

Tilts Communications A/S
Holmbladsgade 139
2300 København S
Central Business Registration No
17260642

Annual report 2019

The Annual General Meeting adopted the annual report on 05.05.2020

Chairman of the General Meeting

Name: Brian Zack

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Entity details

Entity

Tilts Communications A/S
Holmbladsgade 139
2300 København S

Central Business Registration No: 17260642
Registered in: København
Financial year: 01.01.2019 - 31.12.2019

Phone: 82337000
Fax: 82337049
Website: www.telia.dk

Board of Directors

Per Emil Nilsson, Chairman
Hannu-Matti Mäkinen
Ole Stenkil

Executive Board

Hannu-Matti Mäkinen, Chief Executive Officer

Bank

Danske Bank
Holmens Kanal 2-12
1092 København K

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tilts Communications A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 05.05.2020

Executive Board

Hannu-Matti Mäkinen
Chief Executive Officer

Board of Directors

Per Emil Nilsson
Chairman

Hannu-Matti Mäkinen

Ole Stenkil

Independent auditor's report

To the shareholder of Tilts Communications A/S

Opinion

We have audited the financial statements of Tilts Communications A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 05.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Christian Sanderhage
State Authorised Public Accountant
Identification number (MNE) mne23347

Henrik Hartmann Olesen
State Authorised Public Accountant
Identification number (MNE) mne34143

Management commentary

Primary activities

The purpose of the company is to invest in, install, establish, and maintain telecommunications systems in various countries.

Development in activities and finances

Result for 2019 shows a profit before tax of EUR 15.914 thousand which is considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	<u>Notes</u>	<u>2019 EUR'000</u>	<u>2018 EUR'000</u>
Administrative costs		<u>(7)</u>	<u>(6)</u>
Operating profit/loss		(7)	(6)
Income from investments in associates		<u>15.920</u>	<u>19.489</u>
Profit/loss before tax		15.913	19.483
Tax on profit/loss for the year	1	<u>1</u>	<u>5</u>
Profit/loss for the year		15.914	19.488
Proposed distribution of profit/loss			
Retained earnings		<u>15.914</u>	<u>19.488</u>
		15.914	19.488

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 EUR'000</u>	<u>2018 EUR'000</u>
Investments in associates		<u>113.121</u>	<u>113.121</u>
Fixed asset investments	2	<u>113.121</u>	<u>113.121</u>
Fixed assets		<u>113.121</u>	<u>113.121</u>
Receivables from group enterprises	3	<u>5.762</u>	<u>9.748</u>
Receivables		<u>5.762</u>	<u>9.748</u>
Current assets		<u>5.762</u>	<u>9.748</u>
Assets		<u>118.883</u>	<u>122.869</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019</u> <u>EUR'000</u>	<u>2018</u> <u>EUR'000</u>
Contributed capital	4	102.808	102.808
Retained earnings		16.048	20.034
Equity		118.856	122.842
Trade payables		3	3
Other payables		24	24
Current liabilities other than provisions		27	27
Liabilities other than provisions		27	27
Equity and liabilities		118.883	122.869
Contingent liabilities	5		

Statement of changes in equity for 2019

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	102.808	20.034	122.842
Ordinary dividend paid	0	(19.900)	(19.900)
Profit/loss for the year	0	15.914	15.914
Equity end of year	102.808	16.048	118.856

Notes

	2019	2018
	EUR'000	EUR'000
1. Tax on profit/loss for the year		
Tax on current year taxable income	(1)	(5)
	(1)	(5)

	Investments in associates EUR'000
2. Fixed asset investments	
Cost beginning of year	113.121
Cost end of year	113.121
Carrying amount end of year	113.121

	Equity inte- rest %	Equity EUR'000	Profit/loss EUR'000
Investments in associates comprise:			
Tet Group (previously Lattelecom)	Riga, Letland 49,0	279.056	36.164

3. Receivables from group enterprises

Cash comprises a group cash pool arrangement between the Group's main bank connections and Telia AB. The cash is available for daily operations according to the Group's instructions.

	Number	Par value EUR'000	Nominal value EUR'000
4. Contributed capital			
Ordinary shares	76.424.100	0	102.808
	76.424.100		102.808

5. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Telia Company Danmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act,

Notes

the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Administrative costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Telia Company Danmark A/S and all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Investments in associates

Investments in associates are measured at cost and are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.