, reporting and external certification, and include our: • Partner Code of Conduct, covering respect for human rights. For more information, read the section 'Sustainable procurement' • Vendor management audits and monitoring of strategic suppliers. Despite COVID-19, in 2020, six subcontractors of one closely monitored strategic partner underwent external third-party audits • Group Personnel Policy. In 2020, the percentage of our employees covered by collective bargaining agreements increased to 88% from 84%. More information on our activities regarding employee wellbeing, health and safety and HR is provided in the sections 'Occupational Health & Safety' and 'Diversity & Inclusion' • Occupational Health and Safety Policy and certification to ISO 45001 standard. In 2020, we upgraded our OHSAS 18001 Occupational Health & Safety certification to the ISO 45001 certificate one year ahead of schedule. For more information read the section 'Occupational Health & Safety' • Data Ethics Policy. For more information, read the section 'Digital trust: GDPR and data ethics' • Group Security Policies aligned with the ISO 27001 standard for data handling and IT security. Our B2B brand NetDesign is certified according to the standard. In 2020, 68% of our employees completed security training and 97% completed an e-learning course on GDPR and data privacy	As a result of the encompassing nature and utmost importance of respecting human rights and all that is entailed, the following three governance structures are maintained by TDC: the OH&S Committee of the Board of Directors, the Audit Committee of the Board of Directors, and the Executive Management. Each of these committees has a system for monitoring and reporting on performance management and risk mitigation.
Anti-corruption and bribery TDC Group is one of the largest private employers in Denmark with suppliers from around the globe. The risk is always present that bribery or corrupt practices could influence business decisions.	Although as a country, Denmark is characterised by low levels of corruption, we continue to be vigilant regarding this agenda. We strongly support free and fair competition on open and transparent terms and do not accept business deals being entered into on a dubious or illegal basis, not when supplying goods or services to others, nor when goods or services are supplied to us. We have a zero-tolerance approach to corruption in any form, and do not accept that we as a company nor our employees offer or accept any kind of bribery. Our activities revolve around policy development, awareness raising and putting in place resources and employee training and include our: • Whistleblower Policy, which allows for the anonymous reporting of suspected wrongdoings at the company directly to the Audit Committee of the Board of Directors. The policy is reviewed and updated on an annual basis. This process is accompanied by a cross-company communications drive to raise awareness. Over the past 12 months, building incident reporting has been in focus. One report was submitted to the whistleblower system in 2020 • Gifts and Anti-Corruption Policy, through which TDC commits to comply with the United Nations Convention against Corruption, adopted in Merida. The policy is reviewed and revised on an annual basis • Partner Code of Conduct for suppliers, partner organisations and employees • Sustainability Policy	Governance for anti-corruption and bribery is the responsibility of the Audit Committee of the Board of Directors and the Executive Management.

ESG risks

Risk	Management Approach	Governance
Environment and climate As the owner of critical digital infrastructure in Denmark, we make huge investments in our network to maintain our network service and to roll out new technologies every year. We are currently in the midst of a massive deployment of fibre and 5G. This activity, our operations and our supply chain are related to several potential environment and climate risks. These include issues linked to the physical impacts of climate change. For example, changes to average seasonal temperatures and extremes may reduce our ability to rely on free air cooling at larger technical sites.	As a signatory to the UN Business Ambition for 1.5°C Pledge, we are committed to averting catastrophic climate change. Our commitment to the UN Global Compact principles also anchors our work on environmental issues, highlighting a precautionary approach as we undertake initiatives to promote environmental responsibility and encourage the development and rollout of environmentally friendly technologies. These commitments and activities are captured in a number of policies and certifications, including our: • Sustainability Policy • ISO 14001 certification, which covers all 10,000 of our addresses and 7,484 employees • CO2 Forum governance body and working group's efforts to deliver our CO2 neutral target • Detailed emissions reporting: In 2020, we undertook a complete Scope 3 inventory for the first time • Scope 1, 2, and 3 targets, which will be submitted to the SBTi initiative in 2021 • Circular economy activities in operations • Climate-related assessments and mitigation activities within our network and facilities • Energy-efficiency initiatives and investments • Supplier engagement • Sustainability by Design in our Products: Focused on energy consumption and efficiency, single-use plastics, lightweight materials, and use of recycled materials	Governance for TDC's climate and environment activities is the responsibility of the CO_2 Forum and the Executive Management.

ESG data tables

Energy & Emissions Intensity Ratio	2020	2019	2018
Energy intensity (MWh of electrical energy / TB of data usage)	0.010	0.012	0.013
Emissions intensity (tCO2e of Scope 1 and 2 market-based emissions / TB of data usage)	0.004	0.005	0.006

Energy	2020	2019	2018
Petrol (MWh)	2,445	2,878	2,544
Diesel (MWh)	37,031	37,257	37,410
Oil (MWh)	373	279	410
Natural gas (MWh)	1,700	1,190	1,501
Electricity (MWh)	199,636	198,821	205,650
District heating (MWh)	20,615	20,908	20,022
Total Energy Consumption (MWh)	**261,800**	**261,332**	**267,537**

Emissions	2020	2019	2018
Scope 1 (metric tons CO2e)	10,039	10,077	10,128
Scope 2 location based (metric tons CO2e)	28,380	31,080	43,557
Scope 2 market based (metric tons CO2e)	73,897	73,826	82,013
Scope 3 (metric tons CO2e)	210,298	218,004	-
Total Scope 1, 2 & 3 market-based emissions (metric tons CO2e)	**294,234**	**301,908**	**92,141**

Emissions	2020	2019	2018
Scope 1 (%)	3	3	11
Scope 2 market-based (%)	25	24	89
Scope 3 (%)	72	72	0

Scope 3 by category	2020	2019	2018
1: Purchased goods and services & 2: Capital Goods (metric tons of CO2e)	158,355	155,730	-
3: Fuel and energy-related activities (metric tons of CO2e)	11,326	11,981	-
4: Upstream transportation and distribution (metric tons of CO2e)	7,216	7,440	-
5: Waste generated in operations (metric tons of CO2e)	60	48	-
6: Business travel (metric tons of CO2e)	285	1,652	-
7: Employee commuting (metric tons of CO2e)	2,938	12,493	-
11: Use of sold products (Direct) (metric tons of CO2e)	28,502	27,488	-
12: End-of-life treatment of sold products (metric tons of CO2e)	57	31	-
13: Downstream leased assets (metric tons of CO2e)	1,560	1,143	-
Total Scope 3 emissions (metric tons CO2e)	**210,298**	**218,004**	**-**

Waste	2020	2019	2018
Mixed waste (metric tons)	717	-	-
Iron and metal (metric tons)	379	-	-
WEEE (metric tons)	194	-	-
Cardboard (metric tons)	326	-	-
Rest of waste (metric tons)	413	-	-
Total waste generated (metric tons)	2,029	2,339	2,965
Non-Hazardous - Landfill (metric tons)	27	25	-
Non-Hazardous - Composting (metric tons)	62	16	-
Non-Hazardous- Recycling (metric tons)	1,223	1,419	-
Non-Hazardous - Energy Recovery & Incineration (metric tons)	706	800	-
Non-Hazardous - Other (metric tons)	-	50	-
Total Non-Hazardous waste (metric tons)	2,018	2,310	-
Hazardous - Landfill (metric tons)	-	-	-
Hazardous - Composting (metric tons)	-	-	-
Hazardous - Recycling (metric tons)	9	26	-
Hazardous - Energy Recovery & Incineration (metric tons)	1	1	-
Hazardous - Other, incl. recycling and energy recovery (metric tons)	0	2	-
Total Hazardous waste (metric tons)	10	29	-
Total waste disposed (metric tons)	**2,029**	**2,339**	**2,965**
Waste recycled (%)	61	64	72

ESG data tables

Customer Product Refurbishment	2020	2019	2018
Refurbished CPEs (Number)	156,731	103,650	-
Percentage refurbished of total units (%)	36	-	-
Avoided e-waste (metric tons)	77	50	-

Employees by Gender	2020	2019
Men (Number)	5,419	5,608
Women (Number)	2,065	2,245
Men (%)	72	71
Women (%)	28	29

Employees by contract type	2020	2019
Employees on permanent contracts - Male (Number)	5,400	5,590
Employees on permanent contracts - Female (Number)	2,050	2,230
Employees on temporary contracts - Male (Number)	19	18
Employees on temporary contracts - Female (Number)	15	15

Employees by employment type	2020	2019
Employees in full-time employment - Male (Number)	5,227	4,951
Employees in full-time employment - Female (Number)	1,884	1,986
Employees in part-time employment - Male (Number)	192	657
Employees in part-time employment - Female (Number)	181	259

Employees by age group	2020	2019
Employees under 30 years old (%)	25	29
Employees 30 - 50 years old (%)	43	40
Employees over 50 years old (%)	32	31

Employees by age group	2020	2019
Employees under 30 years old (Number)	1,904	2,272
Employees 30 - 50 years old (Number)	3,220	3,152
Employees over 50 years old (Number)	2,360	2,429

Employees by employment category	2020	2019
Manager - Male (Number)	571	559
Manager - Female (Number)	139	150
Non-Manager - Male (Number)	4,848	5,049
Non-Manager - Female (Number)	1,926	2,095

Employees by employment category	2020	2019
Manager - Male (%)	80	79
Manager - Female (%)	20	21
Non-Manager - Male (%)	72	71
Non-Manager - Female (%)	28	29

Employees covered by collective bargaining agreements	2020	2019
Employees covered by collective bargaining agreements (%)	88	84

Employee performance review – by gender & employee category	2020	2019
Percentage of appraisal – managers/supervisors (male) (%)	95	79
Percentage of appraisal – managers/supervisors (female) (%)	100	85
Percentage of appraisal – non-management (male) (%)	96	75
Percentage of appraisal – non-management (female) (%)	99	71

ESG data tables

Employee training	2020	2019
Average training hours (Hours per FTE)	17	27

Employee Statistics - other	2020	2019
Fathers and non-birth mothers taking parental leave (%)	81	
Number of different nationalities (Number)	48	
Age of oldest employee (Years)	76	
Age of youngest employee (Years)	16	

Occupational health & safety	2020	2019	2018
Fatalities (Number)	-	-	-
With lost time (Number)	45	40	35
Without lost time (Number)	65	77	65
Total (Number)	**110**	**117**	**100**
Days of absence (Number)	467	369	278
Injury incidence (Lost time injuries per 10,000 employees)	60	51	-
Rate of fatalities (per 1,000,000 hours)	-	-	-
Rate of High consequence work related injuries (per 1,000,000 hours)	4	3	-
Rate of work-related injuries (per 1,000,000 hours)	9	9	-
Rate of near miss accidents (per 1,000,000 hours)	8	12	-

Gender Representation - Board of Directors	Nuuday	TDC NET	TDC Group	TDC TELCO ApS	Dansk Kabel TV
Men (Number)	3	3	5	1	4
Women (Number)	-	-	2	2	-
Total (Number)	**3**	**3**	**7**	**3**	**4**
Men (%)	100	100	71	33	100
Women (%)	0	0	29	67	0

Other metrics	2020	2019	2018
Data transported			
Data transported (TB of data throughput)	19,110,816	17,234,424	15,661,566
Whistleblower reports			
Number of reports submitted to the whistleblower system	1	-	-
Employee Engagement			
Number of sustainability ambassadors	290		
Ambassadors as a percentage of whole employee base	4		
ESG Reporting (TDC Group on behalf of all three companies)			
GRESB Infrastructure ESG Score	65	61	-
EcoVadis Score	65	62	55
Customer Engagement			
Donations to Den Dansk Naturfond through YouSee More (Number)	26,043		
Increase in donations to Den Dansk Naturfond compared to 2019 (%)	n/a		
Donations to Børns Vilkår through YouSee More (Number)	63,651	50,004	
Increase in donations to Børns Vilkår compared to 2019 (%)	27		

Digital Denmark	2020
Digital Citizenship: WiFive	
Pupils who have tested their skills from start of programme to end 2020 (Number)	99,205
Percentage of total number of pupils in grade 2-6 in Denmark	30%
Schools that have been using WiFive (Number)	768
Total number of schools using WiFive in Denmark (%)	35%
Teachers that have been using WiFive (Number)	1,922
Digital Citizenship: Coding Class / IoT in Folkeskolen	
Classes participated in Coding Class and IoT in Folkeskolen (Number)	218
Children helped with acquiring digital skills through the Coding Class initiative since 2016	12,000
GDPR & Security e-learning	
Employees completing a GDPR e-learning (%)	95
Employees completing a data protection nano e-learning (%)	35
Employees completing security e-learning (%)	68
Engagement with Society	
Visitors to the Parents in a digital world web universe in the last 2 years (Number)	86,730
People reached through the campaign focusing on Sharenting as part of the partnership between Børns Vilkår and TDC Group (Number)	200,000+
Number of times in 2020 a child in need was helped by BørneTelefonen	52,721
Online meeting arranged on the online platform SnakSammen.dk as part of the partnership between Danish Red Cross and TDC NET (Number)	2,642

Independent auditor’s assurance report

To the stakeholders of TDC

We have reviewed the ESG Section in the TDC Group Annual Report 2020 (“the Report”), which covers TDC Group’s activities from 1 January to 31 December 2020, to provide limited assurance that

- The ESG performance data on pages 29-31 in the Report have been stated in accordance with the criteria defined by the accounting principles;
- The ESG Section of the Report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

We express a conclusion providing limited assurance.

Management’s responsibility

The Management of TDC is responsible for collecting, analysing, aggregating and presenting the information in the ESG Section and ESG data tables, ensuring that data are free from material misstatement, whether due to fraud or error. TDC’s non-financial Accounting Principles for 2020 contain Management’s defined reporting scope for each data type, which can be found on TDC Group’s website: [LINK].

Auditor’s responsibility

Our responsibility is to express a limited assurance Our responsibility is to express a limited assurance conclusion on whether the ESG performance data on pages 29-31 in the Report have been stated in accordance with the criteria defined by the accounting principles, and whether the ESG section in the Report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level). We have conducted our work in accordance with ISAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revsionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR – Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our review from November 2020 to April 2021. Our work has included interviews with key functions in TDC, inquiries regarding procedures and methods to ensure that selected ESG data and information have been incorporated in accordance with the accounting principles. As part of the work, we have assessed whether the process for reporting greenhouse gas emissions data complies with the principles of the Greenhouse Gas Protocol methodology as referred to in the accounting principles. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating ESG data at Group level, and performed analytical review procedures and tested ESG data prepared at Group level against underlying documentation. We have reviewed the reported ESG data as well as evaluated the reliability and validity of the underlying sources, especially of estimated data. We have reviewed the ESG section for adherence to the GRI principles for defining report content and ensuring report quality, as well as the GRI Standards disclosure requirements as presented in the GRI tables of the Report. Finally, we have evaluated the ESG Section’s compliance with the disclosure requirements in the Danish Financial Statements Act §99a and §99b.

We have not performed site visits or interviewed external stakeholders, nor have we performed any assurance procedures on baseline data or forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that:

- The ESG data tables on page 29-31 in the TDC Group Annual Report (“the Report”) for the period from 1 January to 31 December 2020 have not been stated in accordance with the criteria mentioned in the accounting principles;
- The ESG Section of the Report has not been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

Copenhagen, 27 April 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen
State-Authorised Public Accountant
Identification No
(MNE) mne32208

Helena Barton
Lead Reviewer

Corporate governance

We work proactively with corporate governance and aim to provide transparency for our stakeholders and ensure long-term value creation.

Recommendations from the Committee on Corporate Governance

Following its delisting, TDC is no longer covered by the recommendations issued by the Committee on Corporate Governance (CCG). As an advocate for transparency, TDC has chosen to publish a Corporate Governance Statement based on the recommendations in line with the "comply-or-explain" principle cf. section 107b of the Danish Financial Statements Act. TDC's Corporate Governance 2020 statement is based on the CCG's recommendations from November 2017, which are available on the CCG website at: www.corporategovernance.dk.

TDC's focus on corporate governance compliance is clearly reflected in our compliance with 40 of the 47 numbered recommendations, and partial compliance with four recommendations. The corporate governance statement further describes whether and how we comply with or derogate from the 47 recommendations and is available at https://tdcgroup.com/en/who-we-are/corporate-governance.

Our governance model

In accordance with Danish legislation, TDC has a two-tier management structure consisting of the Board of Directors and the Executive Committee. The Board of Directors is responsible for the overall management of the company and for appointing a competent Executive Committee. The Executive Committee is responsible for the day-to-day management of the company. The responsibilities and duties between the Board of Directors and the Executive Committee are clearly outlined and described in the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Executive Committee.

TDC Group's shareholders have ultimate authority for the company and exercise their rights at the Annual General Meeting, where they appoint the Board of Directors and the independent auditor, and complete tasks such as approving the annual report.

Rules on governance, including share capital, general meetings, shareholder decisions, election of members to the Board of Directors, Board meetings etc. are described in the Articles of Association, which are available at: https://tdcgroup.com/en/who-we-are/corporate-governance.

The Board of Directors

TDC's Board of Directors has 11 members, seven elected by the General Meeting and four elected by the employees. The board members elected by the General Meeting are up for election every year and may be re-elected.

Pursuant to Danish legislation, TDC employees are entitled to representation on the Company's Board of Directors in the form of employee-elected board members equivalent to half of the total number of board members elected at the General Meeting. The employee-elected board members are elected for a four-year period, and have the same rights, obligations and responsibilities as the board members elected by the General Meeting. The current employee representatives were elected to the Board of Directors in 2020 and their period will expire in 2024.

The Board of Directors believes that diversity in general, including diversity in relation to age, nationality and professional background, strengthens the board, and this is reflected in the composition of TDC's Board of Directors.

The Board of Directors seeks well-balanced diversity in the members' experience and competencies and evaluates the board members' skills annually to assess whether the Board has the required skills, or members' expertise should be updated in some respects. The Board of Directors assesses that the range of competencies and experience required for TDC's board work includes: financial and audit competencies, capital structure skills, legal and compliance competencies, regulatory and risk management competencies, security and cybersecurity skills, employee health and safety understanding, succession planning capabilities, understanding of our business's social and sustainability impact, customer relationship experience and market understanding, telecommunications skills, infrastructure and network experience; digital business experience; branding experience; business transformation experience and senior executive experience from both private and public companies.

In 2018, as an objective for its own composition by gender, the Board of Directors determined that by the end of 2020, no gender (among the board members elected by the General Meeting) shall be represented on the Board of Directors by less than 25%. The percentages of female and male board members were 29% and 71%, respectively, in 2020, and thus the Board of Directors reached its objective by the end of 2020. The Board of Directors' gender composition complies with the Danish Business Authority's guidelines regarding the rules on objectives and policies for composition by gender in management and reporting hereof and therefore the Board of Directors is not under obligation to set a new objective.

In 2018, the Board of Directors decided that the number of female leaders in TDC Group, including subsidiaries, at all management levels below the Board of Directors and the Executive Committee shall no longer reflect the proportionate dispersion of the number of women in the company, corresponding to a factor of 100, but has set an ambition to reach a 50/50 gender balance in management.

The Board has annual check-ins on diversity progress. Furthermore, selected diversity numbers are reported as part of TDC´s CSR strategy.

In 2020, as in recent years, the Board of Directors formally evaluated its performance. The purpose was to identify any possible improvement areas for the Board of Directors concerning the quality of its work and thereby its value creation for the company. The Board of Directors' evaluation revealed that the Board is functioning efficiently and did not give rise to any substantial changes in the way the Board conducts its work.

In 2020, the Board of Directors held six ordinary meetings, with an overall attendance rate of 99%.

Board committees

The Board of Directors has established a Compensation and Nomination Committee, an Audit Committee and a Health and Safety Committee to supervise certain fields and prepare cases to be decided on subsequently by the Board of Directors. Further information about the committees and the committee mandates and charters are available at:
tdcgroup.com/en/who-we-are/corporate-governance/committees.

In 2020, the Audit Committee held four ordinary meetings, with an overall attendance rate of 89%.

In 2020, the Compensation and Nomination Committee held four ordinary meetings, with an overall attendance rate of 100%.

In 2020, the Health and Safety Committee held six ordinary meetings, with an overall attendance rate of 83%.

Internal control and risk management system for financial reporting

TDC's internal control and risk management systems for financial reporting are designed to provide assurance that internal and external financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act, as well as the assurance that true and fair financial statements without material misstatements and irregularities are presented.

TDC's detailed statutory reporting for 2020 on internal control and risk management systems for financial reporting is included as part of TDC's Corporate Governance Statement 2020 at tdcgroup.com/en/who-we-are/corporate-governance.

Whistleblower scheme

TDC adopted a whistleblower scheme in 2011, and since then, our employees have had access to anonymously report possible or suspected wrongdoings at the Company.

Financial notifications are a matter for the Audit Committee, which prepares a recommendation for decision by the Board of Directors. Other notifications of wrongdoings are a matter for the Chairman of the Board of Directors. In 2020, one report was submitted to the whistleblower system.

Board of Directors

Michael Parton
Chairman

First elected	14 May 2018
Re-elected	29 April 2020
Term to expire	2021
Nationality	British
Born	1954
Independence	Dependent[1]

Education
Trained as Chartered Management Accountant.

Management duties
Chairman of the Board of Directors of Arqiva and member of the Chartered Institute of Management Accountants.

Martin Bradley
Chairman of the Health and Safety Committee

First elected	14 May 2018
Re-elected	29 April 2020
Term to expire	2021
Nationality	British
Born	1971
Independence	Dependent[2]

Education
BSc in Financing, 1993, Loughborough University, United Kingdom.

Management duties
Senior Managing Director at Macquarie Infrastructure and Real Assets; Head of European Utilities and Networks team. Chairman of the Board of Directors of DKT Holding ApS, DKT Finance ApS and Telekommunikation ApS (DKT Group).

Nathan Luckey
Member of the Audit Committee, the Compensation and Nomination Committee and the Health and Safety Committee

First elected	14 May 2018
Re-elected	29 April 2020
Term to expire	2021
Nationality	British
Born	1979
Independence	Dependent[2]

Education
BSc in Engineering, 2003 and BSc in Business (2003), University of Technology, Sydney, Australia.

Management duties
Senior Managing Director at Macquarie Infrastructure and Real Assets; Head of European Digital Infrastructure team. Member of the Board of Directors of DKT holding ApS, DKT Finance ApS and Telekommunikation ApS (DKT Group), Chairman of the Board of Directors of KCOM Group Limited, and member of the Board of Directors of Inea S.A.

Frank Hyldmar
Chairman of the Compensation and Nomination Committee

First elected	29 April 2020
Re-elected	-
Term to expire	2021
Nationality	Danish
Born	1961
Independence	Independent

Education
MSc in Economics, 1989, Copenhagen Business School.

Management duties
Managing Director at Currenta GmbH & Co. OHG and member of the Board of Directors of YIT OY.

Board of Directors

Martin Præstegaard
Chairman of the Audit Committee

First elected	29 April 2020
Re-elected	-
Term to expire	2021
Nationality	Danish
Born	1979
Independence	Dependent[2]

Education
MSc in Political Science, (2002) University of Copenhagen.

Management duties
Vice Chief Executive Officer and Chief Financial Officer at ATP. Member of the Board of Directors of Københavns Lufthavn A/S.

Marianne Dahl
Member

First elected	29 April 2020
Re-elected	-
Term to expire	2021
Nationality	Danish
Born	1974
Independence	Independent

Education
MSc in Economics (1999), Aarhus University.

Management duties
Vice President at Microsoft Western Europe and member of the Board of Directors of DFDS A/S.

Sofia Arhall Bergendorff
Member

First elected	29 April 2020
Re-elected	-
Term to expire	2021
Nationality	Swedish
Born	1969
Independence	Independent

Education
B.A in Journalism, 1992, University of Oregon and MBA, 2003, INSEAD.

Management duties
Director of Partnership at Northern Europe at Google and member of the Board of Directors at BlueStep Bank.

Board of Directors

John Schwartzbach
Service Technician at TDC Group

First elected	8 March 2012
Re-elected	29 April 2020
Term to expire	2024
Nationality	Danish
Born	1959
Independence	Employee member[3]

Zanne Stensballe
Senior Project Manager at Nuuday

First elected	10 March 2016
Re-elected	29 April 2020
Term to expire	2024
Nationality	Danish
Born	1969
Independence	Employee member[4]

Education
Graduate Diploma in Business Administration (Marketing Management, 2000), Storstrøms Handelshøjskolecenter. MBA (2014), AVT Business School.

Thomas Lech Pedersen
Senior Consultant at TDC Group

First elected	10 March 2016
Re-elected	29 April 2020
Term to expire	2024
Nationality	Danish
Born	1976
Independence	Employee member[4]

Education
AU, Human Resources, Business Academy Aarhus

Management duties
Chairman of the Association of Managers and Employees in Special Positions of Trust (Lederforeningen).

Lars Jørgensen
Service Technician at TDC A/S

First elected	29 April 2020
Re-elected	-
Term to expire	2024
Nationality	Danish
Born	1963
Independence	Employee member[4]

Education
Electrician (1983).

[1] Due to provision of consultant service contract with DK Telekomminikation, Parent Company to TDC A/S, in addition to the membership of the Board of Directors.
[2] Due to the fact that the Board member is employed by one of TDC A/S Consortium Investors.
[3] Appointed by Hovedsamarbejdsudvalget (HSU) as an employee board member in accordance with the Articles of Association section 13a.
[4] Elected by the employees.

Executive Committee

TDC Group

Henrik Clausen
CEO & President

Born
1964

Appointed
Appointed to the Executive Committee in 2019.

Education
MSC Electrical Engineering (1987), Technical University of Denmark

Management duties
Member of the Board of Directors of Technical University of Denmark, Chairman of the Board of Directors of TDC NET A/S and member of the Board of Directors of Nuuday A/S.

TDC Group

Lasse Pilgaard
Senior Executive Vice President
Chief Finance Officer

Born
1987

Appointed
Appointed to the Executive Committee in 2018.

Education
MSc in Business and Economics (2011), Aarhus University.

Management duties
Chairman of the Board of Directors of Nuuday A/S and member of the Board of Directors of TDC NET A/S.

TDC Group

Jens Aaløse
Senior Executive Vice President

Born
1966

Appointed
Appointed to the Executive Committee in 2013.

Education
BSc Business Administration, Copenhagen Business School.

Management duties
Chairman of the Board of Directors of Sticks N Sushi Group A/S, Vice Chairman of the Board of Directors of Dansk Erhverv, Vice Chairman of the Board of Directors of Topdanmark A/S, member of the Board of Directors of FDM Travel A/S, member of the Board of Directors of TDC NET A/S and member of the Board of Directors of Nuuday A/S.

Investor Information

Investor communication

The company's Investor Relations site, investor.tdc.com, provides access to information on TDC Group's debt, financial information, financial reports, announcements, financial calendar and contact details for Investor Relations. The site also provides investors with webcasts, presentations and analyst conference calls.

Capital structure

The Board of Directors has assessed TDC Group's capital structure and funding sources and found these to be in the best interests of the Company and its shareholders and adequate for the coming period.

Amendments to the Articles of Association

A resolution to amend the Articles of Association is subject to adoption by a qualified majority (depending on the specific amendment) or by unanimity, as stated in Sections 106 and 107 of the Danish Companies Act. The Articles of Association contain no further requirements than those stated in the Danish Companies Act regarding amendments to articles of association.

Authorisations to the Board of Directors

The Board of Directors is authorised to resolve to distribute an interim dividend provided the Company's and the Group's financial positions warrant such distribution. The authorisation has no time limit.

Investor contacts

Investor enquiries regarding the Company's debt instruments should be made to Investor Relations:

Henrik Hjortshøj-Nielsen
Head of Treasury and Investor Relations
investorrelations@tdc.dk

TDC Investor Relations Teglholmsgade 1
DK-0900 Copenhagen C Denmark
Tel: +45 66 63 76 80

Financial calendar 2021

06 May	Interim financial statements Q1 2021
13 August	Interim financial statements Q2 2021
05 November	Interim financial statements Q3 2021
31 December	End of financial year 2021

Consolidated financial statements

Financial statements

Content

Notes to consolidated financial statements

Consolidated income statement

(DKKm)	Note	2020	2019
Revenue	2.1,2.2	16,089	17,044
Cost of sales	2.3	(4,626)	(4,945)
Gross profit		11,463	12,099
External expenses	2.4	(2,044)	(2,375)
Personnel expenses	2.5	(3,172)	(3,384)
Other income	2.2	173	184
Operating profit before depreciation, amortisation and special items (EBITDA)		6,420	6,524
Depreciation, amortisation and impairment losses	2.6	(4,936)	(5,164)
Special items	2.7	(192)	(194)
Operating profit (EBIT)		1,292	1,166
Financial income and expenses	4.5	(1,056)	(995)
Profit/(loss) before income taxes		236	171
Income taxes	2.8	(85)	9
Profit for the year		**151**	**180**
Attributable to:			
Shareholders of TDC A/S		151	179
Non-controlling interests		0	1
Profit for the year		**151**	**180**

Consolidated statement of comprehensive income

(DKKm)	Note	2020	2019
Profit for the year		151	180
Items that may subsequently be reclassified to the income statement:			
Reversal of currency translation adjustments, foreign enterprises		(7)	0
Change in fair value adjustments of cash flow hedges transferred to financial expenses		44	45
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans	3.7	849	763
Income tax relating to remeasurement of defined benefit pension plans	2.8	(187)	(168)
Other comprehensive income		699	640
Total comprehensive income		**850**	**820**
Attributable to:			
Shareholders of TDC A/S		850	819
Non-controlling interests		0	1
Total comprehensive income		**850**	**820**

Consolidated balance sheet

Assets (DKKm)	Note	2020	2019
Non-current assets			
Intangible assets	3.1	24,498	24,903
Property, plant and equipment	3.2	15,964	14,752
Lease assets	3.3	3,433	4,472
Joint ventures, associates and other investments		56	70
Pension assets	3.7	8,028	7,463
Other receivables		200	194
Prepaid expenses		23	33
Total non-current assets		**52,202**	**51,887**
Current assets			
Inventories		200	232
Trade receivables	3.4	1,656	1,854
Other receivables		61	204
Contract assets	3.5	378	395
Amounts owed by group companies		0	5
Amounts owed by joint ventures and associates		1	0
Income tax receivable	2.8	174	0
Derivative financial instruments	4.6	45	116
Prepaid expenses		689	624
Cash		434	1,577
Total current assets		**3,638**	**5,007**
Total assets		**55,840**	**56,894**

Equity and liabilities (DKKm)	Note	2020	2019
Equity			
Share capital	4.1	812	812
Other reserves		(96)	(133)
Retained earnings		14,538	14,605
Equity attributable to shareholders of TDC A/S		**15,254**	**15,284**
Non-controlling interests		0	2
Total equity		**15,254**	**15,286**
Non-current liabilities			
Deferred tax liabilities	2.8	3,386	3,406
Provisions	3.6	403	331
Lease liabilities	3.3	3,818	4,751
Loans	4.2,4.6	22,690	22,976
Other payables		381	138
Total non-current liabilities		**30,678**	**31,602**
Current liabilities			
Loans	4.2,4.6	30	91
Lease liabilities	3.3	489	491
Short-term bank loans	4.2,4.6	5	681
Trade payables		4,722	4,309
Other payables		1,936	1,751
Contract liabilities	3.5	2,398	2,455
Amounts owed to joint ventures and associates		0	3
Income tax payable		0	2
Derivative financial instruments	4.6	270	143
Provisions	3.6	58	80
Total current liabilities		**9,908**	**10,006**
Total liabilities[1]		**40,586**	**41,608**
Total equity and liabilities		**55,840**	**56,894**
[1] Total liabilities excl. impact from IFRS 16		36,337	36,431

Consolidated statement of cash flows

(DKKm)	Note	2020	2019
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		6,420	6,524
Adjustment for non-cash items	5.1	218	190
Pension contributions	3.7	197	133
Payments related to provisions	3.6	(24)	(45)
Special items	2.7	(234)	(128)
Change in working capital	5.2	293	(110)
Interest received	4.5	324	326
Interest paid	4.5	(1,285)	(1,335)
Income tax paid	2.8	(468)	(334)
Operating activities in continuing operations		5,441	5,221
Operating activities in discontinued operations		0	(3)
Total cash flow from operating activities		**5,441**	**5,218**
Investing activities			
Investment in enterprises		(6)	(140)
Investment in property, plant and equipment	3.2	(3,233)	(3,400)
Investment in intangible assets	3.1	(1,502)	(1,621)
Investment in other non-current assets		(3)	(1)
Divestment of enterprises		0	2
Sale of other non-current assets		36	30
Change of loans to joint ventures and associates		(6)	(1)
Dividends received from joint ventures and associates		0	1
Investing activities in continuing operations		(4,714)	(5,130)
Investing activities in discontinued operations		0	0
Total cash flow from investing activities		**(4,714)**	**(5,130)**

(DKKm)	Note	2020	2019
Financing activities			
Settlement of derivatives related to long-term loans		0	(136)
Lease repayments		(298)	(314)
Change in short-term bank loans		(676)	681
Dividends to non-controlling interest		0	(1)
Other changes in non-controlling interest		(7)	0
Dividends paid		(875)	(995)
Financing activities in continuing operations		(1,856)	(765)
Financing activities in discontinued operations		0	0
Total cash flow from financing activities		**(1,856)**	**(765)**
Total cash flow		**(1,129)**	**(677)**
Cash and cash equivalents (beginning of period)		1,577	2,244
Effect of exchange-rate changes on cash and cash equivalents		(14)	10
Cash and cash equivalents at 31 December		**434**	**1,577**

Consolidated statement of changes in equity

(DKKm)	Share capital	Reserve for currency translation adjustment	Reserve for cash flow hedges	Retained earnings	Total	Non-controlling interests	Total
	Attributable to shareholders of TDC A/S[1]						
Equity at 1 January 2019	812	7	(185)	14,826	15,460	2	15,462
Profit for the year	-	-	-	179	179	1	180
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	-	45	-	45	-	45
Remeasurement effects of defined benefit pension plans	-	-	-	763	763	-	763
Income tax relating to remeasurement effects of defined benefit pension plans	-	-	-	(168)	(168)	-	(168)
Total comprehensive income	0	0	45	774	819	1	820
Distributed dividends	-	-	-	(995)	(995)	(1)	(996)
Total transactions with shareholders	0	0	0	(995)	(995)	(1)	(996)
Equity at 31 December 2019	**812**	**7**	**(140)**	**14,605**	**15,284**	**2**	**15,286**
Profit for the year	-	-	-	151	151	-	151
Reversal of currency translation adjustments, foreign enterprises	-	(7)	-	-	(7)	-	(7)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	-	44	-	44	-	44
Remeasurement effects related to defined benefit pension plans	-	-	-	849	849	-	849
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	-	(187)	(187)	-	(187)
Total comprehensive income	0	(7)	44	813	850	0	850
Distributed dividends	-	-	-	(875)	(875)	-	(875)
Decrease in non-controlling interest	-	-	-	(5)	(5)	(2)	(7)
Total transactions with shareholders	0	0	0	(880)	(880)	(2)	(882)
Equity at 31 December 2020	**812**	**-**	**(96)**	**14,538**	**15,254**	**-**	**15,254**

1 See also note 4.1 for an explanation of distributable reserves and dividend.

Section 1

Basis of preparation

This section sets out the basis of preparation, which relates to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Similarly, critical sources of estimation uncertainty are described in the notes to which they relate.

In this section

1.1 | Accounting policies

TDC Group's consolidated financial statements for 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for sale, and financial instruments held to collect and sell.

When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered critical to the preparation of the consolidated financial statements are shown in note 1.2 below.

The accounting policies are unchanged compared with the policies applied in the Annual Report 2019.

Consolidation policies

The consolidated financial statements include the financial statements of the parent company and subsidiaries of which TDC A/S has direct or indirect control. Joint ventures of which the Group has joint control and associates of which the Group has significant influence are recognised using the equity method.

The consolidated financial statements have been prepared on the basis of the financial statements of TDC A/S and its consolidated enterprises, which have been restated to Group accounting policies, combining items of a uniform nature.

On consolidation, intra-group income and expenses; shareholdings, dividends, internal balances; and realised and unrealised profits and losses on transactions between the consolidated enterprises have been eliminated.

1.2 | Critical accounting estimates and judgements

The preparation of TDC Group's annual report requires Management to exercise judgement in applying the Group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised during the period in which the estimates are revised and during any future periods affected.

The following areas involve a higher degree of estimates or complexity and are outlined in more detail in the related notes on:

Notes		Critical accounting estimates and judgements	Estimates /judgements
2.2	Revenue	Assessment of principal or agent	Judgement
		Assessment of contracts involving complex sale of goods and services	Judgement
2.7	Special items	Assessment of special events or transactions	Judgement
3.1	Intangible assets	Assumptions for useful lives	Estimate
		Assumptions used for impairment testing	Estimate
3.3	Lease assets	Assumptions related to write-down of lease assets re. vacant tenancies	Estimate
		Assumptions related to extension options	Judgement
3.7	Defined benefit plans	Assumptions for discount rates, wage inflation and mortality	Estimate

1.3 | New accounting standards

TDC Group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2020. None of the changes have affected recognition or measurement in the financial statements nor are they expected to have any future impact.

At 29 April 2021, IASB had approved a number of new accounting standards and changes to standards that are not yet effective. TDC has evaluated the standards and none of them are expected to be relevant to the Group and are therefore not expected to have an impact on the financial statements.

Section 2

Profit for the year

This section focuses on disclosures of details of the TDC Group's results for the year including segment reporting, special items and taxation. A detailed review of revenue, EBITDA and profit for the year is provided in the section 'Our performance' in the Management's review.

In this section

2.1 | Segment reporting

Worth noting

TDC Group consists of the three operating segments: Nuuday, TDC NET and Group Functions.

Nuuday develops and markets the best communications and entertainment services, including the development of new innovative products and digital solutions.

TDC NET designs, builds, and runs Denmark's best broadband and mobile networks and delivers highly qualified technical support to customers and the networks.

Group Functions governs, advises and delivers shared services to the business units including management and property services.

For further information, see TDC Group in brief.

Accounting policies

Operating segments are reported in a manner consistent with the internal management and reporting structure.

Profit before depreciation, amortisation and special items (EBITDA) represents the profit earned by each segment. The operating segments are managed primarily on the basis of EBITDA.

Segment results are accounted for in the same way as in the consolidated financial statements.

Segment income and segment expenses are those items that, in our internal management reporting, are directly attributable to individual segments. Intersegment transactions are made on market terms.

In 2020, the treatment of leases relating to properties and cars in the segment reporting for Nuuday and TDC NET was changed. These leases are now recognised as depreciation and interest expenses in accordance with IFRS 16. Previously, these leases were recognised as operating expenses.

The allocation between external revenue and revenue across segments regarding mobile interconnect revenue has been changed.

Comparative figures have been restated accordingly.

2.1 | Segment reporting (continued)

Activities (DKKm)	Nuuday 2020	Nuuday 2019	TDC NET 2020	TDC NET 2019	Group Functions 2020	Group Functions 2019
External revenue	14,709	15,569	1,373	1,471	7	4
Revenue across segments	47	56	5,455	5,579	-	-
Total revenue	**14,756**	**15,625**	**6,828**	**7,050**	**7**	**4**
Cost of sales	(9,438)	(9,730)	(381)	(462)	(1)	-
Gross profit	**5,318**	**5,895**	**6,447**	**6,588**	**6**	**4**
Operating expenses	(3,433)	(3,979)	(2,261)	(2,413)	(901)	(941)
Other income and expenses	51	119	248	240	1,347	1,422
EBITDA	**1,936**	**2,035**	**4,434**	**4,415**	**452**	**485**

	Eliminations 2020	Eliminations 2019	TDC Group 2020	TDC Group 2019
External revenue	-	-	16,089	17,044
Revenue across segments	(5,502)	(5,635)	-	-
Total revenue	**(5,502)**	**(5,635)**	**16,089**	**17,044**
Cost of sales	5,194	5,247	(4,626)	(4,945)
Gross profit	**(308)**	**(388)**	**11,463**	**12,099**
Operating expenses	1,379	1,574	(5,216)	(5,759)
Other income and expenses	(1,473)	(1,597)	173	184
EBITDA	**(402)**	**(411)**	**6,420**	**6,524**

Reconciliation of EBITDA to profit before income taxes (DKKm)	2020	2019
Total EBITDA from reportable segments	6,420	6,524
Unallocated:		
Depreciation, amortisation and impairment losses	(4,936)	(5,164)
Special items	(192)	(194)
Financial income and expenses	(1,056)	(995)
Consolidated profit before income taxes	**236**	**171**

2.2 | Revenue

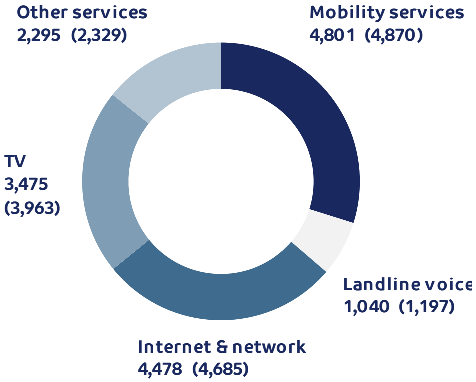
	Nuuday							
	Consumer		Business		Other		Nuuday total	
External revenue specified by services (DKKm)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Landline voice	419	494	508	573	0	0	927	1,067
Mobility services	3,004	3,049	1,173	1,237	550	523	4,727	4,809
Internet & network	2,492	2,593	1,114	1,208	0	0	3,606	3,801
TV	3,402	3,890	24	30	43	4	3,469	3,924
Other services	810	810	1,163	1,142	7	16	1,980	1,968
External revenue, total	**10,127**	**10,836**	**3,982**	**4,190**	**600**	**543**	**14,709**	**15,569**

	TDC NET		Group functions		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Landline voice	113	130	0	0	1,040	1,197
Mobility services	74	61	0	0	4,801	4,870
Internet & network	872	884	0	0	4,478	4,685
TV	6	39	0	0	3,475	3,963
Other services	308	357	7	4	2,295	2,329
External revenue, total	**1,373**	**1,471**	**7**	**4**	**16,089**	**17,044**

2.2 | Revenue (continued)

(DKKm)	2020	2019
Sales of goods recognised at a point in time	1,376	1,323
Sales of services recognised over time	14,713	15,721
Total	**16,089**	**17,044**

External revenue[1] from goods and services (DKKm)



Critical accounting judgements

Revenue recognition for a telecom operator is a complex area of accounting that requires management estimates and judgements.

Recognition of revenue depends on whether the Group acts as a principal in a transaction or an agent representing another company. Whether the Group is considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When the Group acts as the principal, revenue is recognised at the agreed value, whereas when the Group acts as an agent, revenue is recognised as the commission the Group receives for arranging the agreement.

Judgements of whether the Group acts as a principal or as an agent impact on the amounts of recognised revenue and operating expenses, but do not impact on net profit for the year or cash flows. Judgements of whether the Group acts as a principal are used primarily in transactions covering content.

When the Group concludes contracts involving complex sale of goods and services, management estimates are required to determine whether goods and services shall be recognised together or as separate goods and services.

Management estimates are also used for allocating the transaction price to the individual elements based on their respective fair values, if judged to be recognised separately. For example, business customer contracts can comprise several elements related to mobile phones, subscriptions, leases, etc.

[1] 2019 figures in brackets.

2.2 | Revenue (continued)

Accounting policies

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

The Group derives revenue from the transfer of goods and services to customers in the main segments as shown in the table above.

Consumer sells to households and the contracts are primarily perpetual, with the same service provided until the customer terminates the contract. Some of the contracts include a non-cancellation period of six months. Consumer also has contracts with antenna associations for longer periods.

Business sells digital solutions to enterprises and public segments. Business offers modular solutions for small and medium-sized enterprises, as well as customised solutions for public and large enterprises. Modular self-service contracts are perpetual and contracts with customised solutions are for longer periods, e.g. 3-5 years.

Wholesale delivers services from plain access to full-service packages to service providers. Wholesale revenue is partly regulated.

The significant sources of revenue are recognised in the income statements as follows:

- revenues from subscription fees and flat-rate services are recognised over the subscription period
- revenues from telephony are recognised at the time the calls are made
- sales related to prepaid services are deferred, and revenues are recognised at the time of use
- revenues from leased lines are recognised over the rental period
- revenues from the sale of equipment are recognised on delivery. Revenues from the equipment maintenance are recognised over the contract period

Revenue arrangements with multiple deliverables are recognised as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions. Such revenues include the sale of equipment located at customer premises, e.g. switchboards and handsets.

The transaction price in revenue arrangements with multiple deliverables, such as handsets and subscriptions, are allocated to each performance obligation based on the stand-alone selling price. Where the selling price is not directly observable, it is estimated based on expected cost plus a margin. Discounts on bundled sales are allocated to each element in the contract.

Contracts with similar characteristics have been evaluated using a portfolio approach due to the large number of similar contracts.

In case of contracts for longer periods, and if the payment exceeds the services rendered, contract liabilities are recognised, see note 3.5.

Revenues are recognised gross when TDC Group acts as the principal in a transaction. For content-based services and the resale of services from content providers where TDC Group acts as the agent, revenues are recognised net of direct costs.

The percentage-of-completion method is used to recognise revenue from contract work in progress based on an assessment of the stage of completion. Contract work in progress includes installation of telephone and IT systems, systems integration and other business solutions.

Non-refundable up-front connection fees are included in the total transaction price for the contract with the customer and thereby allocated to the identified performance obligations (services).

The period between the transfer of the service to the customer and the payment by the customer is not of an extent that gives reason to adjust the transaction prices for the time value of money.

Other income

Other income comprises mainly rental income, compensation for cable breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

2.3 | Cost of sales

(DKKm)	**2020**	**2019**
Mobility services	(573)	(570)
Landline voice	(81)	(110)
Internet & network	(297)	(369)
TV	(1,956)	(2,233)
Other services	(1,719)	(1,663)
Total	**(4,626)**	**(4,945)**

Accounting policies

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and landline networks and leased transmission capacity as well as interconnection and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-programme rights and other content costs.

2.4 | External expenses

(DKKm)	**2020**	**2019**
Marketing and advertising	(215)	(247)
Subscriber acquisition and retention, cf. note 3.5	(141)	(276)
Properties	(371)	(341)
IT	(381)	(350)
Temps and personnel-related expenses	(141)	(242)
Other	(795)	(919)
Total	**(2,044)**	**(2,375)**

Accounting policies

External expenses include expenses related to marketing and advertising, IT, property, expenses related to staff, capacity maintenance, service contracts, etc.

2.5 | Personnel expenses

(DKKm)	2020	2019
Wages and salaries (including short-term and long-term bonuses)	(3,954)	(3,968)
Pensions:		
• defined benefit plans	(96)	(101)
• defined contribution plans	(310)	(304)
Social security	(74)	(84)
Total	**(4,434)**	**(4,457)**
Of which capitalised as tangible and intangible assets[1]	1,262	1,073
Total personnel expenses recognised in the income statement	**(3,172)**	**(3,384)**

[1] Primarily software and network infrastructure.

Remuneration for the key management and the Board of Directors[2] (DKKm)	2020	2019
Base salary (incl. benefits)	22.3	24.6
Cash bonus	16.4	20.8
Retention allowance[1]	8.8	69.6
Pensions	3.7	4.2
Long-term incentive programme	4.3	3.6
Management incentive programme (cf. note 6.1)	1.8	0.0
	57.3	122.8
Redundancy compensation	0.0	24.2
Key management in total	57.3	147.0
Fee to the Board of Directors	5.8	4.9
Total	**63.1**	**151.9**

[1] In addition to the retention element, the allowance is linked to reaching a number of strategic targets in the execution of the new strategy.
[2] During 2020, the remuneration to the key management (excluding redundancy compensation) comprised 5.0 members on average (2019: 5.7 members).

Number of full-time employee equivalents	2020	2019
1 January	7,498	7,126
Redundancy programmes	(405)	(58)
Acquisitions and divestments	42	38
Insourcing	23	0
Hirings and resignations	(126)	392
31 December	**7,032**	**7,498**
Former Danish civil servants	65	72
Employees entitled to pension from TDC Group's pension fund	711	767
Other employees	6,256	6,659
31 December	**7,032**	**7,498**
Of which in Denmark[1]	**7,032**	**7,405**
Average number of full-time employee equivalents, TDC Group[2]	**7,260**	**7,327**

[1] In 2019 employees outside Denmark are employed by Contact Center Europe GmbH, Flensburg, Germany.
[2] The average number of full-time employee equivalents seconded to external parties in connection with outsourcing of tasks or divestment of operations and entitled to pensions on conditions similar to those provided for Danish civil servants is not included in the reported figures (76 in 2020 and 100 in 2019).

Comments

The key management consists of the Executive Committee as well as Andreas Pfisterer (CEO of TDC NET) and Michael Moyell Juul (CEO of Nuuday).

Remuneration for the Executive Committee amounted to DKK 36.5m (2019: DKK 108.4m) of which DKK 2.3m are pensions and DKK 3.5m are other long-term benefits.

2.5 | Personnel expenses (continued)

Accounting policies

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

Pension costs
See note 3.7.

Full-time employee equivalents
The number of full-time employee equivalents includes permanent employees and trainees.

Employees who are entitled to pensions on conditions similar to those provided for Danish civil servants and who are seconded to external parties in connection with outsourcing of tasks or divestment of operations are not included in the reported numbers.

Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until 31 December. Employees in divested enterprises are included as the average number of full-time employee equivalents from 1 January until the time of divestment.

2.6 | Depreciation, amortisation and impairment losses

(DKKm)	2020	2019
Amortisation of intangible assets, cf. note 3.1	(1,794)	(1,639)
Depreciation of property, plant and equipment, cf. note 3.2	(2,743)	(3,086)
Depreciation of lease assets, cf. note 3.3	(394)	(382)
Impairment losses, cf. notes 3.1 and 3.2	(42)	(85)
Of which capitalised as tangible and intangible assets	37	28
Total	**(4,936)**	**(5,164)**

Comments

The increase in amortisation was driven by an increased amortisation base on software.

The decrease in depreciation from 2019 to 2020 was due primarily to the increased useful lives of various network equipment and a decreased depreciation base resulting from various fully depreciated assets. The decrease was also impacted by the 2019 reduction of useful lives of existing mobile equipment as a result of the replacement with Ericsson equipment.

2.7 | Special items

(DKKm)	2020	2019
Costs related to redundancy programmes	(172)	(72)
Other restructuring costs, etc.	0	(80)
Distribution of ”excess capital” to members of TDC Pension Fund	(35)	(24)
Profit on sale of enterprises	1	0
Loss on sale of enterprises	(2)	(5)
Profit on sale of other investments	21	0
Loss from rulings	(2)	(1)
Adjustment of purchase price re. acquisition of enterprises	(2)	(1)
Costs related to acquisition of enterprises	(1)	(11)
Special items before income taxes	**(192)**	**(194)**
Income taxes related to special items	37	36
Special items related to joint ventures and associates	0	2
Total special items	**(155)**	**(156)**

Cash flow from special items (DKKm)	2020	2019
Redundancy programmes	(161)	(70)
Rulings	(2)	0
Other	(71)	(58)
Total	**(234)**	**(128)**

2.7 | Special items (continued)

Worth noting

Special items are significant amounts that Management considers are not attributable to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises. Special items consist of both recurring and non-recurring items.

	2020			2019		
Reconciliation of special items (DKKm)	**Reported income statement**	**Special items**	**Adjusted income statement**	**Reported income statement**	**Special items**	**Adjusted income statement**
Revenue	16,089	0	16,089	17,044	0	17,044
Cost of sales	(4,626)	0	(4,626)	(4,945)	0	(4,945)
Gross profit	11,463	0	11,463	12,099	0	12,099
External expenses	(2,044)	(14)	(2,058)	(2,375)	(94)	(2,469)
Personnel expenses	(3,172)	(196)	(3,368)	(3,384)	(95)	(3,479)
Other income	173	18	191	184	0	184
Other expenses	0	0	0	0	(5)	(5)
Operating profit before depreciation and amortisation	6,420	(192)	6,228	6,524	(194)	6,330
Depreciation, amortisation and impairment losses	(4,936)	0	(4,936)	(5,164)	0	(5,164)
Special items	(192)	192	0	(194)	194	0
Operating profit	1,292	0	1,292	1,166	0	1,166
Financial income and expenses	(1,056)	0	(1,056)	(995)	0	(995)
Profit before income taxes	**236**	**0**	**236**	**171**	**0**	**171**

Critical accounting judgements

In the Group's income statement, special items are presented as a separate item. Special items include income or costs that in Management's judgement shall be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence of the transaction or event, including whether the event or transaction is recurring. This is consistent with the way that financial performance is measured by Management and reported to the Board of Directors, and facilitates meaningful analysis of the Group's operating results.

Accounting policies

Special items, as described above, are disclosed on the face of the income statement. Items of a similar nature for non-consolidated enterprises are recognised in profit from joint ventures and associates.

2.8 | Income taxes

Worth noting

A large part of TDC Group's deferred tax liabilities relates to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relations and brands). The deferred tax liabilities relating to customer relationships and brands stem primarily from the merger of TDC A/S and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

	2020			2019		
Reconciliation of income taxes (DKKm)	**Income taxes expensed**	**Income tax payable/ (receivable)**	**Deferred tax liabilities/ (assets)**	**Income taxes expensed**	**Income tax payable/ (receivable)**	**Deferred tax liabilities/ (assets)**
At 1 January	-	2	3,406	-	(77)	3,653
Additions relating to acquisition of enterprises	-	0	0	-	-	7
Income taxes for the year	(95)	290	(195)	(81)	357	(276)
Adjustment of tax for previous years	10	2	(12)	90	56	(146)
Tax relating to remeasurement effects from defined benefit plans	-	-	187	-	-	168
Income tax paid	-	(468)	-	-	(334)	-
Total	**(85)**	**(174)**	**3,386**	**9**	**2**	**3,406**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities	-	0	3,386	-	2	3,406
Tax receivable/deferred tax assets	-	(174)	0	-	0	0
Total	**-**	**(174)**	**3,386**	**-**	**2**	**3,406**
Income taxes are specified as follows:						
Income excluding special items	(122)	-	-	(27)	-	-
Special items	37	-	-	36	-	-
Total	**(85)**	**-**	**-**	**9**	**-**	**-**

2.8 | Income taxes (continued)

Specification of deferred tax (DKKm)	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Total[1]	2019
Intangible assets	0	73	73	81
Other	0	20	20	32
Current	**0**	**93**	**93**	**113**
Intangible assets	0	2,118	2,118	2,182
Property, plant and equipment	(376)	0	(376)	(351)
Lease assets and liabilities	(194)	0	(194)	(170)
Pension assets and pension liabilities	0	1,766	1,766	1,642
Tax value of tax-loss carryforwards	(12)	0	(12)	(8)
Other	(9)	0	(9)	(2)
Non-current	**(591)**	**3,884**	**3,293**	**3,293**
Deferred tax at 31 December	**(591)**	**3,977**	**3,386**	**3,406**

[1] The total net deferred tax is recognised as a liability in the balance sheet.

Reconciliation of effective tax rate (DKKm)	2020 DKKm	2020 %	2019 DKKm	2019 %
Danish corporate income tax rate	(94)	22.0	(81)	22.0
Limitation on the tax deductibility of interest expenses	(41)	9.6	(38)	10.4
Tax value of non-capitalised tax losses and utilised tax losses, net	0	0	2	(0.6)
Adjustment of tax for previous years	14	(3.3)	90	(24.4)
Other	(1)	0.2	0	0
Effective tax excluding special items	**(122)**	**28.5**	**(27)**	**7.4**
Special items	37	7.5	36	(12.7)
Effective tax including special items	**(85)**	**36.0**	**9**	**(5.3)**

TDC A/S participates in joint taxation with all its Danish subsidiaries and with DK Telekommunikation ApS, DKT Finance ApS and DKT Holdings ApS, of which the latter is the administration company in the joint taxation. The jointly taxed companies are jointly and severally liable for the total income taxes, taxes paid on account and outstanding residual tax (with additional payments and interest) relating to the joint taxation.

Reconciliation of effective tax rate

The increasing effective tax rate (excluding special items) was due primarily to a decreased impact of adjustment of tax for previous years.

2.8 | Income taxes (continued)

Accounting policies

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet as income tax payable or income tax receivable.

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases of assets and liabilities at the balance sheet date. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by TDC Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-losses carried forwards are recognised when it is likely that these will be utilised in the foreseeable future.

Deferred tax is adjusted concerning elimination of unrealised intra-group profit and losses.

Deferred tax is measured on the basis of the tax rules and tax rates effective under the legislation in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current income tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement except for the effect of items recognised directly in other comprehensive income.

Deferred tax assets and liabilities are offset in the consolidated balance sheet.

Section 3

Operating assets and liabilities

This section shows the assets used to generate the Group's performance and the resulting liabilities incurred. Assets and liabilities relating to the Group's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.8.

In this section

3.1 | Intangible assets

	2020					2019				
(DKKm)	**Goodwill**	**Customer relationships**	**Brands**	**Other rights, software, etc.**	**Total**	**Goodwill**	**Customer relationships**	**Brands**	**Other rights, software, etc.**	**Total**
Accumulated cost at 1 January	16,231	14,428	5,461	15,572	51,692	16,136	14,409	5,469	13,440	49,454
Additions relating to the acquisition of enterprises	3	0	0	0	3	95	19	4	23	141
Additions	0	0	0	1,409	1,409	0	0	0	2,706	2,706
Assets disposed of or fully amortised	0	0	0	(591)	(591)	0	0	(12)	(597)	(609)
Accumulated cost at 31 December	**16,234**	**14,428**	**5,461**	**16,390**	**52,513**	**16,231**	**14,428**	**5,461**	**15,572**	**51,692**
Accumulated amortisation and write-downs for impairment at 1 January	(3,692)	(12,155)	(114)	(10,828)	(26,789)	(3,692)	(11,765)	(117)	(10,116)	(25,690)
Amortisation	0	(383)	(4)	(1,407)	(1,794)	0	(390)	(5)	(1,244)	(1,639)
Write-downs for impairment	0	0	0	(23)	(23)	0	0	(4)	(65)	(69)
Assets disposed of or fully amortised	0	0	0	591	591	0	0	12	597	609
Accumulated amortisation and write-downs for impairment at 31 December	**(3,692)**	**(12,538)**	**(118)**	**(11,667)**	**(28,015)**	**(3,692)**	**(12,155)**	**(114)**	**(10,828)**	**(26,789)**
Carrying amount at 31 December	**12,542**	**1,890**	**5,343**	**4,723**	**24,498**	**12,539**	**2,273**	**5,347**	**4,744**	**24,903**

Worth noting

TDC Group's intangible assets relate largely to goodwill, customer relations and brands stemming from the merger of TDC A/S and the former parent company NTC ApS in 2009 and the resulting adoption of NTC's purchase price allocation.

Comments

Write-downs for impairment of intangible assets, etc. totalled DKK 23m (2019: DKK 69m) of which DKK 15m related to right to use assets and DKK 7m to termination of various software projects, all in Nuuday.

Assets with indefinite useful lives other than goodwill related to the TDC brand and were unchanged at DKK 5,339m compared with 2019.

The carrying amount of software amounted to DKK 2,477m (2019: DKK 2,284m). The addition of internally developed software totalled DKK 601m (2019: DKK 482m).

The carrying amount of Danish mobile licences included in other rights, software etc., amounted to DKK 2,061m (2019: DKK 2,215m) and is shown in the next table. Of this DKK 83m relates to licences not yet in use.

3.1 | Intangible assets (continued)

Spectrum licences (DKKm)

Spectrum (MHz)	Bandwidth (MHz)	Type/ Technology	Licence expiry	Carrying amount
700	2 x 15 + 1 x 20	Technology neutral	2040	665
800	2 x 20	Technology neutral	2034	355
900	2 x 10	Technology neutral	2034	9
1800	2 x 20	Technology neutral	2032	227
2100	2 x 15 + 1 x 5	Technology neutral	2022	16
2300	1 x 60	Technology neutral	2041	636
2600	2 x 20	Technology neutral	2030	153
Total				**2,061**

Cash flow (DKKm)	**2020**	**2019**
Additions, cf. table above	(1,409)	(2,706)
Instalments regarding mobile licences	(93)	(254)
Non-cash part of acquisition of mobile licences	0	1,339
Cash flow from investment in intangible assets	**(1,502)**	**(1,621)**

Critical accounting estimates

Useful lives

Management estimates useful lives for intangible assets based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that may have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the expected useful lives of these assets is recognised in the financial statements, as soon as any such change has been ascertained, as a change in a critical accounting estimate.

Impairment testing of intangible assets

Intangible assets comprise a significant portion of TDC Group's total assets. The measurement of the recoverable amount of intangible assets is a complex process that requires significant Management judgements in determining various assumptions to be used to calculate cash-flow projections, discount rates and terminal growth rates.

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of intangible assets in future periods. The assumptions used for the impairment testing of goodwill are shown in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

3.1 | Intangible assets (continued)

Impairment testing of goodwill and intangible assets with indefinite useful lives

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at 1 October 2020 and at 1 October 2019, respectively.

Impairment testing is an integral part of TDC Group's budget and planning process, which is based on long-term business plans with projection until 2030. The discount rates applied reflect specific risks relating to the individual cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on long-term business plans approved by Management. The business plans approved by Management follow the operating segments as described in note 2.1.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in Denmark. We apply a negative real growth rate (1.0% perpetuity growth factor) reflecting expectations of relatively saturated markets.

The long-term business plans are based on current trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines.

For the impairment testing of goodwill, TDC Group uses a pre-tax discount rate for each cash-generating unit. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing.

Goodwill relates to Nuuday and TDC NET. The assumptions for calculating the value in use for these significant goodwill amounts are given below.

Key assumptions for calculating the value in use for the significant[1] goodwill amounts

(DKKm)	Nuuday	TDC NET
Carrying amount of goodwill at 31 December 2020 (DKKm)	5,562	6,980
Carrying amount of goodwill at 31 December 2019 (DKKm)	5,562	6,977
Market-based growth rate applied to extrapolated projected future cash flows for the period following 2030	1.0%	1.0%
Applied pre-tax discount rate at 1 October 2020	7.4%	6.3%
Applied pre-tax discount rate at 1 October 2019	8.8%	6.9%

[1] Representing 100% of the total carrying amount in 2020.

Assumptions regarding recoverable amounts and projected earnings

Nuuday

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value. Projections are based on the assumption of a stabilising EBITDA towards 2022 and positive growth hereafter in the long-term business plan based on the following assumptions:

- Landline voice decline from continuation of lower churn and improved product mix
- Growth in mobility services from higher RGUs and ARPU partly offset by the ambition to continue to have superior networks
- Declining broadband gross profit trend due to decreasing RGUs, however offset in the long run by increased ARPUs as customers migrate to high-speed technologies (e.g. Fibre and Coax)
- TV gross profit decline due to RGU-pressure. Focus on future-proof TV technology such as YouTV, a streaming platform, alongside own-produced content, which will improve the RGU trend and generate higher ARPUs
- Opex savings driven by initiatives generated in an extensive savings programme with reductions of external Opex and personnel cost

TDC NET

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value. Projections are based on the assumption of steady EBITDA growth and an EBITDA margin in the long-term business plan based on the following assumptions:

- Positive gross profit development from increased growth in mobility services
- Positive gross profit development from increased growth in fibre broadband, stemming primarily from the investments in the fibre roll-out
- Higher customer demand for data consumption leading to a switch in customer mix from established broadband technologies such as DSL and coax to high-speed fibre technologies with higher ARPU
- Opex savings driven by initiatives generated in an extensive savings programme with reductions of external Opex and personnel cost
- Capex at a higher level in the coming years than historically due to increased investments in fibre roll-out and mobile network in preparation for digital activities

3.1 | Intangible assets (continued)

Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated write-downs for impairment. The carrying amounts of goodwill and brands with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, and are subsequently written down to the recoverable amounts in the income statement if exceeded by the carrying amounts. Write-downs of goodwill are not reversed. For the purpose of impairment testing in the consolidated financial statement, goodwill is allocated to the Group's cash-generating units. The determination of cash-generating units is based on the operating segments in the Group's internal management reporting.

Brands with finite useful lives, licences, proprietary rights, etc. are measured at cost less accumulated amortisation and impairment losses, and are amortised on a straight-line basis over their estimated useful lives.

Customer-related assets are measured at cost less accumulated amortisation and impairment losses, and are amortised using the diminishing-balance method based on the percentage of churn (5% to 33%) corresponding to the expected pattern of consumption of the expected future economic benefits.

Development projects, including costs of computer software purchased or developed for internal use, are recognised as intangible assets if the cost can be calculated reliably and if they are expected to generate future economic benefits. Costs of development projects include wages, external charges, depreciation and amortisation that are directly attributable to the development activities as well as interest expenses in the production period.

Development projects that do not meet the criteria for recognition in the balance sheet are expensed as incurred in the income statement. The main amortisation periods are as follows:

Brands	3-5 years
Mobile licences	16-22 years
Development projects	3-5 years

Development projects in process and intangible assets of indefinite useful lives are tested for impairment at least annually and written down to recoverable amounts in the income statement if exceeded by the carrying amount.

Intangible assets are recorded at the lower of recoverable amount and carrying amount.

Impairment tests on goodwill and other intangible assets with indefinite lives are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying amounts may not be recoverable.

3.2 | Property, plant and equipment

(DKKm)	2020 Land and buildings	2020 Network infra-structure	2020 Equipment	2020 Assets under construction	2020 Total	2019 Land and buildings	2019 Network infra-structure	2019 Equipment	2019 Assets under construction	2019 Total
Accumulated cost at 1 January	435	38,805	2,425	990	42,655	573	36,245	2,148	705	39,671
Effect of changes in presentation at 1 January	-	-	-	-	-	(82)	(85)	(9)	0	(176)
Transfers (to)/from other items	76	939	14	(1,029)	0	(87)	413	176	(502)	0
Transfers from leased assets	0	0	0	0	0	0	80	0	0	80
Additions relating to the acquisition of enterprises	0	0	2	0	2	0	0	0	0	0
Disposals relating to the divestment of enterprises	0	0	0	0	0	0	(4)	(7)	0	(11)
Additions	8	2,768	203	993	3,972	31	2,295	232	787	3,345
Assets disposed of	0	(991)	(214)	0	(1,205)	0	(139)	(115)	0	(254)
Accumulated cost at 31 December	**519**	**41,521**	**2,430**	**954**	**45,424**	**435**	**38,805**	**2,425**	**990**	**42,655**
Accumulated depreciation and write-downs for impairment at 1 January	(47)	(25,707)	(1,816)	(333)	(27,903)	(138)	(22,924)	(1,681)	(331)	(25,074)
Effect of changes in presentation at 1 January	-	-	-	-	-	36	61	9	0	106
Transfers (to)/from other items	(104)	0	104	0	0	61	0	(61)	0	0
Transfers from leased assets	0	0	0	0	0	0	(61)	0	0	(61)
Depreciation	(6)	(2,506)	(231)	0	(2,743)	(6)	(2,880)	(200)	0	(3,086)
Write-downs for impairment	0	(13)	0	(6)	(19)	0	(14)	0	(2)	(16)
Disposal relating to the divestment of enterprises	0	0	0	0	0	0	1	4	0	5
Assets disposed of	0	991	214	0	1,205	0	110	113	0	223
Accumulated depreciation and write-downs for impairment at 31 December	**(157)**	**(27,235)**	**(1,729)**	**(339)**	**(29,460)**	**(47)**	**(25,707)**	**(1,816)**	**(333)**	**(27,903)**
Carrying amount at 31 December	**362**	**14,286**	**701**	**615**	**15,964**	**388**	**13,098**	**609**	**657**	**14,752**

Comments

In 2020, write-downs for impairment totalled DKK 19m (2019: DKK 16m) and related to assets operated by TDC NET.

Cash flow (DKKm)	2020	2019
Additions, cf. table above	(3,972)	(3,345)
Non-cash additions regarding decommissioning obligations	60	14
Change in additions not yet paid	642	(97)
Capitalised depreciations cf. note 2.6	37	28
Cash flow from investment in property, plant and equipment	**(3,233)**	**(3,400)**

3.2 | Property, plant and equipment (continued)

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs for impairment.

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes directly attributable payroll costs, materials, depreciation, parts purchased and services rendered by sub-suppliers or contractors as well as interest expenses in the construction period. Cost also includes estimated decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise personnel expenses together with other external expenses calculated in terms of time spent on self-constructed assets.

The depreciation base is measured at cost less residual value and any write-downs. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as shown in the next table.

Buildings	20 years
Network infrastructure:	
mobile networks	20 years
copper	20 years
coax	20 years
fibre	30 years
exchange equipment	3-15 years
other network equipment	3-20 years
Equipment (computers, tools and office equipment)	3-15 years

The useful lives and residual values of the assets are reviewed regularly. If the residual value exceeds the carrying amount of an asset, depreciation is discontinued.

Property, plant and equipment that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sales price less selling expenses and the carrying amount at the time of sale. The resulting gain or loss is recognised in the income statement under other income or other expenses.

Software that is an integral part of telephone exchange installations, for example, is presented together with the related assets. Useful lives are estimated individually.

Installation materials are measured at the lower of weighted average cost and recoverable amount.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

Property, plant and equipment are recognised at the lower of recoverable amount and carrying amount.

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2020 Land and buildings	2020 Network infrastructure	2020 Vehicles and equipment	2020 Total	2019 Land and buildings	2019 Network infrastructure	2019 Vehicles and equipment	2019 Total
Carrying amount at 1 January	4,276	21	175	4,472	46	24	0	70
Effect of changes in accounting policies at 1 January	-	-	-	-	4,495	24	185	4,704
Additions	95	0	72	167	31	0	68	99
Transfer to property, plant and equipment	0	0	0	0	0	(19)	0	(19)
Lease reassessments	(804)	0	0	(804)	0	0	0	0
Disposals	0	0	(8)	(8)	0	0	0	0
Depreciation	(299)	(6)	(89)	(394)	(296)	(8)	(78)	(382)
Carrying amount at 31 December	**3,268**	**15**	**150**	**3,433**	**4,276**	**21**	**175**	**4,472**

Lease liabilities (DKKm)	**2020**	**2019**
Recognised in the balance sheet at present value:	4,307	5,242
Of which presented as current	(489)	(491)
Total non-current	**3,818**	**4,751**
Maturing between 1 and 3 years	818	826
Maturing between 3 and 5 years	687	677
Maturing between 5 and 10 years	1,262	1,340
Maturing between 10 and 20 years	1,051	1,404
Maturing between 20 and 27 years	0	504
Total non-current	**3,818**	**4,751**

Amounts recognised in the income statement (DKKm)	**2020**	**2019**
Expense relating to short-term leases	(82)	(98)
Expense relating to leases of low-value assets	(1)	(1)
Income from sublease	92	85
Depreciation charge of lease assets, cf. above	(394)	(382)
Interest expense (included in financing costs)	(238)	(244)

Comments

The Group leases various offices, exchanges, mobile sites, retail stores, vehicles and equipment. Rental contracts are typically made for fixed periods of 3 to 15 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The total cash outflow for leases in 2020 was DKK 536m (2019: DKK 558m). The amount is excluding short-term leases and leases of low-value assets.

At 31 December 2020, the future sublease payment amounted to DKK 237m (2019: DKK 268m).

Lease reassessments

TDC is continuously aiming at decommissioning legacy networks as a measure to obtain costs savings in numerous areas, such as rent, power, maintenance, workforce, etc. The most recent business plans for decommissioning legacy networks imply a reduced need for leasing square meters for technical equipment. Accordingly, it is no longer considered to be necessary to exercise certain extension options in TDCs lease agreements. Previously it was considered necessary to use certain extension options until 2047, i.e. beyond the lease termination in 2037-2041. The reassessed business plans have resulted in a DKK 804m reduction in the lease assets and the lease liabilities.

3.3 | Lease assets and liabilities (continued)

Critical accounting estimates and judgements

Impairment tests of lease assets require management to make significant estimates related to vacant tenancies. Management has estimated the expected sublease income net of operating cost. For each category of lease assets (offices, exchanges, etc.) and in consideration of the geographical location, the probability of obtaining income from sublease and expected sublet rent rates is estimated. The most critical assumptions used in determining the write-down relate to the probability of sublease and expected sublet rent rates that will be impacted by e.g. changed market conditions for subletting.

The Group has 162,458 square metres of leased tenancies no longer used by the Group (2019: 163,650). Of this, 95,831 square metres were sublet (2019: 90,479). The leases terminate in 2041 at the latest.

The Group is expected to vacate and sublet additional tenancies in the future, following further reductions in the number of employees and upgrading to technical equipment that requires fewer square metres.

Significant judgements are involved when assessing the future capacity needs for leases and as such the use of extension options.

Accounting policies

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, which is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the lease asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rates are based on our existing credit facilities and observable market data.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the lease asset.

Lease payments are allocated between instalments and financing costs. The financing costs are charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease assets are measured at cost less accumulated depreciation and write-downs for impairment. Cost comprises the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- decommissioning costs.

Lease assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the lease asset is depreciated over the underlying asset's useful life cf. note 3.2.

Impairment tests on lease assets are performed at least annually and, if necessary, when circumstances indicate their carrying amounts may not be recoverable. Write-downs of lease assets related to vacant tenancies are based on expectations concerning timing and scope, future cost level, etc. The calculation of the write-downs comprises rent and operating costs for the contract period minus the expected rental income from subleases.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are expensed as incurred. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.4 | Trade receivables

(DKKm)	2020	2019
Trade receivables	1,860	2,082
Allowances for doubtful debts	(204)	(228)
Trade receivables, net	**1,656**	**1,854**
Allowances for doubtful debts at 1 January	(228)	(242)
Additions	(69)	(70)
Realised losses	70	45
Reversed allowances	23	39
Allowances for doubtful debts at 31 December	**(204)**	**(228)**

Trade receivables (DKKm)	**Not yet due**	**Less than 1 month past due**	**More than 1 month past due**	**More than 3 months past due**	**More than 6 months past due**	**Total**
2020						
Expected loss rate	0%	1%	8%	30%	80%	11%
Gross carrying amount	1,371	156	73	31	229	1,860
Loss allowance	(5)	(1)	(6)	(9)	(183)	(204)
2019						
Expected loss rate	1%	1%	7%	20%	74%	11%
Gross carrying amount	1,453	227	89	41	272	2,082
Loss allowance	(9)	(3)	(6)	(8)	(202)	(228)

Comments

The carrying amount of the balance's approximated fair value is due to the short maturity of amounts receivable.

Of the receivables classified as current assets, DKK 5m falls due after more than one year (2019: DKK 23m).

The impact from COVID-19 has been taken into consideration when estimating the allowances for doubtful debts, but the increase in losses is not expected to be significant.

Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. TDC operates with standard customer payment terms where customer subscriptions are billed and paid in advance of the subscription period, while usage and one-off services are billed and paid after the subscription period. The receivables are generally due for settlement within 20-30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

TDC Group applies the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, contract assets and lease receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.5 | Contract assets and liabilities

(DKKm)	2020	2019
Assets recognised from costs to obtain a contract (SAC)	212	237
Assets recognised from costs to fulfil a contract	109	64
Work in progress for the account of third parties	57	94
Total contract assets	**378**	**395**
Deferred subscription income	2,310	2,417
Other deferred income	43	0
Work in progress for the account of third parties, liabilities	45	38
Total contract liabilities	**2,398**	**2,455**

Comments

Of the deferred subscription income, DKK 38m (2019: DKK 32m) will be recognised as income after more than one year.

Revenue recognised in 2020 that was included in deferred subscription income at the beginning of the period amounted to DKK 2,358m (2019: DKK 2,521m).

Costs recognised in 2020 that were included in assets recognised from costs to obtain a contract (SAC) at the beginning of the period amounted to DKK 148m (2019: DKK 174m).

Of the assets recognised from costs to obtain a contract (SAC), DKK 79m (2019: DKK 89m) and DKK 80m (2019: DKK 38m) of costs to fulfil a contract will be recognised as costs after more than one year.

Accounting policies

Subscriber acquisition costs and fulfilment costs

The most common subscriber acquisition costs are dealer commissions. Subscriber acquisition costs and fulfilment costs are capitalised and recognised as expenses in external expenses and personnel expenses over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the expenses for any period.

Deferred subscription income recognised as a liability comprises payments received from customers covering income in subsequent years.

3.6 | Provisions

(DKKm)	2020 Decommissioning obligations	2020 Restructuring obligations	2020 Other provisions	2020 Total	2019
Provisions at 1 January	247	77	87	411	1,088
Effect of changes in accounting policies at 1 January	-	-	-	-	(682)
Provisions made	10	171	14	195	121
Change in present value	51	0	0	51	10
Provisions used (payments)	(4)	(175)	(17)	(196)	(116)
Reversal of unused provisions	0	0	0	0	(10)
Provisions at 31 December	**304**	**73**	**84**	**461**	**411**
Of which recognised through special items in the income statement	**0**	**66**	**7**	**73**	**79**
Recognised as follows in the balance sheet:					
Non-current liabilities	304	18	81	403	331
Current liabilities	0	55	3	58	80
Total	**304**	**73**	**84**	**461**	**411**

Specification of how payments regarding provisions are recognised in the statements of cash flow (DKKm)	2020	2019
Payments related to provisions	(24)	(45)
Cash flow related to special items	(166)	(71)
Investment in enterprises	(6)	0
Total	**(196)**	**(116)**

3.6 | Provisions (continued)

Comments

Provisions for decommissioning obligations relate to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties relate primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflow within the next five years.

Provisions for restructuring obligations relate primarily to redundancy programmes. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties relate primarily to the estimated amounts and the timing of the related cash outflows.

Other provisions relate mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are not expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and the number of employees included.

In pursuance of Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before 1 April 1970 who are members of the related Danish pension fund. In the event of termination, such employees have a right to special termination benefits in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds of their full monthly salary for four years and nine months (stand-off pay).

The Group's total termination benefits include wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, special termination benefits (in accordance with IAS 19 Employee Benefits), social security contributions and outplacement costs. The average redundancy cost per full-time employee equivalent, calculated as the total cost divided by the number of full-time employee equivalents included in the redundancy programmes during this period, is shown in the table below.

Average redundancy cost per full-time employee equivalent[1] (DKK thousands)	**2020**	**2019**
Non-civil servants	307	405
Former Danish civil servants	2,112	936
Employees with civil-servant status	660	1,771
Weighted average per full-time employee equivalent	379	441
Number of redundancies	436	104

[1] Excluding corporate management.

Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that economic benefits must be sacrificed to settle it, and the amount can be estimated reliably.

Provisions for restructuring, etc. are recognised when a final decision thereon has been made before or on the balance sheet date and has been announced to the parties involved, provided that the amount can be measured reliably. Provisions for restructuring are based on a defined plan, which means that the restructuring commences immediately after the decision has been made.

When the Group is under an obligation to demolish an asset or re-establish the site where the asset was used, a liability corresponding to the present value of estimated future costs is recognised and an equal amount is capitalised as part of the initial carrying amount of the asset. Subsequent changes in such a decommissioning liability that results from a change in the current best estimate of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognised for the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised as profit or loss for the year.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. Provisions are discounted if the effect is material to the measurement of the liability.

3.7 | Pension assets and pension obligations

Worth noting

In a defined contribution plan, TDC Group pays fixed contributions to a third party on behalf of the employees and has no further obligations towards the employees. The benefits for the employees ultimately depend on the third party's ability to generate returns. In a defined benefit plan, members receive cash payments on retirement, the value of which depends on factors such as salary and length of service. The Group underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees, TDC Group needs to address this through increased levels of contribution. The Group has a defined benefit plan in TDC Pension Fund. 796 of TDC Group's employees are covered by the defined benefit plan, while all other employees are covered by defined contribution plans. TDC Group makes contributions to TDC Pension Fund, which is not consolidated in these financial statements, but is reflected in the balance sheet under pension assets. TDC Pension Fund can under certain circumstances distribute "excess capital" to TDC Group triggering a payment to members of the pension fund as well. TDC Group's pension assets and pension obligations are outlined in more detail in the following.

Defined benefit plan

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 796 of TDC Group's employees (2019: 880) were entitled to pensions from the pension fund related to the Group. Of these, 70 (2019: 96) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 7,637 (2019: 7,731) members of the pension fund receive or are entitled to receive pension benefits. The pension benefits comprise lifelong old-age and disability pensions as well as certain benefits for spouses and children. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, the Group is required to make contributions to meet the capital adequacy requirements. When all pension obligations have been met, the remaining funds will be distributed from the pension fund to TDC Group. With effect from 2019, TDC Pension Fund can under certain circumstances distribute "excess capital" to TDC Group triggering a payment to members of the pension fund as well. In 2020, TDC Pensions Fund distributed DKK 235m (2019: DKK 160m) of which TDC Group received DKK 200m (2019: DKK 136m).

Ordinary monthly contributions to the pension fund are made corresponding to a percentage of wages. The ordinary contributions were reduced from 1 January 2018. This decision was made due to the positive funding situation of the pension fund. Extraordinary contributions are made in connection with redundancy programmes and other retirements. Overall, the risk of additional capital contributions to the pension fund stem from investment, longevity and regulatory risks.

Investment risk is managed within risk tolerance limits to mitigate excessive risk that could lead to contribution. The fund invests in a wide variety of marketable securities (predominantly fixed-income securities) and the return on the investments has implications for TDC Group's financial results. Uncompensated risk related to nominal interest rates and inflation has been hedged.

In 2011, the Danish FSA introduced the longevity benchmark for statutory purposes, and the fund's actuary has since conducted a detailed longevity statistical analysis that has generally underpinned the fund's assumptions regarding observed current longevity. In line with the sector, however, the fund has increased its provisions for future expected improvements to longevity corresponding to the updated Danish FSA benchmark.

Other risks of capital contributions in excess of the planned ordinary contributions and extraordinary contributions in connection with redundancies going forward relate primarily to future changes to pension regulation and benefits over which the Group does not have full control.

The surplus under the Danish FSA pension regulation amounted to approx. DKK 3.6bn (2019: DKK 3.3bn). The equity of the pension fund amounted to approx. DKK 4.6bn (2019: DKK 4.3bn). The equity differs from the pension assets recognised in accordance with IFRS (DKK 8.0bn) due to specific FSA pension regulation requirements resulting in a higher pension obligation for regulatory purposes. The method for determining the fair value of plan assets is identical under the two requirements.

Pension (costs)/income (DKKm)	**Expected 2021**	**2020**	**2019**
Service costs	(72)	(85)	(91)
Administrative expenses	(10)	(11)	(10)
Personnel expenses (included in EBITDA)	(82)	(96)	(101)
Interest on pension assets	28	57	105
Pension (costs)/income	**(54)**	**(39)**	**4**
Domestic redundancy programmes recognised in special items		(17)	(4)
Members' part of distribution of "excess capital"		(35)	(24)
Total pension (costs)/income recognised in the income statement		**(91)**	**(24)**

3.7 | Pension assets and pension obligations (continued)

Assets and obligations (DKKm)	**2020**	**2019**
Specification of pension assets		
Fair value of plan assets	31,982	31,430
Defined benefit obligation	(23,954)	(23,967)
Pension assets recognised in the balance sheet	**8,028**	**7,463**
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(23,967)	(23,136)
Service cost	(85)	(91)
Administrative expenses	(11)	(10)
Interest cost on the defined benefit obligation	(180)	(351)
Termination benefits	(17)	(4)
Past service cost – distribution of "excess capital"	(5)	(4)
Remeasurement effect:		
Demographic experience	207	342
Financial assumptions	(955)	(1,799)
Benefit paid	1,059	1,086
Projected benefit obligations at 31 December	**(23,954)**	**(23,967)**
Change in fair value of plan assets		
Fair value of plan assets at 1 January	31,430	29,990
Interest income on plan assets	237	456
Actual return on plan assets greater/(less) than discount rate (remeasurement effect)	1,597	2,220
Distribution of "excess capital"	(230)	(156)
TDC's contribution	7	6
Benefit paid	(1,059)	(1,086)
Fair value of plan assets at 31 December	**31,982**	**31,430**
Change in pension assets		
Pension assets at 1 January	7,463	6,854
Pension (costs)/income	(56)	0
Remeasurement effects	849	763
Distribution of "excess capital"	(235)	(160)
TDC's contribution (see also table below)	7	6
Pension assets recognised in the balance sheet at 31 December	**8,028**	**7,463**

Asset allocation by asset categories at 31 December (DKKm)	**2020**	**2019**
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	10,906	10,838
High-yield bonds	5,269	4,524
Investment grade bonds	3,890	3,249
Emerging markets-debt	3,199	3,772
Property	2,743	2,600
Equities	108	480
Cash	182	67
Other	834	193
Assets without quoted prices:		
High-yield bonds	719	829
Investment grade bonds	1,822	2,247
Property	1,760	1,766
Alternatives	0	32
Equities	550	833
Fair value of plan assets	**31,982**	**31,430**

Assumptions used to determine defined benefit obligations (balance sheet) (%)	**2020**	**2019**
Discount rate	0.35	0.77
General price/wage inflation	1.19	1.30

Assumptions used to determine pension (costs)/income (%)	**2021**	**2020**	**2019**
Discount rate	0.35	0.77	1.55
General price/wage inflation	1.19	1.30	1.51

3.7 | Pension assets and pension obligations (continued)

The basis for determining the discount rate is the yield of AA-rated euro-denominated corporate bonds with an average maturity of 11 years, taking into account that the pension liability is in Danish kroner. For purposes of determining TDC Group's pension costs, the assumed discount rate was 0.77% (1.55% in 2019) and inflation was 1.30% (1.51% in 2019). The assumptions for 2021 reflect a discount rate decrease to 0.35% and a decrease of the assumed inflation rate to 1.19%.

The decreased discount rate and inflation rate during 2020 resulted in an increased pension benefit obligation compared with year-end 2019.

In 2021, with these changed assumptions, pension costs from the domestic defined benefit plan are expected to amount to DKK 54m (2020: cost of DKK 39m), assuming all other factors remain unchanged.

The remeasurement effects in 2020 of DKK 849m covered primarily a gain related to the plan assets (DKK 1,597m) as the actual return was higher than the expected return[1] and a loss related to the benefit obligation (DKK 748m) resulting from the decreasing discount rate (from 0.77% to 0.35%), was partly offset by the decreasing inflation rate (from 1.30% to 1.19%).

In 2019, the remeasurement effects of DKK 763m covered primarily a gain related to the plan assets (DKK 2,220m) as the actual return was higher than the expected return[1] and a loss related to the benefit obligation (DKK 1,457m) resulting from the decreasing discount rate(from 1.55% to 0.77%), was partly offset by the decreasing inflation rate (from 1.51% to 1.30%).

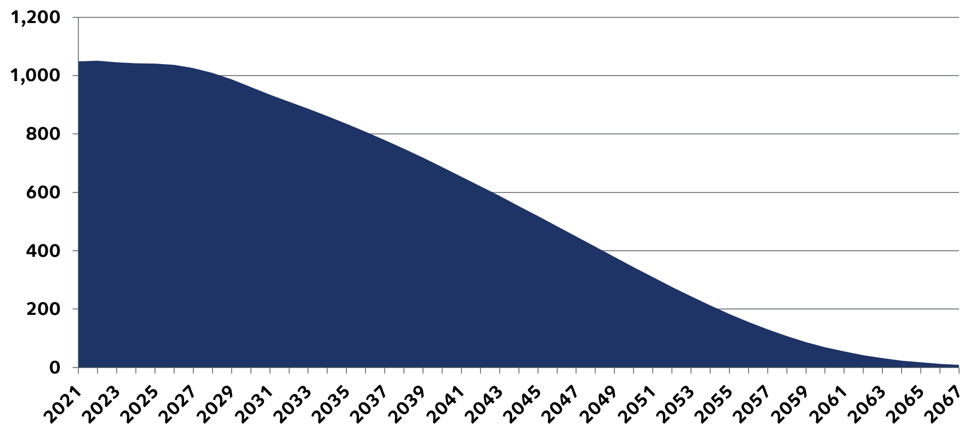
The mortality assumptions are based on a yearly mortality study, which analyses the actual mortality experience of the TDC Group pension fund plan. The mortality assumptions provide the best estimate for the Group's recent experience plus an allowance for future improvement. The allowance for future improvement is in accordance with the Danish FSAs guidelines.

The table below shows the estimated impact of some of the risks to which TDC Group is exposed. The Group is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating part of the risk.

1 In accordance with International Financial Reporting Standards, the expected return should be assumed to equal the discount rate as of the end of the previous year.

Sensitivity analysis (DKKm)	**2020**	**2019**
Reported defined benefit obligation	23,954	23,967
Discount rate sensitivity	**0.35%**	**0.77%**
Assumption -0.5%	25,692	25,714
Assumption +0.5%	22,394	22,399
General price/wage inflation sensitivity	**1.19%**	**1.30%**
Assumption +0.25%	24,824	24,844
Assumption -0.25%	23,125	23,132
Mortality sensitivity		
Assumption +1 year longevity	25,027	25,288
Assumption -1 year longevity	22,897	22,630

Projected benefit payments[1] **DKKm**



1 The duration of the pension plan is approximately 14 years.

3.7 | Pension assets and pension obligations (continued)

TDC Group's contributions (DKKm)	**Expected 2021**	**2020**	**2019**
Ordinary contributions	2	3	3
Extraordinary contributions in connection with retirements	5	4	3
Total	**7**	**7**	**6**

Other information

Ultimately, 491 members of the defined benefit plans will have part of their pension payments reimbursed by the Danish government (2019: 497 members).

The related benefit obligations of DKK 384m (2019: DKK 396m) have been deducted in the projected benefit obligation.

Critical accounting estimates

Defined benefit plans

The pension liability regarding defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and mortality. The discount rate applied is based on the yield of corporate bonds and may change over the years depending on interest rate developments. Management estimates of actuarial assumptions illustrate current market conditions. See the separate section Sensitivity analysis for a statement on the sensitivity of the defined benefit obligation to the discount rate, inflation and mortality.

Accounting policies

In a defined benefit plan, TDC Group is obliged to pay a specific benefit at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets at fair value is recognised for these benefit plans.

The obligations are determined annually by independent actuaries using the projected unit credit method assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations. Estimation of future obligations is based on the Group's projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The obligation does not take into account potential distributions of "excess capital" which is under TDC's control. The defined pension plan assets are estimated at fair value at the balance sheet date.

Differences between the projected and realised developments in pension assets and pension obligations are referred to as remeasurement effects and are recognised in other comprehensive income when gains and losses occur.

Pension assets are recognised to the extent that they represent future repayments from the pension plan.

Pension income/costs from defined benefit plans comprise the items: service cost, administrative expenses and interest on pension assets. Service cost and administrative expenses are recognised in personnel expenses, whereas interest on pension assets is presented as an item in financial income and expenses.

Past service costs are recognised as an expense when a plan amendment or curtailment occurs.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.

Section 4

Capital structure and financing costs

This section explains the Group's capital structure and related financing costs, net interest-bearing debt as well as finance-related risks and how these are managed.

In this section

4.1 | Equity

Comments

The total authorised number of shares is 812,000,000 with a par value of DKK 1 per share (unchanged in 2020 and 2019). All issued shares have been fully paid up.

During 2020, total equity decreased by DKK 32m to DKK 15,254m due mainly to distributed interim dividends (DKK 875m) to DK Telekommunikation ApS partly offset by the positive total comprehensive income (DKK 850m).

During 2019, total equity decreased by DKK 176m to DKK 15,286m due mainly to distributed interim dividends (DKK 995m) to DK Telekommunikation ApS partly offset by the positive total comprehensive income (DKK 820m).

The parent company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 14,378m at 31 December 2020 before proposed dividend (2019: DKK 14,452m before proposed dividend). At the Annual General Meeting, the Board of Directors will not propose any dividend for the financial year 2020.

Dividend payments to DK Telekommunikation ApS during 2020 amounted to DKK 875m (2019: DKK 995m).

Accounting policies

Treasury shares

The cost of treasury shares is deducted from equity under retained earnings on the date of acquisition. Similarly, payments received in connection with the disposal of treasury shares are recognised directly in equity.

Dividends

Dividends expected to be distributed for the year are recognised in a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

Currency translation reserve

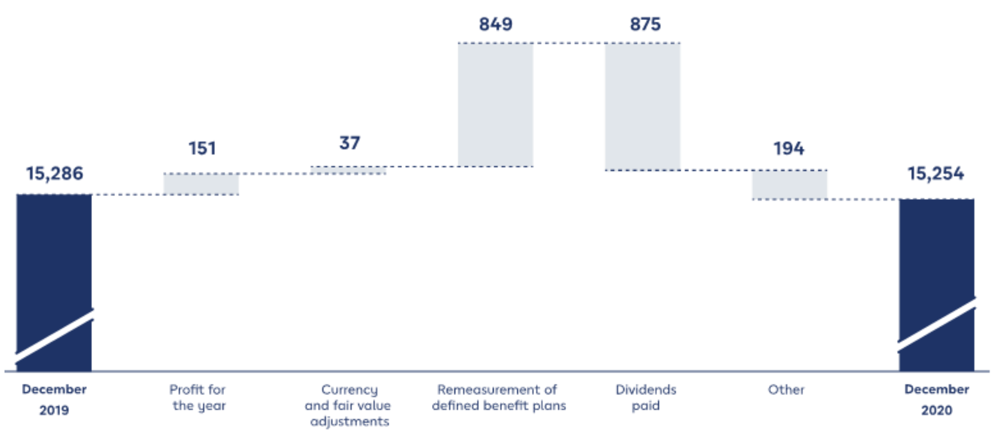
The currency translation reserve comprises exchange-rate differences arising from translation of the functional currency of foreign enterprises' financial statements into Danish kroner. Translation adjustments are recognised in the income statement when the net investment is realised.

Reserve for cash flow hedges

The reserve for cash flow hedges in equity comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Treasury shares	Shares (number)	Nominal value (DKKm)	% of share capital
Holding at 1 January 2019	5,986,796	6	0.74
Used during the year	0	0	0.00
Holding at 1 January 2020	**5,986,796**	**6**	**0.74**
Used during the year	0	0	0.00
Holding at 31 December 2020	**5,986,796**	**6**	**0.74**

Equity, growth (LTM)



4.2 | Loans and derivatives

Worth noting

TDC Group is financed through the European bond market (EMTN) and the market for syndicated senior secured bank loans (Senior Facility Agreement or SFA). TDC Group also has a Revolving Credit Facility to support its daily liquidity management.

The next upcoming maturity is the EUR 500m EMTN bond that will mature in March 2022.

The Group's outstanding EMTN bonds have been issued in EUR and GBP with fixed interest rates. The GBP bonds have been swapped to fixed EUR interest rates.

The Group's outstanding SFA loan has been issued in EUR with floating interest rates and is partly hedged to fixed interest rates due to requirements in the Senior Facility Agreement (SFA).

Derivatives are used for hedging interest and exchange-rate exposure only.

Loans (DKKm)	**2020**	**2019**
SFA loan[1]	14,107	14,158
EMTN[1]	7,252	7,495
Spectrum licence liabilities[2]	1,361	1,414
Short-term bank loans	5	681
Total	**22,725**	**23,748**
Recognised as follows in the balance sheet:		
Non-current liabilities	22,690	22,976
Current liabilities	35	772
Total	**22,725**	**23,748**

[1] For maturity profiles of expected cash outflows and fair value of debt, see note 4.6.
[2] Spectrum licence liabilities are maturing as follows: DKK 30m within 1 year, DKK 365m between 1 and 3 years, DKK 318m between 3 and 5 years, DKK 648m between 5 and 10 years.

4.2 | Loans and derivatives (continued)

Euro Medium Term Notes (EMTNs) and Senior Facility Agreement (SFA) loan	2022	2023	2025	Total
Maturity	Mar 2022	Feb 2023	Jun 2025	
Fixed/floating rate	Fixed	Fixed	Floating	
Coupon	5%	6.875%	Margin + floored Euribor[1]	
Currency	EUR	GBP	EUR	
Type	EMTN Bond	EMTN Bond	SFA loan	
Nominal value (DKKm)	3,721	3,528	14,139	21,388
Nominal value (currency)	500	425	1,900	
– Of which nominal value swapped to EUR or DKK (currency)[2]	200	425	-	
Nominal value of debt incl. currency hedging in DKKm	3,724	3,723	14,139	21,586
– Of which nominal value swapped to or with floating interest rate (EURm)[3]	100	-	1,625	1,725
– Of which nominal value swapped to or with fixed interest rate (EURm)[3]	400	500	275	1,175

1 The SFA Loan have Euribor floor at zero and a margin of 3.00% per 31-12-2020.
2 EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.
3 The maturity of interest rate swaps used for hedging long-term EMTN bonds matches the maturity of the underlying EMTN bonds. Derivatives of nominal EUR 150m used for hedging long-term SFA loan matures in January 2021 and nominal EUR 125m matures in later periods.

§ Accounting policies

Loans
Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Fair value hedged loans are measured at fair value excluding the effect of changes in own credit risk.

Other financial liabilities are measured at amortised cost.

Financial instruments
On initial recognition, financial derivatives are recognised in the balance sheet at fair value and subsequently remeasured at fair value in the balance sheet and in the income statement. Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

On 30 June 2018, TDC decided to stop using the hedge accounting rules in accordance with IAS 39. As a result, values recognised in other comprehensive income or fair value adjustments on loans at 30 June 2018 were fixed and will be reversed to the income statement over the lifetime of the underlying hedged item.

Unrealised gains/losses relating to hedging of future cash flows are recognised in other comprehensive income under a separate reserve.

4.3 | Financial risks

Worth noting

TDC Group is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to the cash flow from investing in the business and financing activities. As a consequence of TDC Group's capital structure and financing, the Group faces interest-rate and exchange-rate risks. TDC's Group Treasury identifies, monitors and manages these risks through policies and procedures that are revised and approved by the Board of Directors on annual basis.

TDC Group's financial strategy defines maxima/minima for interest-rate, exchange-rate and counterparty risks as well as maxima/minima for a range of other variables. Together with market values of financial assets and liabilities, these exposures are calculated and monitored daily and reported monthly to top management.

Interest-rate risks

TDC Group is exposed to interest-rate risks in the euro area, as 100% of the nominal gross debt is denominated in or swapped to EUR or DKK.

The interest-rate risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

Throughout 2020, the Group monitored and managed its interest-rate risks using several variables in line with the Group's financial policy targets.

The following variables are monitored:

- BPV (basis point value or DKK change in the value of the financial portfolio for a one basis-point change in interest rates) within limits
- The duration (interest-rate sensitivity) of TDC Group's financial assets shall not exceed 0.25 years
- TDC's cash flow at risk (statistical measure based on historical data) shall not exceed DKK 50m

Monitored interest-rate risk variables (average)	Maxima/ minima	Average 2020	Average 2019
Share of floating interest-rate debt		54%	48%
Actual financial portfolio BPV (DKKm)		5.1	3.1
Max. BPV of the financial portfolio (DKKm)[1]		11.0	9.8
Duration of financial assets (years)	Max. 0.25	0.0	0.0
Cash flow at Risk	Max. 50m	11.6	

[1] At 31 December 2020, a +/- 1 percentage point parallel shift in the interest-rate curve would impact profit for the year by approx. -DKK 59/ -8m due to changes in fair value adjustments and paid interest (2019: -65/-31m). A negative 1 percentage point parallel shift will not impact the receivable interest on the SFA loan due to a 3.00% floor. The impact on equity is estimated to be immaterial in both years.

4.3 | Financial risks (continued)

Exchange-rate risks

TDC Group is exposed primarily to exchange-rate risks from USD, GBP and EUR. The GBP bonds have been swapped to EUR.

The USD exchange-rate exposure relates to payables and receivables mainly from roaming and interconnection agreements with foreign operators as well as equipment and handset suppliers.

Due to TDC Group's capital structure, the exposure from financial activities in EUR is significant, as 90% of the nominal gross debt (including derivatives) is denominated in EUR. However, due to the fixed EUR/DKK exchange-rate policy of the Danish government (in place since 1982), the EUR-position does not constitute a significant risk. The last 10% of the nominal debt is in DKK. The Group's EUR exposure was DKK 19.9 bn at year-end 2020 (2019: DKK 20.2bn).

Throughout 2020, TDC Group monitored and managed its exchange-rate risks using several variables in accordance with the Group's financial strategy to protect mainly the Group's financial policy targets. The following variables are monitored:

- Total open gross position, including payables and receivables, cash accounts, financing (including derivatives) and marketable securities in other currencies than DKK and EUR must not exceed DKK 500m
- Forecasted cash flows in other currencies than EUR and DKK in the coming year must be hedged if foreign currencies constitute a risk of more than DKK 35m. This is measured and tested on a monthly basis using Value at Risk (VaR). VaR is a measure of the maximum potential loss (caused by changes in market exchange rates) with 90% certainty within a certain time frame.

In addition to the above variables, the financial strategy includes a range of exchange-rate hedging policies that e.g. stipulate the guiding rule that EUR positions of TDC group companies with local currencies in DKK or EUR are not to be hedged.

Credit risks

TDC Group is exposed to credit risks principally as a provider of telecommunications services in Denmark and as counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by subsidiaries, whereas the credit risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P) or Moody's Investor Services (Moody's).

Financial transactions with a potential financial exposure for TDC Group are entered into only with counterparties holding the long-term credit rating of at least BBB+ from Standard & Poor's or Baa1 from Moody's. Each counterparty credit line is determined by the counterparty's credit rating and is of a size that spreads the credit risks of total credit lines over several counterparties. However, should one of the Group's counterparties default, the Group might incur a loss.
At 31 December 2020, TDC only had positive counterparty exposures towards either global or domestic systemically important financial institutions.

TDC Group's maximum credit risks, including both commercial and financial contracts, amounted to DKK 2,253 m at 31 December 2020 (2019: DKK 3,930m).

Monitored exchange-rate risk variables (end-of-period) (DKKm)	**Maxima**	**Average 2020**	**Average 2019**
Value at Risk (VaR)	35	15	25
Total open gross position in other currencies than DKK and EUR[1]	500	68	66

[1] Including payables and receivables, cash accounts and financing (including derivatives).

Liquidity risks

TDC Group has no short-term refinancing risk as the next debt maturity is in March 2022.

The committed Revolving Credit Facilities provided by a group of banks under the Senior Facility Agreement (SFA) totaled EUR 500m (or DKK 3,720 m) at 31 December 2020. Additionally, a process was initiated in December 2020 to raise additional RCF to maintain current operations, to complete projects underway and to finance stated objectives and plans for the coming period.

Undrawn credit lines

At year-end 2020, TDC Group had undrawn committed credit lines totaling DKK 3,709m under the SFA.

4.4 | Credit ratings and net interest-bearing debt

Worth noting

Credit rating

TDC Group is rated by three international rating agencies: S&P's, Moody's and Fitch.

The senior secured credit facilities borrowed by TDC contain change-of-control provisions customary for this type of financing. Further, the senior secured credit facilities contain customary cross-default provisions in relation to certain other indebtedness of DK Telekommunikation, TDC and its subsidiaries.

The EMTN notes issued by TDC contain change-of-control provisions customary for this type of financing. Further, the EMTN notes contain customary cross-default provisions in relation to certain other indebtedness of TDC and its principal subsidiaries.

During 2020, S&P downgraded TDC's senior secured and unsecured debt as well as its issuer credit rating by one notch, while Fitch and Moody's retained their existing ratings of TDC.

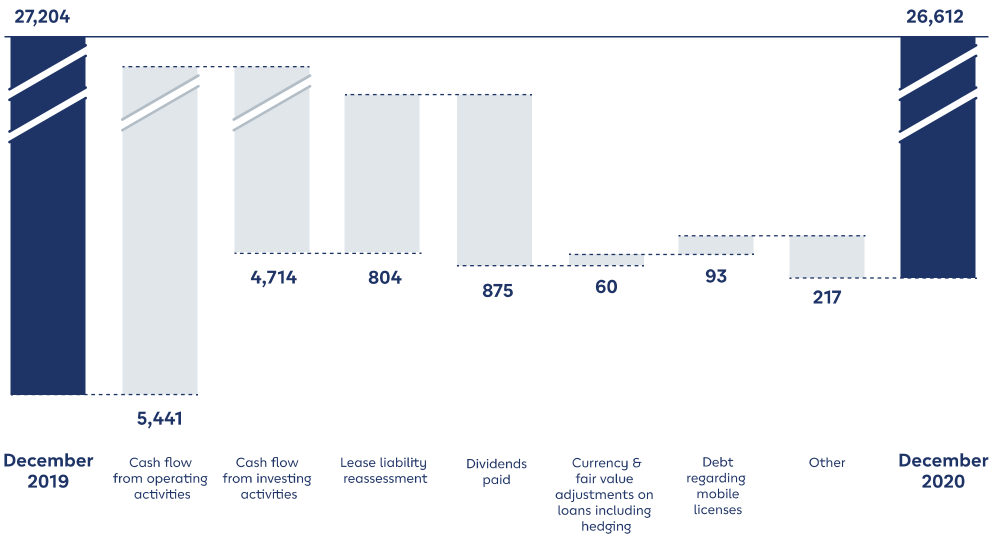
Comments

In 2020, net interest-bearing debt decreased by DKK 592m. DKK 804m of the decrease was due to the reassessment of lease liabilities, cf. note 3.3. The decrease was also impacted by a positive net cash flow from operating and investing activities of DKK 727m and dividend payment of DKK 875m to DK Telekommunikation ApS.

In 2019, net interest-bearing debt increased by DKK 7,594m. DKK 5,386m of the increase was due to the changed accounting policy for leases. The increase was also impacted by dividend payment of DKK 995m to DK Telekommunikation ApS and the non-cash part of the acquisition of mobile licences (DKK 1,339m).

TDC Group's company ratings at 31 December 2020	Corporate rating	Senior unsecured debt	Senior secured debt	Outlook
Rating				
S&P	B	B+	B+	Stable
Moody's		B1	B1	Stable
Fitch		BB	BB+	Stable

NIBD, growth (LTM)



4.4 | Credit ratings and net interest-bearing debt (continued)

Net interest-bearing debt (DKKm)

2020	At 1 January 2020	IFRS 16 adoption	Included in cash flows from: Investing activities	Included in cash flows from: Financing activities	Non-cash changes: Acquisitions /disposals	Non-cash changes: Debt from new leases	Non-cash changes: Currency translation adjustment	Non-cash changes: Other[2]	At 31 December 2020
Loans incl. short-term part	23,748	-	(93)	(676)	0	0	(291)	37	22,725
Lease liabilities incl. short term part	5,242	-	0	(298)	0	167	0	(804)	4,307
Interest-bearing payables	2	-	0	0	0	0	0	0	2
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	(58)	-	0	0	0	0	210	21	173
Total interest-bearing debt	**28,934**	**-**	**(93)**	**(974)**	**0**	**167**	**(81)**	**(746)**	**27,207**
Interest-bearing receivables and investments	(153)								(161)
Cash	(1,577)								(434)
Net interest-bearing debt	**27,204**								**26,612**
Hereof impact from IFRS 16	(5,177)								(4,249)
Net interest-bearing debt excl. impact from IFRS 16	**22,027**								**22,363**

2019	At 1 January 2019	IFRS 16 adoption	Included in cash flows from: Investing activities	Included in cash flows from: Financing activities	Non-cash changes: Acquisitions /disposals	Non-cash changes: Debt from new licences and leases	Non-cash changes: Currency translation adjustment	Non-cash changes: Other[2]	At 31 December 2019
Loans incl. short-term part	21,736	-	(255)	681	(15)	1,339	233	29	23,748
Lease liabilities incl. short term part	72	5,386	0	(314)	0	98	0	0	5,242
Interest-bearing payables	2	-	0	0	0	0	0	0	2
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	200	-	0	(136)	0	0	(221)	99	(58)
Total interest-bearing debt	**22,010**	**5,386**	**(255)**	**231**	**(15)**	**1,437**	**12**	**128**	**28,934**
Interest-bearing receivables and investments	(156)								(153)
Cash	(2,244)								(1,577)
Net interest-bearing debt	**19,610**								**27,204**
Hereof impact from IFRS 16	-								(5,177)
Net interest-bearing debt excl. impact from IFRS 16	**19,610**								**22,027**

[1] Currency adjustment effect from derivatives that hedge long-term loans and fixed hedge accounting effects that will be reversed to the income statement over the lifetime of the underlying hedged long-term loans.
[2] Includes amortisation of borrowing costs, lease reassessment and fair value adjustment

4.5 | Financial income and expenses

(DKKm)	2020	2019
Interest income	31	36
Interest expenses	(1,220)	(1,183)
Net interest	**(1,189)**	**(1,147)**
Currency translation adjustments	286	(224)
Fair value adjustments	(208)	271
Interest, currency translation adjustments and fair value adjustments	**(1,111)**	**(1,100)**
Profit/(loss) from joint ventures and associates	(2)	0
Interest on pension assets	57	105
Total	**(1,056)**	**(995)**

In TDC´s internal reporting, currency translation adjustments and interest from derivatives are reported as such, as specified in the adjacent table.

(DKKm)	Net interest	Currency translation adjustments	Fair value adjustments	Total
2020				
Senior Facility Agreement (SFA) loans	(441)	57	5	(379)
Euro Medium Term Notes (EMTNs)	(389)	24	(11)	(376)
Lease liabilities	(238)	0	0	(238)
Other	(93)	(6)	(19)	(118)
Total	**(1,161)**	**75**	**(25)**	**(1,111)**
2019				
Senior Facility Agreement (SFA) loans	(405)	(12)	(18)	(435)
Euro Medium Term Notes (EMTNs)	(381)	0	16	(365)
Lease liabilities	(244)	0	0	(244)
Other	(77)	8	13	(56)
Total	**(1,107)**	**(4)**	**11**	**(1,100)**

Comments

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 1,111m in 2020. The increase of DKK 11m compared with 2019 was driven primarily by:

- In 2019, the Senior Facility Agreement interest-margin step up was due to an increase in the SFA covenant leverage, resulting in higher interest expenses. Furthermore, the EMTN Bond step up of 1.25% in coupon interest was due to a rating downgrade to below investment-grade level resulting in higher interest expenses in 2020.

Throughout 2020, the lower EUR exchange rate resulted in gains relating to EUR loans and GBP loans swapped to EUR.

Cash flow from net interest (DKKm)	2020	2019
Interest received	324	326
Interest paid	(1,285)	(1,335)
Net interest paid	**(961)**	**(1,009)**
Specified as follows:		
Senior Facility Agreement (SFA) loans incl. hedges	(260)	(412)
Euro Medium Term Notes (EMTNs) incl. hedges	(406)	(320)
Lease liabilities	(238)	(244)
Other	(57)	(33)
Net interest paid	**(961)**	**(1,009)**

Net interest of DKK 961m paid in 2020 represented a DKK 48m decrease compared with 2019 (DKK 1,009m), driven primarily by a transition from monthly payments to semi-annual payments on the SFA loan, partly offset by higher interest paid on the EMTN Bonds due to a coupon step-up of 1.25%.

4.6 | Maturity profiles of financial instruments

Maturity profiles

The maturity analyses of financial assets and liabilities are disclosed by category and class and are allocated according to maturity period. All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using forward rates.

Financial assets and liabilities measured at fair value relate to derivatives. Calculation of fair value of these derivatives is based on observable inputs such as interest rates, etc. (Level 2 in the IFRS fair value hierarchy).

Maturity profiles of expected cash flows[1] (DKKm)	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**	**Fair value**	**Carrying amount**
Financial assets and liabilities measured at fair value through profit or loss							
Assets[2]:							
Derivatives							
Inflow	142	2,548	0	0	2,690		
Outflow	(108)	(2,513)	0	0	(2,621)		
Total derivatives assets	**34**	**35**	**0**	**0**	**69**	**45**	**45**
Liabilities:							
Derivatives							
Inflow	579	3,001	0	0	3,580		
Outflow	(604)	(3,202)	0	0	(3,806)		
Total derivatives liabilities	**(25)**	**(201)**	**0**	**0**	**(226)**	**(270)**	**(270)**
Total derivatives	**9**	**(166)**	**0**	**0**	**(157)**	**(225)**	**(225)**
Financial liabilities measured at amortised cost							
Senior Facility Agreement (SFA) loan	0	0	(14,139)	0	(14,139)	(14,139)	(14,107)
Euro Medium Term Notes (EMTNs)	0	(7,249)	0	0	(7,249)	(7,776)	(7,252)
Bank loans	(5)	0	0	0	(5)	(5)	(5)
Spectrum licence liabilities	(30)	(384)	(354)	(810)	(1,578)	(1,361)	(1,361)
Total loans	(35)	(7,633)	(14,493)	(810)	(22,971)	(23,281)	(22,725)
Lease liability	(502)	(886)	(821)	(3,808)	(6,017)	(4,307)	(4,307)
SFA and EMTN, interest[3]	(875)	(1,590)	(920)	0	(3,385)	(559)	(559)
Trade and other payables[4]	(2,689)	0	0	0	(2,689)	(2,689)	(2,689)
Total financial liabilities measured at amortised cost	**(4,101)**	**(10,109)**	**(16,234)**	**(4,618)**	**(35,062)**	**(30,836)**	**(30,280)**
Total 2020	**(4,092)**	**(10,275)**	**(16,234)**	**(4,618)**	**(35,219)**	**(31,061)**	**(30,505)**
Total 2019	**(4,727)**	**(6,602)**	**(6,073)**	**(21,805)**	**(39,207)**	**(32,891)**	**(31,989)**

1 All cash flows are undiscounted. The table reflects only the cash flow from financial liabilities and derivatives recognised as financial assets. Other cash flow from financial assets is not disclosed.
2 Both assets and liabilities measured at fair value through profit or loss are disclosed in the above table because some of the derivatives are used for hedging financial liabilities measured at amortised cost, see table.
3 Fair value and carrying amount value consist of accrued interest on SFA loan and EMTNs at 31 December 2020.
4 As not all trade and other payables recognised in the balance sheet are financial instruments (e.g. unbilled payables do not constitute a financial liability), the amount differs from the amount disclosed in the balance sheet.

TDC Group generally accepts that vendors sell-off to a third party their receivables arising from the sales to the Group. TDC Group has established a supply chain financing programme where vendors can sell off their receivables from TDC Group on attractive terms, but at the bank's sole discretion. TDC Group is not directly or indirectly a party to these agreements. At 31 December, the Group is aware of approx. DKK 236m of trade payables that are part of such agreements.

Section 5

Cash flow

This section provides information on the Group's cash flow. More information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.6 Provisions, note 3.7 Pension assets and pension obligations as well as note 4.5 Financial income and expenses. A review of cash flow is provided in the section TDC Group performance 2020 in the Management's review.

In this section

5.1 | Adjustment for non-cash items

(DKKm)	2020	2019
Pension costs regarding defined benefit plans	95	101
(Gain)/loss on disposal of property, plant and equipment, net	(3)	(4)
Other adjustments	126	93
Total	**218**	**190**

5.2 | Change in working capital

(DKKm)	2020	2019
Change in inventories	32	(45)
Change in receivables	342	(298)
Change in contract assets	17	(7)
Change in trade payables	(102)	522
Change in contract liabilities	(130)	(128)
Change in prepaid expenses	(43)	(166)
Change in other items, net	177	12
Total	**293**	**(110)**

§ Accounting policies

Cash flow from operating activities is presented using the indirect method and is based on profit before interest, taxes, depreciation, amortisation and special items adjusted for non-cash operating items, cash flow related to special items, changes in working capital, interest received and paid as well as income taxes paid. Interest received and paid includes settlement of interest-hedging instruments.

Cash flow from investing activities comprises acquisitions and divestments of enterprises, purchases and sales of intangible assets, property, plant and equipment as well as other non-current assets, and purchases and sales of securities that are not recognised as cash and cash equivalents. Cash flows from acquired enterprises are recognised from the time of acquisition, while cash flows from enterprises divested are recognised up to the time of divestment.

Cash flows from operating, investing and financing activities of discontinued operations are presented with comparative figures in separate lines in the statement of cash flow.

Cash flow from financing activities comprises changes in interest-bearing debt, lease instalments, purchase of treasury shares and dividends to shareholders.

Cash and cash equivalents covers cash and marketable securities with a remaining life not exceeding three months at the time of acquisition, and with an insignificant risk of changes in value.

The cash flow statement cannot be derived solely from information presented in the financial statements.

Section 6

Other disclosures

This section contains statutory notes or notes that are presumed to be less important for understanding the Group's financial performance.

In this section

6.1 | Incentive programmes

In order to support the delivery of short- and long-term financial results, the Group has both short- and long-term incentive programmes for executives and managers.

Short-term incentive programmes (STI)

The short-term bonus programmes are closely linked to our strategy. The performance measures are focused on EBITDA, capex, fibre connection performance, dividend capacity and NPS, but with variance between Nuuday, TDC NET and Group Functions.

Bonus payments are calculated as the individual employee's basic salary multiplied by the bonus percentage multiplied by the degree of target fulfilment.

The bonus percentage for members of the Executive Committee is usually 50%. For other managers, the bonus percentage varies within a range of 10%-33%. The target fulfilment can be maximum 200%.

Long-Term Incentive Programme (LTI)

The LTI programme is cash based and its objectives are linked to the long-term strategy. The programme is revolving with grants given each year but with a 3-year vesting period, as the goals are principally set for a 3-year period. The objectives are EBITDA, cash flow, fibre connection performance, dividend capacity and NPS, but with variance between Nuuday, TDC NET and Group Functions. The expenses are recognised over the 3-year vesting period.

Bonus payments are calculated as the individual employee's basic salary multiplied by an LTI percentage multiplied by the degree of target fulfilment.

The LTI percentage usually varies within a range of 12%-36%. The target fulfilment can be maximum 200%.

Management Incentive Programme (MIP)

In July 2020, TDC Group established a new cash-based incentive programme for the Executive Committee and certain key managers (in all 37 participants). Under the MIP, the participants are required to place a deposit to the TDC Group to qualify for a return. The payback amounts are based on the development in certain financial performance measures of the group as well as certain business and Health & Safety KPIs over the period until 2023. The investment programme covers the time period 2019-2023. The participants have 40% of the deposits at risk of being lost in downside scenarios and the expected range of payouts are at 2x-4x the participants' deposit. The participants' total deposits amount to DKK 59m and the expenses for 2020 relating to the programme amounted to DKK 6m.

6.2 | Related parties

Name of related party	Nature of relationship	Domicile
DKT Holdings ApS	Indirect ownership	Copenhagen, Denmark
DKT Finance ApS	Indirect ownership	Copenhagen, Denmark
DK Telekommunikation ApS	Ownership	Copenhagen, Denmark
TDC Pensionskasse	Pension fund	Copenhagen, Denmark

Related parties also include the Group's joint ventures and associates shown in note 6.7.

The Group has annual contributions paid to the pension fund, TDC Pensionskasse, see note 3.7.

The Group has property lease contracts with Arbejdsmarkedets Tillægspension (ATP) and PFA who are shareholders of TDC's ultimate parent company, DKT Holdings ApS. The lease payments amounted to DKK 231m (2019: DKK 228m).

TDC A/S delivers administrative services to DKT Holdings ApS, DKT Finance ApS and DK Telekommunikation ApS.

Remuneration for the Board of Directors and the Executive Committee is specified in note 2.5.

The Group has the following additional transactions and outstanding balances with related parties:

Related parties (DKKm)	2020	2019
TDC Pensionskasse		
Other income	2	1
Investment advisory fees	0	17
Interest income of subordinated loan	1	1
Subordinated loan	149	149
Other receivables	1	0
Joint ventures and associates		
Income	2	1
Expenses	(3)	(4)
Receivables	9	3
Payables	0	(3)

6.3 | Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2020	2019
Statutory audit, PricewaterhouseCoopers	**6**	**7**
Other assurance engagements	1	2
Tax advisory services	0	1
Other services	3	4
Total non-statutory audit services, PricewaterhouseCoopers	**4**	**7**
Total, PricewaterhouseCoopers	**10**	**14**

Fee for other services than statutory audit services rendered by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounted to DKK 4m and consisted mainly of the auditor's statements to customers regarding services provided by the Group, advisory, IT and tax services.

6.4 | Other financial commitments

(DKKm)	2020	2019
Lease commitments for short-term and low-value leases		
Short-term leases	40	45
Low-value leases	2	5
Total	42	50
Capital and purchase commitments		
Investments in intangible assets	386	553
Investments in property, plant and equipment	538	1,379
Commitments related to outsourcing agreements	251	428
Total	**1,175**	**2,360**
Specified as follows:		
Due not later than one year	431	1,309
Due later than one year but not later than five years	744	1,051
Total	**1,175**	**2,360**

Comments

From 1 January 2019, leases are recognised as a lease asset and a corresponding liability at the date at which the leased asset is available for use by the Group, except for short-term leases and low-value leases, cf. note 3.3.

Worth noting

Commitments represent amounts TDC Group has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

6.5 | Pledges and contingencies

Pledges

Cash with a carrying amount of DKK 434m is pledged as security for the Senior Facility Agreement.

See also note 6.4 to the Parent company financial statements.

Contingent liabilities

TDC Group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on TDC Group's financial position.

6.6 | Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2020 after the balance sheet date and up to today.

6.7 | Overview of group companies at 31 December 2020

Company name[1]	Domicile	Currency	Ownership share (%)
Nuuday			
Nuuday A/S	Copenhagen, Denmark	DKK	100
Contact Center Europe GmbH	Flensburg, Germany	EUR	100
Hiper A/S	Copenhagen, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100
Cloudeon A/S[2]	Søborg, Denmark	DKK	43
4T af 1. oktober 2012 ApS[2]	Copenhagen, Denmark	DKK	25
TDC NET			
TDC NET A/S	Copenhagen, Denmark	DKK	100
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100
DKTV Anlæg ApS	Vemmelev, Denmark	DKK	100
Fiberkysten A/S	Gilleleje, Denmark	DKK	60
OCH A/S[2]	Copenhagen, Denmark	DKK	25
Other			
Ejendomsselskabet Ellegårdvej 23A ApS	Copenhagen, Denmark	DKK	100

[1] In order to give readers a clear presentation, four minor enterprises are not listed separately in the overview. In pursuance of Section 6 of the Danish Financial Statements Act, the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, 4WEB A/S and TDCH III ApS.
[2] The enterprise is included under the equity method.

Parent company financial statements

Parent company income statement

(DKKm)	Note	2020	2019
Revenue	2.1	1,354	1,392
External expenses		(481)	(559)
Personnel expenses	2.2	(422)	(383)
Other income		0	37
Operating profit before depreciation, amortisation and special items (EBITDA)		451	487
Depreciation, amortisation and impairment losses		(365)	(331)
Special items	2.3	(30)	(64)
Operating profit (EBIT)		56	92
Profit from subsidiaries	3.2	152	(384)
Financial income and expenses	4.3	(100)	(99)
Profit/loss before income taxes		108	(391)
Income taxes	2.4	43	10
Profit/(loss) for the year from continuing operations		151	(381)
Profit from discontinued operations	2.5	0	560
Profit for the year		**151**	**179**

Parent company statement of comprehensive income

(DKKm)	Note	2020	2019
Profit for the year		151	179
Items that may subsequently be reclassified to the income statement:			
Reversal of currency translation adjustments, foreign enterprises		(7)	0
Change in fair value adjustments of cash flow hedges transferred to financial expenses		44	45
Share of other comprehensive income in subsidiaries		(5)	0
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of the defined benefit plan		849	763
Income tax relating to remeasurement of defined benefit plan	2.4	(187)	(168)
Other comprehensive income		694	640
Total comprehensive income		**845**	**819**

Parent company balance sheet

Assets (DKKm)	Note	2020	2019
Non-current assets			
Intangible assets		84	33
Property, plant and equipment		232	206
Lease assets	3.1	2,996	3,907
Investments in subsidiaries	3.2	9,397	9,526
Other investments		3	14
Pension assets	3.3	8,028	7,463
Receivables from group enterprises	3.4	21,712	21,712
Other receivables		155	154
Prepaid expenses		23	33
Total non-current assets		**42,630**	**43,048**
Current assets			
Inventories		0	2
Trade receivables		32	18
Receivables from group enterprises	3.4	1,053	503
Other receivables		0	104
Income tax receivables	2.4	224	334
Derivative financial instruments	4.4	45	116
Prepaid expenses		29	31
Cash		429	1,551
Total current assets		**1,812**	**2,659**
Total assets		**44,442**	**45,707**

Equity and liabilities (DKKm)	Note	2020	2019
Equity			
Share capital	4.1	812	812
Other reserves		(32)	(120)
Retained earnings		14,474	14,592
Total equity		**15,254**	**15,284**
Non-current liabilities			
Deferred tax liabilities	2.4	1,566	1,458
Provisions		24	22
Loans	4.2	21,359	21,653
Lease liabilities		3,436	4,293
Amounts owed to group enterprises		5	0
Other payables		40	12
Total non-current liabilities		**26,430**	**27,438**
Current liabilities			
Lease liabilities		399	397
Short-term bank loans		0	681
Trade payables		418	403
Payables to group enterprises		916	807
Other payables		748	538
Derivative financial instruments	4.4	270	142
Provisions		7	17
Total current liabilities		**2,758**	**2,985**
Total liabilities		**29,188**	**30,423**
Total equity and liabilities		**44,442**	**45,707**

Parent company statement of cash flows

(DKKm)	Note	2020	2019
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		451	487
Adjustment for non-cash items	5.1	105	102
Pension contributions		197	133
Payments related to provisions		(14)	(10)
Special items		(30)	(62)
Change in working capital	5.2	(695)	1,574
Interest received		901	1,134
Interest paid		(1,217)	(1,287)
Income tax paid		74	(300)
Operating activities in continuing operations		(228)	1,771
Operating activities in discontinued operations		0	2,281
Total cash flow from operating activities		**(228)**	**4,052**
Investing activities			
Investment in property, plant and equipment		(72)	(81)
Investment in intangible assets		(73)	(24)
Investment in other non-current assets		(2)	0
Sale of other non-current assets		33	8
Change in loans to subsidiaries, joint ventures and associates		0	2
Dividends received from subsidiaries, joint ventures and associates		277	0
Investing activities in continuing operations		163	(95)
Investing activities in discontinued operations	5.3	0	(3,426)
Total cash flow from investing activities		**163**	**(3,521)**

(DKKm)	Note	2020	2019
Financing activities			
Settlement of derivatives related to long-term loans		0	(136)
Lease payments		(200)	(214)
Change in short-term loans		(372)	372
Change in interest bearing receivables and payables		407	(202)
Dividends paid		(875)	(995)
Financing activities in continuing operations		(1,040)	(1,175)
Financing activities in discontinued operations		0	(53)
Total cash flow from financing activities		**(1,040)**	**(1,228)**
Total cash flow		**(1,105)**	**(697)**
Cash and cash equivalents at 1 January		1,551	2,236
Effect of exchange-rate changes on cash and cash equivalents		(17)	12
Cash and cash equivalents at 31 December		**429**	**1,551**

Parent company statement of changes in equity

(DKKm)	Share capital	Reserve for cash flow hedges	Reserve for capitalised development projects	Retained earnings	Total
Equity at 1 January 2019	812	(185)	14	14,819	15,460
Profit for the year	-	-	6	173	179
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	45	-	-	45
Remeasurement of the defined benefit plan	-	-	-	763	763
Income tax relating to remeasurement of the defined benefit plan	-	-	-	(168)	(168)
Total comprehensive income	-	45	6	768	819
Distributed dividends	-	-	-	(995)	(995)
Total transactions with owners	-	-	-	(995)	(995)
Equity at 31 December 2019	**812**	**(140)**	**20**	**14,592**	**15,284**
Profit for the year	-	-	44	107	151
Reversal of currency translation adjustments, foreign enterprises	-	-	-	(7)	(7)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	44	-	-	44
Share of other comprehensive income in subsidiaries	-	-	-	(5)	(5)
Remeasurement of the defined benefit plan	-	-	-	849	849
Income tax relating to remeasurement of the defined benefit plan	-	-	-	(187)	(187)
Total comprehensive income	-	44	44	757	845
Distributed dividends	-	-	-	(875)	(875)
Total transactions with owners	-	-	-	(875)	(875)
Equity at 31 December 2020	**812**	**(96)**	**64**	**14,474**	**15,254**

Notes to parent company financial statements

1.1 | Accounting policies

The financial statements 2020 of the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

The accounting policies are unchanged from last year.

The parent company accounting policies are the same as those applied for the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the Group's accounting policies.

Demerger of TDC A/S in 2019

The financial statements reflect the demerger of TDC A/S where some of the rights and obligations of TDC A/S were transferred to the subsidiaries Nuuday A/S and TDC NET A/S following the demerger on 11 June 2019. Subsequently, Nuuday A/S and TDC NET A/S distributed non-cash dividends of DKK 21,712m to TDC A/S resulting in receivables from group enterprises of DKK 21,712m. The demerger is accounted for by derecognising rights and obligations at 11 June 2019, and instead recognising the carrying amounts of the transferred net assets as investments in subsidiaries. The operations transferred to Nuuday A/S and TDC NET A/S comprise major lines of business. Hence, they are presented as discontinued operations, as disclosed in note 2.5.

Supplementary accounting policies for the parent company

Investments in subsidiaries, joint ventures and associates

The equity method is used for measuring the investments in subsidiaries, joint ventures and associates. Under the equity method, the investment in a subsidiary, a joint venture or an associate is recognised on initial recognition at cost, and the carrying amount is increased or decreased to recognise the parent company's share of the profit or loss of the investment after the date of acquisition. The parent company's share of profit or loss is recognised in the parent company's profit or loss. Dividends received from investments in subsidiaries, joint ventures and associates reduce the carrying amount of the investment. The parent company's share of other comprehensive income arising from the investment is recognised in other comprehensive income of the parent company.

Reserve for capitalised development projects

In accordance with the Danish Financial Statements Act, the parent company has established a non-distributable reserve in equity regarding development projects capitalised in 2016 and later. This reserve will be reversed as the development projects are amortised or impaired.

1.2 | Critical accounting estimates and judgements

For information on critical accounting estimates and judgements, see note 1.2 to the consolidated financial statements.

1.3 | New accounting standards

For information on new accounting standards for the Group, see note 1.3 to the consolidated financial statements.

2.1 | Revenue

In 2020, TDC A/S governed, advised and delivered shared services to its subsidiaries of DKK 1,354m (2019 DKK 1,392m).

2.2 | Personnel expenses

(DKKm)	2020	2019
Wages and salaries (including short-term and long-term bonuses)	(380)	(344)
Pensions:		
• defined benefit plans	(96)	(101)
• defined contribution plans	(29)	(24)
• pensions allocated to subsidiaries	90	95
Social security	(11)	(12)
Total	**(426)**	**(386)**
Of which capitalised as non-current assets	4	3
Total	**(422)**	**(383)**
Average number of full-time employee equivalents[1]	484	373

[1] Denotes the average number of full-time employee equivalents, including permanent employees and trainees.

Remuneration for the Board of Directors and the Executive Committee is described in note 2.5 to the consolidated financial statements. Incentive programmes are described in note 6.1 to the consolidated financial statements.

2.3 | Special items

(DKKm)	2020	2019
Gain on sale of enterprises	1	0
Loss on sale of enterprises	(2)	0
Costs related to redundancy programmes	(17)	(25)
Other restructuring costs, etc.	2	(14)
Distribution of ”excess capital” to members of TDC Pension Fund	(35)	(24)
Profit on sale of other investments	21	0
Loss from rulings	0	(1)
Special items before income taxes	**(30)**	**(64)**
Income taxes related to special items	2	10
Total special items	**(28)**	**(54)**

For more information on special items, see note 2.7 to the consolidated financial statements.

2.4 | Income taxes

Reconciliation of income taxes (DKKm)	2020 Income taxes cf. the income statement	2020 Income tax payable/ (receivable)	2020 Deferred tax liabilities/ (assets)	2019 Income taxes cf. the income statement	2019 Income tax payable/ (receivable)	2019 Deferred tax liabilities/ (assets)
At 1 January	-	(334)	1,458	-	(109)	3,688
Effects of demerger	-	-	-	-	-	(2,313)
Income taxes	39	31	(70)	24	20	(44)
Adjustment of tax for previous years	4	5	(9)	(14)	55	(41)
Tax relating to remeasurement effects from the defined benefit plan	-	-	187	-	-	168
Income tax paid	-	74	-	-	(300)	-
Total	**43**	**(224)**	**1,566**	**10**	**(334)**	**1,458**
Income taxes are specified as follows:						
Income excluding special items	41	-	-	0	-	-
Special items	2	-	-	10	-	-
Total	**43**	**-**	**-**	**10**	**-**	**-**

TDC A/S participates in joint taxation with all its Danish subsidiaries and with DK Telekommunikation ApS, DKT Finance ApS and DKT Holdings ApS, which is the management company in the joint taxation. The jointly taxed companies are jointly and severally liable for the total income taxes, taxes paid on account and outstanding residual tax (with additional payments and interest) relating to the joint taxation.

Reconciliation of effective tax rate (%)	2020	2019
Danish corporate income tax rate	22.0	22.0
Profit from subsidiaries, joint ventures and associates	(23.9)	(25.7)
Other non-taxable income and non-tax deductible expenses	0.8	0.0
Adjustment of tax for previous years	(5.2)	(4.3)
Limitation on the tax deductibility of interest expenses	(22.8)	8.3
Effective tax rate excluding special items	**(29.1)**	**0.3**
Special items	(10,1)	2.3
Effective tax rate including special items	**(39.2)**	**2.6**

Specification of deferred tax (DKKm)	2020	2019
Other	3	(1)
Current	**3**	**(1)**
Intangible assets	14	6
Property, plant and equipment	(70)	(64)
Lease assets and liabilities	(187)	(173)
Pension assets	1,766	1,642
Other	40	48
Non-current	**1,563**	**1,459**
Deferred tax at 31 December	**1,566**	**1,458**

2.5 | Discontinued operations

(DKKm)		2019
Revenue	0	6,868
Total operating costs	0	(4,241)
Profit before income taxes	0	881
Income taxes	0	(321)
Profit for the year from discontinued operations	0	560

Discontinued operations comprise the segments Nuuday and TDC NET, which were demerged in 2019.

Accounting policies

Disclosure of discontinued operations
Discontinued operations are recognised separately as they constitute entities comprising separate major lines of business or geographical areas. This relates to activities and cash flows that for operating and accounting purposes can be clearly distinguished from the rest of the entity, and where the entity has been disposed of or classified as held for sale, and it seems highly probable that the disposal will be effected within twelve months in accordance with a single coordinated plan.

Profit/loss after tax of discontinued operations is presented in a separate line in the income statement. Revenue, cost and taxes relating to the discontinued operation are disclosed in the table above.

Cash flows from operating, investing and financing activities of discontinued operations are presented in separate lines in the statement of cash flow.

3.1 | Lease assets and liabilities

Lease assets (DKKm)	2020 Land and buildings	2020 Network infrastructure	2020 Vehicles and equipment	2020 Total	2019 Land and buildings	2019 Network infrastructure	2019 Vehicles and equipment	2019 Total
Carrying amount at 1 January	3,732	0	175	3,907	46	19	0	65
Effect of changes in accounting policies at 1 January	-	-	-	-	4,495	24	185	4,704
Effect of demerger	-	-	-	-	(623)	(43)	0	(666)
Additions	129	0	72	201	16	0	68	84
Lease reassessments	(804)	0	0	(804)	0	0	0	0
Disposals	0	0	(8)	(8)	0	0	0	0
Depreciation	(211)	0	(89)	(300)	(202)	0	(78)	(280)
Carrying amount at 31 December	**2,846**	**0**	**150**	**2,996**	**3,732**	**0**	**175**	**3,907**

Lease liabilities (DKKm)	**2020**	**2019**
Recognised in the balance sheet at present value:		
Current	399	397
Non-current	3,436	4,293
Total	**3,835**	**4,690**
Maturing within 1 year	399	397
Maturing between 1 and 3 years	666	672
Maturing between 3 and 5 years	582	558
Maturing after 5 years	2,188	3,063
Total	**3,835**	**4,690**

The total cash outflow for leases in 2020 was DKK 424m (2019: DKK 442m), of which, DKK 224m (2019: DKK 228m) related to interest payments on lease liabilities.

For information about impairment tests of lease assets see note 3.3 to the consolidated financial statements.

Amounts recognised in the statement of profit and loss (DKKm)	**2020**	**2019**
Expense relating to short term leases	(4)	(45)
Income from sublease	706	683
Depreciation charge of lease assets, cf. above	(300)	(280)
Interest expense (included in finance cost)	(224)	(228)

For information about lease reassessments, see note 3.3 to the consolidated financial statements.

3.2 | Investments in subsidiaries

(DKKm)	2020	2019
Accumulated cost at 1 January	37,998	8,419
Effect of demerger	-	29,675
Disposals	(7,202)	0
Currency translation adjustments	25	(96)
Accumulated cost at 31 December	**30,821**	**37,998**
Accumulated write-downs at 1 January	(28,472)	(7,199)
Effect of demerger	-	731
Dividends from subsidiaries	(277)	(21,712)
Other adjustments through equity	(5)	0
Disposals	7,202	0
Share of profit/(loss)	152	(384)
Currency translation adjustments	(24)	92
Accumulated write-downs at 31 December	**(21,424)**	**(28,472)**
Carrying amount at 31 December	**9,397**	**9,526**

Overview of subsidiaries at 31 December 2020

Company name[1]	Domicile	Currency	Ownership share (%)
Subsidiaries:			
Nuuday A/S	Copenhagen, Denmark	DKK	100
TDC NET A/S	Copenhagen, Denmark	DKK	100
Ejendomsselskabet Ellegårdvej 23A ApS	Copenhagen, Denmark	DKK	100

[1] Some minor subsidiaries are not listed separately in the overview.

3.3 | Pension assets

For information on pension assets, see note 3.7 to the consolidated financial statements under the domestic defined benefit plan.

3.4 | Receivables from group enterprises

(DKKm)	2020	2019
Loans to subsidiaries	21,712	21,712
Receivables	1,053	503
Total	**22,765**	**22,215**
Recognised as follows:		
Non-current assets	21,712	21,712
Current assets	1,053	503
Total	**22,765**	**22,215**

In 2019, the parent company provided intra-group loans of DKK 12,712m to TDC NET A/S and DKK 9,000m to Nuuday A/S.

Loans to subsidiaries[1]	2022	2023	2025	2022	2023	2025	Total
Maturity	Mar 2022	Feb 2023	Jun 2025	Mar 2022	Feb 2023	Jun 2025	
Fixed/floating rate	Fixed	Fixed	Floating	Fixed	Fixed	Floating	
Coupon	5%	6.47%	Margin + floored Euribor[2]	5%	6.47%	Margin + floored Euribor[2]	
Currency	DKK	DKK	DKK	DKK	DKK	DKK	
Counterpart	Nuuday	Nuuday	Nuuday	TDC NET	TDC NET	TDC NET	
Nominal value (DKKm)	1,547	1,573	5,880	2,186	2,220	8,306	21,712

1 Corresponding intra-group balances have been established between the parent company and Nuuday and TDC NET on conditions similar to the parent company's external loans, however with the exception that the intra-group loans are all in DKK.
2 The floating 2025 loans have a Euribor floor at zero and a margin of 3.00% per 31-12-2020.

4.1 | Equity

For information on share capital and treasury shares, see note 4.1 to the consolidated financial statements.

4.2 | Loans

For a reconciliation between loans and cash flows from financing activities, see note 4.4 to the consolidated financial statements.

4.3 | Financial income and expenses

(DKKm)	2020	2019
Interest income	48	29
Interest expenses	(1,181)	(1,128)
Interest income from group enterprises	907	844
Net interest	**(226)**	**(255)**
Currency translation adjustments	277	(221)
Fair value adjustments	(208)	272
Interest, currency translation adjustments and fair value adjustments	**(157)**	**(204)**
Interest on pension assets	57	105
Total	**(100)**	**(99)**

4.4 | Financial instruments

TDC's currency risks concern mainly financing and hedging. As financing and hedging are carried out by the parent company, note 4.3 to the consolidated financial statements also largely reflects the parent company's currency exposure.

The parent company manages the Groups external liquidity exposure, including the external long-term loans (SFA and EMTN). Corresponding intra-group balances have been established between the parent company and Nuuday and TDC NET on conditions similar to the parent company's external loans, however with the exception that the intra-group loans are all in DKK. Accordingly, TDC Groups' financial income and expenses (see note 4.5) largely reflects the parent company's financial income and expenses when adjusted for interest income related to the mirrored internal loans totalling DKK 893m in 2020 (2019: DKK 838m).

For information on the parent company's capital management, see notes 4.4 and 4.5 to the consolidated financial statements.

5.1 | Adjustment for non-cash items

(DKKm)	2020	2019
Pension costs related to the defined benefit plan	95	101
(Gain)/loss on disposal of enterprises and property, plant and equipment, net	(2)	(4)
Other adjustments	12	5
Total	**105**	**102**

5.2 | Change in working capital

(DKKm)	2020	2019
Change in receivables	(323)	986
Change in trade payables	(451)	523
Change in prepaid expenses	3	52
Change in other items, net	76	13
Total	**(695)**	**1,574**

5.3 | Cash flow from investing activities in discontinued operations

In 2019, TDC demerged the segments Nuuday and TDC NET. These have been presented as discontinued operations.

The carrying amount of assets and liabilities in discontinued operations at the time of the demerger are shown below.

The carrying amounts of assets and liabilities in demerged operations at the time of divestment (DKKm)	2020	2019
Intangible assets	0	24,372
Property, plant and equipment	0	14,739
Lease assets	0	613
Investments in subsidiaries	0	973
Other non-current assets	0	88
Receivables and contract assets	0	3,450
Cash	0	146
Deferred tax liabilities	0	(2,313)
Provisions	0	(245)
Other non-current liabilities	0	(1,870)
Trade and other payables	0	(6,035)
Contract liabilities	0	(2,539)
Net assets	**0**	**31,379**
Investment in Nuuday A/S and TDC NET A/S	0	(31,379)
Net cash flow on demerger	**0**	**0**
Cash flow from investing activities in demerged operations	0	(3,426)
Net cash flow from investing activities in demerged operations	**0**	**(3,426)**

6.1 | Related parties

For information about the related parties of the Group, see note 6.2 to the consolidated financial statements. The parent company's transactions and outstanding balances with its subsidiaries (see the overview of subsidiaries in note 3.2) are disclosed below.

Subsidiaries (DKKm)	2020	2019
Income	2,144	2,136
Expenses	(78)	(83)
Receivables	22,765	22,215
Debt	(921)	(807)
Guarantees	(825)	(795)

In addition to income from subsidiaries, the parent company received dividends, as shown in note 3.4.

All transactions were made on an arm's length basis. Remuneration for the Board of Directors and the Executive Committee is described in note 2.5 and incentive programmes in note 6.1 to the consolidated financial statements. In addition, payment of contributions to the pension fund is described in note 3.7 to the consolidated financial statements.

DK Telekommunikation ApS, Copenhagen, owns 100% of the outstanding shares in TDC A/S.

TDC A/S is included in the Group Annual Report of the ultimate parent company DKT Holdings ApS.

The Group Annual Report of DKT Holdings ApS may be obtained at the following address:

DKT Holdings ApS
c/o TDC A/S
Teglholmsgade 1
DK-2450 Copenhagen SV

6.2 | Fees to auditors elected by the Annual General Meeting

(DKKm)	2020	2019
Statutory audit	**2**	**2**
Other assurance engagements	1	2
Tax advisory services	0	1
Other services	3	4
Total non-statutory audit services	**4**	**7**
Total	**6**	**9**

6.3 | Other financial commitments

From 1 January 2019, leases are recognised as a lease asset and a corresponding liability at the date at which the leased asset is available for use by the company, except for short-term leases and low-value leases, see note 3.1. Lease commitments for short-term leases amounted to DKK 0m (2019: DKK 17m).

6.4 | Pledges and contingencies

Shares in subsidiaries with a carrying amount of DKK 9,392m (2019: DKK 9,526m), cash with a carrying amount of DKK 429m (2019: DKK 1,551m) and receivables from group enterprises with a carrying amount of DKK 22,765m (2019: DKK 22,215m) are pledged as security for long-term loans.

TDC A/S has provided guarantees for the amount of DKK 825m (2019: DKK 795m) concerning subsidiaries. Furthermore, TDC A/S has issued letters of support and undertaken loan commitments for some of its subsidiaries.

TDC A/S is jointly registered for Danish VAT with the majority of Danish subsidiaries and is jointly and severally liable for payment of VAT.

For information on pending lawsuits, see note 6.5 to the consolidated financial statements.

6.5 | Events after the balance sheet date

For information on events after the balance sheet date, see note 6.6 to the consolidated financial statements.

Other

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the annual report of TDC A/S for 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the financial position at 31 December 2020 of the Group and the parent company and of the results of the Group and parent company operations and cash flows for 2020.

In our opinion, the management's review includes a true and fair account of the developments in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 29 April 2021

Executive Committee

Henrik Clausen
Group Chief Executive Officer and President

Lasse Rudebeck Pilgaard
Senior Executive Vice President, Group Chief Financial Officer

Jens Aaløse
Senior Executive Vice President of Stakeholder Relations and Group Chief People Officer

Board of Directors

Michael William John Parton
Chairman

Anna Sofia Arhall

Martin Bradley

Marianne Dahl Steensen

Frank Hyldmar

Nathan Andrew Luckey

Martin Dollaris Præstegaard

Lars Jørgensen

Thomas Lech Pedersen

John Schwartzbach

Zanne Merethe Stensballe

Independent auditor's report

To the shareholders of TDC A/S

Our opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements and Parent Company Financial Statements of TDC A/S for the financial year 1 January to 31 December 2020 comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
Following the admission of the shares of TDC A/S for listing on Nasdaq Copenhagen, we were first appointed auditors of TDC A/S the 4 May 1992 for the financial year 1992. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 29 years including the financial year 2020.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition TDC's billing environment is complex comprising a high number of applications and complex contracts, some of which include multiple elements. We focused on this area due to the risk of errors when recognising revenue, especially due to incorrect transfer of data between applications and due to the fact that complex contracts in some instances are handled in separate tools outside the normal IT billing applications. Refer to notes 2.2 and 3.5 to the Consolidated Financial Statement.	In our audit we focused on the design of controls and tested the operating effectiveness of relevant controls such as controls over: • changes in standing data • capturing and recording of revenue transactions • interfaces between systems • transactions from separate tools outside the normal IT billing applications, and • monthly Management review On a sample test basis we also collected confirmations from Business and Wholesale customers to confirm the Group's accounts receivables, tested transactions against underlying documentation and performed analytical procedures.

Key audit matter	How our audit addressed the key audit matter
Impairment of lease assets The new IFRS 16 became effective from 1 January 2019 resulting in lease contracts being recognised as lease assets and lease liabilities. Some of the lease assets comprises tenancies no longer in use by TDC (vacant tenancies). As of 31 December 2020, Management has performed an impairment test of lease assets comprising vacant tenancies. We focused on impairment of lease assets comprising vacant tenancies because the process is complex and requires management estimates in determining certain assumptions, of which the most significant ones relate to the probability of sublease and expected sublease rent rates. Refer to note 3.3 to the Consolidated Financial Statements.	We challenged main assumptions in Management's impairment test such as the adjustments made to reflect future expected sublease probability and assessed whether sublease rent rates are reasonable. This included analysing historical progress in subleasing vacant tenancies, comparing the rent level to other tenancies available for sublease in the same areas, assessing the impact from development activities and comparison against market insights.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 29 April 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Baungaard
State Authorised Public Accountant
mme23331

Michael Groth Hansen
State Authorised Public Accountant
mme33228

Disclaimer

Disclaimer

This report may include statements about TDC Group's expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts and may be forward-looking. These statements are often, but not always, formulated using words or phrases such as "are likely to result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seeks", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on TDC Group's results include: the competitive environment and the industry in which TDC Group operates; contractual obligations in TDC Group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC Group's responses to change and new technologies; introduction of and demand for new services and products; developments in demand, product mix and prices in the mobile and multimedia services market; research regarding the impact of mobile phones on health; changes in applicable legislation, including but not limited to tax and telecommunications legislation and anti-terror measures; decisions made by the Danish Business Authority; the possibility of being awarded licences; increased interest rates; the status of important intellectual property rights; exchange-rate fluctuations; global and local economic conditions; investments in and divestment of domestic and foreign companies; and supplier relationships.

As the risk factors referred to in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDC Group cannot predict. In addition, TDC Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.