

# **T-Systems Nordic A/S**

Dampfærgevej 21, st.  
DK-2100 København  
CVR no. 14 81 52 44

## **Annual report for 2021**

Adopted at the annual general  
meeting on 29 June 2022

**chairman**

Casper Malig

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## **Statement by management on the annual report**

The Executive Board and Board of Directors have today discussed and approved the Annual Report of T-Systems Nordic A/S for the financial year 1 January - 31 December 2021.

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

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

In our opinion, Management's Review includes a fair review of the matters dealt with in the Management's Review.

Management recommends that the Annual Report should be approved at the Annual General Meeting.

Copenhagen, 29 June 2022

### **Executive board**

Jesper Kryhlmand  
CEO

### **Supervisory board**

Casper Malig  
chairman

Jesper Kryhlmand

Thomas Deeg

Christian Lukas Eigenmann

## **Independent Auditor's Report**

### ***To the Shareholder of T-Systems Nordic A/S***

#### **Opinion**

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

We have audited the Financial Statements of T-Systems Nordic A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

#### **Basis for Opinion**

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

#### **Statement on management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

## **Independent Auditor's Report**

### **Management's responsibilities for the Financial Statements**

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

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

### **Auditor's responsibilities for the audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

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

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

Hellerup, 29 June 2022

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Leif Ulbæk Jensen  
State Authorised Public Accountant  
mne23327

Pawel Christof Michalak  
State Authorised Public Accountant  
mne48479

## Company details

### The company

T-Systems Nordic A/S  
Dampfærgevej 21, st.  
DK-2100 København

Telephone: +45 70 12 26 26

CVR no.: 14 81 52 44

Reporting period: 1 January - 31 December 2021

Domicile: Copenhagen

### Supervisory board

Casper Malig, chairman  
Jesper Kryhmand  
Thomas Deeg  
Christian Lukas Eigenmann

### Executive board

Jesper Kryhmand

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial highlights

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

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
Gross profit/loss	55.903	54.962	94.122	43.360	68.510
Profit/loss before net financials	6.231	872	17.091	-27.948	4.373
Net financials	-1.945	-1.552	-3.390	-5.431	-5.264
Profit/loss for the year	710	-9.687	7.677	-34.777	-956
Balance sheet total	145.954	170.779	285.799	287.075	348.779
Investment in property, plant and equipment	2.100	2.687	5.672	6.270	17.024
Equity	3.186	1.705	16.712	8.032	28.333
Number of employees	37	43	55	56	54
<b>Financial ratios</b>					
Return on assets	3,9%	0,4%	6,0%	-8,8%	1,2%
Solvency ratio	2,2%	1,0%	5,8%	2,8%	8,1%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.



## Management's review

### **About T-Systems – your digitization partner in Northern Europe**

With around 28,000 employees worldwide and annual revenues of EUR 4.0 billion (2021), T-Systems is one of the leading providers of digital services. The Deutsche Telekom subsidiary is headquartered in Germany and has a presence in Europe as well as in selected core markets and strategic production locations. T-Systems can provide a global production and supply chain to companies operating worldwide. T-Systems offers integrated end-to-end IT solutions, driving the digital transformation of companies in all industries and the public sector. T-Systems' focus industries are automotive, the public sector, healthcare and transport. For these areas, T-Systems develops industry-specific solutions – so-called vertical applications.

### **Advisory: Rethinking value creation**

The technology and industry experts at T-Systems and its consulting subsidiary Detecon advise companies on their path to digital transformation. Together with customers, they design a modern, future-proof IT landscape. This also includes implementation and, if required, subsequent operation and further development of the IT infrastructure. The Detecon consultants specialize in the entire spectrum of industry-specific digitalization – from innovation and prototyping to the implementation of smart solutions.

Technologies are only one side of the coin. Many things are technically feasible. But IT trends and hype do not always fit a company's business model and strategy. After all, innovation is not only a question of infrastructure, connectivity, and application landscape, but also of mindset and culture. At Detecon, digitalization is therefore above all a people business. With the Digital Engineering Center in Berlin, Detecon has created its own competence center which is continuously developing this view of consulting.

### **Digital: Doing business more agilely and flexibly**

Digitalization is not a hype, but an urgent imperative for every company and public administration. It is not first and foremost about speeding up business processes. It is now abundantly clear that agility and flexibility are the key benefits of a digitized economy and administration. Production processes and supply chains can be adapted in an agile manner. The foundation for this is real-time analysis of machine, production and planning data thanks to big data and artificial intelligence. This allows sub-processes to be controlled autonomously and business experts to focus on strategic future developments.

T-Systems offers a broad portfolio of coordinated IT and network solutions for digital transformation. In addition to private and public cloud services, these include digital solutions for industry 4.0, artificial intelligence (AI), virtual reality (VR) or blockchain. T-Systems integrates these into existing IT infrastructures or builds entirely new structures and operates from scratch. Digital solutions tailored to defined business processes are also used, enabling companies to exploit the full potential of digitalization.

## Management's review

### **Security: Intelligently protecting IT and Operational Technology systems**

A secure IT and OT infrastructure is crucial for the economic success of a company. But cyber attacks on networks and software are becoming a major threat. Almost daily, there are attacks by cybercriminals who exploit vulnerabilities, install malware, steal passwords and complete digital identities, intercept sensitive data and extort their victims. The reason: IT architectures are often not designed securely enough to withstand professional hackers. Therefore, one of the most important challenges of digitalization is to successfully protect IT and OT systems.

Telekom Security is one of the most successful providers of security solutions and services for companies and public administrations. Among other things, they benefit from the high level of protection with which Telekom secures its own infrastructure. Among other things, Telekom Security operates its own interconnected Security Operations Centers (SOC) around the globe. With the help of AI, around 2,500 security experts analyze up to 2.5 billion security-relevant events from around 3,300 global data sources every day. This expertise also benefits the companies for which Telekom operates SOCs tailored to specific customer requirements.

### **Cloud Services: Comprehensive cloud ecosystem**

T-Systems offers its customers access to and operation of a comprehensive cloud ecosystem. To this end, the cloud experts work with more than 150 partners, including hyperscalers AWS, Microsoft and Google, technology providers such as Cisco and VMware, and software manufacturers such as SAP, Salesforce and Microsoft. For customers with special requirements for data protection, data sovereignty and compliance, T-Systems offers its own Open Telekom Cloud, which can be used to meet all the requirements of the General Data Protection Regulation (DSGVO).

The cloud has become the preferred IT infrastructure of the future. Although the cloud brings demonstrable benefits to IT operations, migrating to and operating hybrid multi-cloud infrastructures with private and public cloud components is complex. Especially when they also have to work seamlessly with on-premise solutions. T-Systems supports customers on this path:

1. Assessment of existing IT and consulting for the path to the cloud.
2. Migration to the cloud based on highly automated processes and methods.
3. Management, including continuous updating, of the cloud systems.

T-Systems has more than 20 years of experience in the transformation and management of complex IT systems. The Telekom subsidiary currently has around 3,000 cloud architects and experts worldwide. The heart of its cloud services is one of Europe's largest and most modern cloud data centers near Magdeburg in Saxony-Anhalt. It is the highly secure hub of T-Systems' global cloud infrastructure. In addition, the global production network includes 16 highly secure twin cores and strategic points of production in Slovakia, Hungary and India.

## Management's review

### On the way to the green data center

Data centers consume an enormous amount of energy. T-Systems is doing everything it can to continuously improve the sustainability of its data centers. The long-term goal is "net-zero energy data centers" that are self-sufficient thanks to an intelligent interplay of renewable generation, storage and flexible consumers. They will no longer require energy from the public power grid and will be powered only by CO<sub>2</sub>-neutral energy. The data center in Biere already consumes 30 percent less energy than conventional data centers.

Learn more about our company here: <https://www.t-systems.com/dk/en/about-t-systems>

### Financial Review

#### 2021 Financial at a glance

Our overall financial performance was satisfying, and our Legal Entity T-Systems Nordic A/S contributed to the success of our region T-Systems Northern Europe. We delivered on all main KPI's and as a result we have a solid financial basis for further investments and market development.

Main driver for the achievement was our investment in growth areas and innovation fields - such as a broad range of digital solutions, public cloud services, the Internet of Things (IoT), and security - to create the basis for us to continue to focus our segment strategy on a sustainable shift into strategic growth areas. Nevertheless, also our focus to consolidate and streamline all Sales, Delivery and Supporting functions into an efficient and powerful organization to enable our growth strategy in our region was a big contributor for our success.

Accessory to all our strategic activities and to increase our visibility on the market, we moved our Headquarter of T-Systems Nordic from the countryside into the heart of Copenhagen and opened a modern, interactive office landscape to support our concept of "Agile working".

In a nutshell, we developed and maintained our existing client base and attracted new clients in Denmark, Sweden and Finland while improving our operational performance. As result, we realized a turnaround in our profitability on market level. This follows the direction, which was set by the new regional management setup in 2020, supported by the change in our international organization and a redefined growth strategy for the region Northern Europe.

The company's income statement for the year ending December 31st, 2021, shows a net profit DKK 710 k and the balance sheet at December 31st, 2021 shows shareholders' equity of DKK 3.186 k.

The management team has implemented organizational changes and we expect to re-iterate the focus on business development within T-Systems Northern Europe for further growth in 2022 and the years to come.

## **Management's review**

As such, Group wide the financial year 2021 was a strong year for T-Systems International and 2021 was another record year for Deutsche Telekom AG.

### **Annual Report 2021 of Deutsche Telekom AG**

The 2021 annual report from Deutsche Telekom can be downloaded here:

<https://report.telekom.com/annual-report-2021/>

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

### **Market, Outlook and Strategy**

The recent development in Ukraine has impacted the political environment across Europe significantly. Many corporate entities, including the entire Deutsche Telekom group, have decided to leave the Russian market and stall operations and trade with the country and companies within.

The situation in Ukraine has accelerated four ongoing macro trends: Cost of energy and raw materials has increased significantly, rising inflation, supply chain disruptions and a further intensified war for digital talents. Macro factors that also affect the Nordic region, where companies experience difficulties in securing supply chains and consumers are affected by increased prices. As a consequence of the acts in Ukraine, security discussions have become even more paramount as the fear of cyber-attacks increases. In the time of the writing of this report there is no indication of recession across the region, but the situation in Ukraine has affected the global economy and increased interest rates and inflation is predicted to impact end-consumers' willingness to invest and purchase. If the situation continues, it might affect the growth protectories of Nordic companies.

Despite the turmoil, the economic and political situation in the Nordic and Baltic markets for now remain stable and gives trust to increase business within the region, however, pressure and intense competition are expected to persist.

The management expect a result for 2022 to be at the same level as 2021.

## Management's review

The Corona pandemic did accelerate the already ongoing digitalization in the public and private sector as organizations needed to offer remote working possibilities to their employees. Furthermore, the global health crisis has enforced the need for digital business models, illustrated by a significant growth in online grocery shopping in the Danish market during the pandemic. While Europe at the moment experiences no consequences of the Corona virus, it is expected to re-flourish when the continent enters the autumn and winter season. Expectations are thought that with the massive vaccination programs across Europe that the massive lockdowns, which have been enforced earlier is not likely to be at the same degree.

According to external research, enterprises are accelerating their digital business. Digital business is about driving revenue from digital sales (digital transformation) and about optimizing processes (core and support) through digital means (digital optimization). In this aspect, the Nordic market is slightly ahead of many regions worldwide in maturity of their digital initiatives.

Hence, digital business development is a top priority in the Nordic markets. Companies are now changing their business models in response to market forces, and they see information technology and communication (ICT) as key to enabling their transformation. In this transformation, time to market and agility become key objectives and thus many companies continue to shift the IT spend from on-premises legacy to new technologies that are based on consumption-based pricing models and delivered as a service (XaaS).

Traditional IT business is expected to decline due to price competition and transformation to new technologies, resulting in market growth in cloud services, cyber security, data and analytics and modern applications. In view of this, T-Systems continue planning to invest in our growth portfolios – especially in digitalization, cloud services, advisory, and cyber security.

From a regional perspective, T-Systems are in the middle of a growth strategy phase and will continue the path chosen for the years to come. Hence, T-Systems Nordic A/S (as part of the new T-Systems Northern Europe entity) shall continue to bring to market innovative and compelling digital, cloud and infrastructure, advisory, and security solutions and services to help streamline and improve performance across companies, thereby strengthening agility and security, while simplifying new technology within their existing infrastructure. Competencies are bonded together in our four focus areas of Digital Solutions, Cloud and Infrastructure, Advisory, and Security to create value for clients in the region. All forward looking activities across the region will support the overall T-Systems Group strategy to strengthen its position as a leading European digital transformation partner.

## **Management's review**

### **Corona virus / Covid-19**

The corona virus has changed our everyday life, both privately and professionally, and continues to do so. 2021 was also significantly affected by the pandemic particular with the third wave by the end of year. While many countries in Europe have experienced devastating situations with thousands of casualties as a result, the Nordic region has in general managed the Corona pandemic well compared to other parts of the world with less deaths.

The measures vary from country to country, and governments have taken decisions on how best to tackle the crisis. With the roll-out of the European vaccination program in 2021, the situation has gradually become normalized. Currently, the Nordic region is not affected by Corona. However, we continue to manage and monitor the situation centrally, as far as possible, for example with our Group Situation Center. For practical reasons, however, decisions on protective and safety precautions are in the hands of local management, enabling us to react quickly and appropriately.

As a Group, Deutsche Telekom has already established several rules of conduct. Each unit in T-Systems has a focal point of contact, typically our security officers that are the official communication channel between business units and headquarters.

### **Business Continuity in practice**

The health of employees, clients and partners is our top priority. As a provider of critical infrastructure for Deutsche Telekom's corporate customers, we must at the same time do everything in our power to ensure business continuity at T-Systems and for our clients. After all, public life depends on it. That is why we have drawn up "Business Continuity plans" for all business areas that are critical.

For example, our team in the Security Operations Center continues to work on site around the clock, 24/7, but in separate groups and rooms. We have made the tasks of the Emergency Response Team and the Group Situation Center remote-capable, so that employees can perform these tasks almost entirely whilst working from home. We take a similar approach in our data centers and call centers.

Now that the whole world uses more and more digital services, we need to get even closer to our clients. In this stressful situation, we need to show our clients that we're here for them, even if personal social contact is to a large extent missing. Many clients are now asking for more bandwidth or want to quickly upgrade collaboration tools. This is where we need to be particularly flexible.

In this extraordinary situation, the T-Mindset is our special strength: we help each other, take care of each other, find pragmatic solutions, and support each other.

## Management's review

### Effect on external environment active climate protection

As part of the Deutsche Telekom Group, the main goal of our climate protection policy is to systematically and verifiably minimize the CO2 emissions we generate. The Group also promotes the efficient use of resources, dialog with its clients and society on climate protection, and reductions in CO2 emissions. The company has not drawn up any CSR report as the parent company has prepared this for the Group. The 2021 sustainability report may be downloaded on this link:

<https://www.telekom.com/en/corporate-responsibility>

### Foreign branches

Denmark - The performance and the financial result in our Danish entity is in line with our expectation. We were able to win a new global acting client in Denmark, which will help us continue our growth strategy. In addition, we developed our existing client base and enhanced the potential for future up- and cross-selling.

Sweden - The achievement of our Swedish branch is below our expectations for 2021. We were able to renegotiate some contracts of our customer base in our Swedish Branch, which will be positively affected in the future. Furthermore, we focused on developing the existing customer base to increase the future potential of up- and cross-selling. Nevertheless, we expected a higher market performance. For a higher market penetration in Sweden we started to implement more sales activities and will continue our market approach on the Swedish market.

Finland - Overall the result of our Finish branch was a success and in line with our expectations. The entity managed to stabilize and further develop its relations with existing clients and initiated successful steps towards further growth in the Finnish market. As a result, in line with our strategy, we were able to prolong contracts with two important clients.

Norway - Our business in Norway was stable and continues the level of the last years.

Estonia/Latvia/Lithuania - The business in the Baltic countries was with the start of July 2020 fully transferred to Deutsche Telekom Nordic A/S. We continue to run Branches in the Baltic countries, especially for a strategic point of view for whole Deutsche Telekom AG and T-Systems in regards of the situation in Russia. Deutsche Telekom and T-Systems like to have the alternative and opportunity to transfer business from Russia into countries close by to secure business continuity.

## Management's review

### Embracing diversity

#### ***Description of policies for the underrepresented gender***

*Description of how the company translates its policies on the underrepresented gender into action*

For over a decade now, Deutsche Telekom and all consolidated subsidiaries have sustainably and comprehensively supported diversity throughout the Group. Deutsche Telekom integrates all aspects of diversity and reinforces them with a host of flagship projects.

Just as much as demographic developments and different perceptions of roles, social trends such as globalization must not lead to certain groups being shut out of the labor market.

Equal opportunities are essential for social stability and business alike. Respecting human individuality and harnessing individuals' distinctive traits for joint success is just as important for our Group as developing a shared identity. A Culture & Diversity team, based in the HR Development unit, was created specifically for this task.

Women and men, young and old, as well as people with different abilities and cultural backgrounds from roughly 150 countries work together very effectively at our company. This diversity helps us remain competitive around the world with good ideas and outstanding products and consolidate our position as an attractive employer.

Developments in the proportion of women in leadership positions and serving on the supervisory boards are reported to and discussed in-depth by the Board of Management every six months, while the age structure and internationality of the workforce is recorded on an annual basis in our Personnel Structure Report. For us, diversity also means offering our employees numerous opportunities to develop personally and grow professionally, regardless of their gender, age, sexual preference, health situation, ethnic background, religion, or culture.

Our Group-wide Diversity Policy, five Guiding Principles, the Employee Relations Policy, and Code of Human Rights & Social Principles form the foundation of our commitment to diversity. We are also a founding member of the corporate Diversity Charter initiative and strive to promote diversity within and outside of our company. We meet the requirements set out in the Act to Promote Transparency of Pay Structures by publishing a remuneration report every five years.



## **Accounting policies**

The Annual Report of T-Systems Nordic A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium enterprises of reporting class C .

The accounting policies applied are consistent with those of last year.

The Annual Report for 2021 is presented in TDKK.

### **Cash flow statement**

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

### **Basis of recognition and measurement**

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

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

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

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Leases**

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'

## **Accounting policies**

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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

### **Income statement**

#### **Gross profit**

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less costs of raw materials and consumables and other external expenses.

#### **Revenue**

Revenue from the sale of services is recognised in the income statement when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

#### **Expenses for service purchases**

Expenses for service purchases used in generating the year's revenue.

#### **Other external expenses**

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### **Staff costs**

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

## Accounting policies

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Balance sheet

### Tangible assets

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-15 years

Depreciation period and residual values are reassessed annually.

Assets costing less than DKK 30.700 are expensed in the year of acquisition.

Useful life incl. residual values are reassessed annually.

### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is tested for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

## **Accounting policies**

### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### **Dividends**

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the Annual General Meeting.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

### **Liabilities**

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

## Accounting policies

### Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Gross profit</b>		<b>55.903</b>	<b>54.962</b>
Staff costs	1	<u>-47.687</u>	<u>-52.099</u>
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>8.216</b>	<b>2.863</b>
Depreciation of property, plant and equipment		<u>-1.985</u>	<u>-1.991</u>
<b>Profit/loss before net financials</b>		<b>6.231</b>	<b>872</b>
Financial income		-29	-19
Financial costs	2	<u>-1.916</u>	<u>-1.533</u>
<b>Profit/loss before tax</b>		<b>4.286</b>	<b>-680</b>
Tax on profit/loss for the year	3	<u>-3.576</u>	<u>-9.007</u>
<b>Profit/loss for the year</b>		<u><b>710</b></u>	<u><b>-9.687</b></u>
Distribution of profit	4		

## Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		4.322	4.144
<b>Tangible assets</b>	5	<b>4.322</b>	<b>4.144</b>
Deposits		686	1.277
<b>Fixed asset investments</b>		<b>686</b>	<b>1.277</b>
<b>Total non-current assets</b>		<b>5.008</b>	<b>5.421</b>
Trade receivables		99.472	97.383
Receivables from group enterprises		5.505	28.146
Other receivables		166	705
Corporation tax		7.236	6.496
Prepayments		224	566
<b>Receivables</b>		<b>112.603</b>	<b>133.296</b>
<b>Cash at bank and in hand</b>		<b>28.343</b>	<b>32.062</b>
<b>Total current assets</b>		<b>140.946</b>	<b>165.358</b>
<b>Total assets</b>		<b>145.954</b>	<b>170.779</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Equity and liabilities</b>			
Share capital		5.500	5.500
Retained earnings		-2.314	-3.795
<b>Equity</b>	<b>6</b>	<b><u>3.186</u></b>	<b><u>1.705</u></b>
Payables to group enterprises		50.000	64.935
Other payables		0	4.015
<b>Total non-current liabilities</b>	<b>8</b>	<b><u>50.000</u></b>	<b><u>68.950</u></b>
Trade payables		1.003	962
Payables to group enterprises		47.562	62.045
Corporation tax		0	3.247
Other payables		44.203	33.870
<b>Total current liabilities</b>		<b><u>92.768</u></b>	<b><u>100.124</u></b>
<b>Total liabilities</b>		<b><u>142.768</u></b>	<b><u>169.074</u></b>
<b>Total equity and liabilities</b>		<b><u>145.954</u></b>	<b><u>170.779</u></b>
Significant events occurring after the end of the financial year	9		
Rent and lease liabilities	10		
Contingent liabilities	11		
Related parties and ownership structure	12		



## Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January 2021	5.500	-3.795	1.705
Currency adjustments	0	771	771
Net profit/loss for the year	0	710	710
<b>Equity at 31 December 2021</b>	<b>5.500</b>	<b>-2.314</b>	<b>3.186</b>

## Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>1 Staff costs</b>		
Wages and salaries	42.396	46.234
Pensions	3.902	4.394
Other social security costs	1.389	1.471
	<u><b>47.687</b></u>	<u><b>52.099</b></u>
Average number of employees	<u>37</u>	<u>43</u>
In accordance with section 98 B (3) of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors is disclosed on an aggregate level for both categories.		
Total remuneration to the Executive Board and Board of Directors for 2021 amounted to DKK 5.084 thousand (2020: DKK 5.461 thousand).		
<b>2 Financial costs</b>		
Financial expenses, group entities	328	413
Other financial costs	412	567
Exchange loss	1.176	553
	<u><b>1.916</b></u>	<u><b>1.533</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	3.569	4.551
Deferred tax for the year	0	-19
Adjustment of tax concerning previous years	7	4.475
	<u><b>3.576</b></u>	<u><b>9.007</b></u>

## Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>4 Distribution of profit</b>		
Retained earnings	710	-9.687
	<u>710</u>	<u>-9.687</u>
<b>5 Tangible assets</b>		
		<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January 2021		17.458
Currency correction of beginning in local currencies		-14
Additions for the year		2.100
Disposals for the year		<u>-2.549</u>
Cost at 31 December 2021		<u>16.995</u>
Impairment losses and depreciation at 1 January 2021		13.314
Currency correction of beginning in local currencies		-77
Depreciation for the year		1.985
Reversal of depreciation of disposed assets		<u>-2.549</u>
Impairment losses and depreciation at 31 December 2021		<u>12.673</u>
<b>Carrying amount at 31 December 2021</b>		<u><b>4.322</b></u>
Depreciated over		<u>3-5 years</u>

## Notes

### 6 Equity

The share capital consists of 55.000 shares of a nominal value of TDKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

### 7 Deferred tax asset

Total deferred tax asset is estimated at approximately DKK 55.4 million of which DKK 51.5 million relates to tax loss carried forward (2020: DKK 53.3 million of which DKK 48.6 million relates to tax loss carried forward) (calculated at a tax rate of 22 pct.). Of the total deferred tax asset, DKK 0 (2020: DKK 0) has been recognised as of 31 December 2021.

### 8 Long term debt

	2021 TDKK	2020 TDKK
<b>Payables to group enterprises</b>		
Between 1 and 5 years	50.000	64.935
Non-current portion	50.000	64.935
Other short-term debt to subsidiaries	47.562	62.045
Current portion	47.562	62.045
	<b>97.562</b>	<b>126.980</b>
<b>Other payables</b>		
Between 1 and 5 years	0	4.015
Non-current portion	0	4.015
Other short-term other debt	44.203	33.870
Current portion	44.203	33.870
	<b>44.203</b>	<b>37.885</b>

## Notes

### 9 Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>10 Rent and lease liabilities</b>		
Obligations according to operational leasing contracts relating to cars and other equipment	733	1.543
Rent obligations	3.651	1.215
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	2.579	2.052
Between 1 and 5 years	<u>1.805</u>	<u>706</u>
	<u><b>4.384</b></u>	<u><b>2.758</b></u>

### 11 Contingent liabilities

The company is jointly taxed with Deutsche Telekom Nordic A/S, and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

The Company has a non recognized tax asset on DKK 55.4 million mainly relating to tax losses carried forward.

## Notes

### 12 Related parties and ownership structure

#### Controlling interest

T-Systems International GmbH, Parent Company, owns 100%

#### Transactions

Transactions with related parties has been carried out at arm's length terms, and therefore the nature and the amounts of the transactions are not disclosed in accordance with section 98 C(7) of the Danish Financial Statements Act.

#### Consolidated financial statements

The company is reflected in the group report as the parent company Deutsche Telekom AG.

The group report of Deutsche Telekom AG can be obtained at the following address:

Deutsche Telekom AG  
Friedrich-Ebert-Alle 140  
D-53113 Bonn  
Germany