

# Verizon Denmark A/S

Stensmosevej 15, 2620 Albertslund

CVR no. 17 88 90 87

Annual report 2023  
for the year ended 31 December 2023

Approved at the annual general meeting of shareholders on 7 June 2024

As chairman:



Jens Steen Jensen

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**Statement by the Board of Directors and the Executive Board on annual report**

Today the Board of Directors and the Executive Board have discussed and approved the annual report of Verizon Denmark A/S for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the company's operations for the fiscal year 1 January - 31 December 2023.

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

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

Albertslund, 7 June 2024

Executive board:



.....  
Clare Brenda Aitkenhead

Board of Directors:



.....  
Francesco Cesare De Maio  
Chairman



.....  
Adrian Peter Leatham



.....  
Clare Brenda Aitkenhead

## **Independent auditor's report**

### **To the shareholders of Verizon Denmark A/S**

#### **Opinion**

We have audited the financial statements of Verizon Denmark A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 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 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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### **Management's responsibilities for the financial statements**

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

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

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

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

As part of an audit conducted in accordance with ISAs and 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 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view. <sup>2</sup>

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

**Statement on the Management's review**

Management is responsible for the Management's review.

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

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

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

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

Herring, 7 June 2024

EY Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jesper Stier

State Authorised  
Public Accountant  
Mne 42245

## Management's review

### Financial highlights

5 - years summary (in DKK thousands, except per share data):

Key figures (in DKK thousands)	2023	2022	2021	2020	2019
Revenue	102,504	109,737	104,805	93,438	107,404
Gross profit	30,172	30,217	31,147	32,403	34,119
Operating profit	4,613	5,028	4,840	4,247	4,773
Net financial income	9,671	18,896	15,535	-15,090	9,050
Profit/loss for the year	19,300	27,384	20,490	-12,598	14,992
Balance sheet total	337,397	320,562	317,187	291,522	291,475
Investments in fixed assets	5,627	4,522	6,605	5,418	1,106
Equity	316,413	297,113	269,729	249,239	261,837
Average number of employees	14	14	14	17	18
Financial ratios in %					
Gross margin	29.4	27.5	29.0	34.7	31.8
EBIT margin	4.5	4.6	4.6	4.5	4.4
Equity ratio	93.8	92.7	85.0	85.5	89.8
Return of equity	6.3	9.7	7.7	4.9	5.9

#### Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation on financial ratios 'Recommendations Financial Ratios', cf. below and

Definition of financial ratios:

Gross margin:

Gross margin / Revenue\*100

EBIT margin:

Profit/loss from ordinary operating activities / Revenue\*100

Equity ratio:

Closing equity / Equity & liabilities at year-end\*100

Return on equity:

Profit/loss for the year / Average equity\*100

## **Management's review**

### **The company's business review**

The company is a provider of internationally managed IT infrastructure services and IT security services for large companies and global organisations. The business comprises the sale and marketing of IT security and telecommunication solutions, hosting LAN as well as WAN services, and the full transformation as well as maintenance for the service in operation for these services.

### **Financial review**

The revenue of Verizon Denmark A/S has declined from DKKt 109,737 in 2022 to DKKt 102,504 in 2023. In our outlook in the previous annual report we had expected the revenue to decline by 5-7%. The company's income statement for the year ended 31 December 2023 shows a net profit of DKKt 19,300. The assets and the balance sheet at 31 December 2023 show equity of DKKt 337,397.

### **Outlook**

The Directors expect revenue pressure on core legacy services to persist as a result of technology migrations, increased competitive intensity (from established global telco providers, system integrators and new entrants) and global macroeconomic and geopolitical uncertainty.

The Company will continue to focus on innovation and growing strategic services such as security, network as a service, advanced communications, customer experience, advisory consulting services to expand market penetration, acquire new customers and increase wallet share within the existing base.

Due to the above scenario, the company expects the revenue and operating profit to decline by 5-7% next year.

### **Subsequent events**

No events have occurred after the financial period end which could significantly affect the company's financial position.





**Financial risks and use of financial instruments**

**Price risks**

The company is exposed to price risks to the same extent as other companies in the industry.

**Currency risks**

The currency risk is considered low, since most of the receivables and payables are done in DKK, EUR and USD

**Interest rate risks**

The interests rate risks are not very material specific to the company. To the extent interest rate movements impact the wider economy, the company is affected indirectly like any other company in the industry.

**Knowledge resources**

The company acknowledges the importance of hiring, retaining, training and up skilling human resources so that it can remain competitive in the telecom and technology industry which is knowledge intensive. There is continued focus on best HR practices, scope of on job training and skill improvement, career progression and attractive compensation scheme to attract and retain talent.



## Financial statements

### Income statement for the year ended 31 December

		<u>2023</u>	<u>2022</u>
		DKKt	DKKt
Notes			
	Revenue	102,504	109,737
	Cost of sales	-61,875	-67,652
	Other external expenses	- 10,457	- 11,869
	<b>Gross profit</b>	<b><u>30,172</u></b>	<b><u>30,217</u></b>
2	Staff costs	- 19,810	-19,271
	Depreciation on property, plant and equipment	- 5,749	- 5,918
	Other operating expenses	-	-
	<b>Operating profit</b>	<b><u>4,613</u></b>	<b><u>5,028</u></b>
3	Financial income	16,975	19,370
4	Financial expenses	- 7,304	- 474
	<b>Pre-tax profit</b>	<b><u>14,283</u></b>	<b><u>23,924</u></b>
5	Tax for the year	5,017	3,460
	<b>Profit for the year</b>	<b><u><u>19,300</u></u></b>	<b><u><u>27,384</u></u></b>



## Balance sheet at 31 December

	2023	2022
	DKKt	DKKt
Notes		
<b>Assets</b>		
<b>Fixed assets</b>		
Plant and machinery	10,089	11,555
Other fixtures and fittings, tools and equipment	5,378	7,270
Leasehold improvements	218	266
Property, plant and equipment in progress	3,617	333
6 <b>Property, plant and equipment</b>	<b>19,302</b>	<b>19,424</b>
<b>Total non-current assets</b>	<b>19,302</b>	<b>19,424</b>
Trade receivables	24,756	24,443
Receivables from group entities	267,757	257,227
7 Deferred tax asset	12,068	7,051
8 Prepayments	2,503	2,149
Other receivables	4,596	6,445
<b>Receivables</b>	<b>311,680</b>	<b>297,315</b>
<b>Cash</b>	<b>6,415</b>	<b>3,824</b>
<b>Total current assets</b>	<b>318,095</b>	<b>301,139</b>
<b>Total assets</b>	<b>337,397</b>	<b>320,562</b>



## Balance sheet at 31 December

	<b>2023</b>	<b>2022</b>
	<b>DKKt</b>	<b>DKKt</b>
Notes		
<b>Equity and liabilities</b>		
<b>Equity</b>		
9 Share capital	1,500	1,500
Retained earnings	314,913	295,613
<b>Total equity</b>	<b>316,413</b>	<b>297,113</b>
<b>Liabilities</b>		
10 Other payables	546	414
<b>Liabilities other than provisions</b>	<b>545</b>	<b>414</b>
11 Provisions	734	917
<b>Non-current provisions</b>	<b>734</b>	<b>917</b>
<b>Total non-current liabilities</b>	<b>1,279</b>	<b>1,331</b>
Deferred income	-	-
Trade payables	4,687	5,396
Payables to group entities	-	71
Other payables	15,018	16,651
<b>Total current liabilities</b>	<b>19,705</b>	<b>22,118</b>
<b>Total liabilities</b>	<b>20,984</b>	<b>23,449</b>
<b>Total equity and liabilities</b>	<b>337,397</b>	<b>320,562</b>

1. Accounting policies
12. Recommended appropriation of the profit / loss for the year
13. Security for loans
14. Contingent liabilities and other financial obligations
15. Related parties

### Statement of changes in equity

Note

(DKKt)	<u>Share capital</u>	<u>Retained Earnings / accumulated loss</u>	<u>Total</u>
Equity at 1/1/ 2023	1,500	295,613	297,113
Profit for the year, cf. appropriation of profit	<u>0</u>	<u>19,300</u>	<u>19,300</u>
Equity at 31/12/ 2023	<u>1,500</u>	<u>314,913</u>	<u>316,413</u>

The share capital consists of 1,500,000 shares at a nominal value of DKK 1,500,000. No shares carry any special rights. The Company's share capital has remained unchanged for the past five years.

## **Notes**

### **1. Accounting policies**

The annual report of Verizon Denmark A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards middle reporting class C enterprises. Accounting policies is unchanged compared to prior years.

#### **Omission to present a cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Verizon Communication Inc.

#### **Reporting currency**

The financial statements are presented in Danish kroner.

#### **Currency translation**

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

#### **Leases**

The Company has chosen IAS17 as interpretation for classification and recognition of leases.

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognized in the income statement over the term of lease.

The company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

## **Accounting policies continued**

### **Income statement**

#### **Revenue**

The company has chosen IAS 18 as interpretation for revenue recognition.

Income from the sale of telecommunication services is recognised in revenue at the time of delivery, provided that the income can be made up reliably and is expected to be received. Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

#### **Cost of sales**

Cost of sales include direct cost of goods and services attributable to revenue.

#### **Other external expenses**

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

#### **Other operating expenses**

Other operating expenses comprise secondary expenses relating to company activities including losses on disposal of plant and machinery and other fixed assets.

#### **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 continued

### Depreciation of property, plant and equipment

The item comprises depreciation of property, plant and equipment.

Property, plant and equipment are depreciated on straight-line basis over the expected useful life of each individual asset. The depreciation basis is the cost.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized.

The expected useful lives of the asset are as follows:

	<u>Useful life (year)</u>
Plant and machinery	3-40
Other fixtures and fittings, tools and equipment	5-10
Leasehold improvements	3-45

### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

### Tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

### Balance sheet

#### Property, plant and equipment

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

#### Impairment of fixed assets

The carrying amount of plant and equipment is assessed for impairment on an annual basis.

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



### Accounting policies continued

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

#### Receivables

Receivables are measured at amortised cost.

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

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

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

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

#### Deferred Tax Asset

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

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

## Accounting policies continued

### Prepayments

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

### Cash and cash equivalents

Cash comprises cash balances and bank balances.

### Deferred income

Deferred income recognised as liability comprises payments received concerning income in subsequent financial reporting years.

### Liabilities other than provision

Financial liabilities are measured at amortised cost. Other liabilities are measured at net realizable value.

### Provisions

Provisions are dilapidations provisions comprising costs related to leasehold properties. Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## 2. Staff cost

	2023 DKKt	2022 DKKt
Wages and salaries	17,862	16,829
Pensions	1,289	1,227
Other staff costs	659	1,215
	<u>19,810</u>	<u>19,271</u>
	<u>Number</u>	<u>Number</u>
Average numbers of employees	<u>14</u>	<u>14</u>

The executive board and the board of directors do not receive any remuneration specific to their executive roles in the company.



Continued- Notes

**3. Financial income**

	2023	2022
	DKKt	DKKt
Interest group entities	13,949	6,415
Other financial income	3,026	12,955
	<u>16,975</u>	<u>19,370</u>

**4. Financial expenses**

	2023	2022
	DKKt	DKKt
Interest expenses, group entities	6	9
Other financial expenses	7,298	465
	<u>7,304</u>	<u>474</u>

**5. Tax for the year**

	2023	2022
	DKKt	DKKt
Corporation tax	-	-
Deferred tax	5,017	3,460
	<u>5,017</u>	<u>3,460</u>

**6. Property, plant and equipment**

	Plant and Machinery	Other fixtures and fittings tools and equipment	Lease- hold improve- ments	Property, plant and equipment in progress	Total
<b>Cost</b>					
Cost at 1/1/2023	221,465	10,466	2,243	333	234,507
Additions in the year	2,003	52	-	3,572	5,627
Disposals in the year	-	-	-	-	-
year	19,971	-164	-78	-	20,213
Transfer to/from other accounts	66	-	222	-288	-
Cost as 31/12/2023	<u>203,563</u>	<u>10,354</u>	<u>2,387</u>	<u>3,617</u>	<u>219,921</u>
<b>Depreciation</b>					
Depreciation at 1/1/2023	209,910	3,196	1,977	-	215,083
Depreciation	3,534	1,944	271	-	5,749
Depreciation disposals	-19,971	-164	-78	-	-20,213
Depreciation 31/12/2023	<u>193,473</u>	<u>4,976</u>	<u>2,170</u>	<u>-</u>	<u>200,619</u>
Carrying amount at 31/12/2023	<u>10,089</u>	<u>5,378</u>	<u>217</u>	<u>3,617</u>	<u>19,302</u>

**7. Deferred tax asset**

	2023	2022
	DKKt	DKKt
Balance as 1 January	7,051	3,591
Defer tax adjustment for the year	5,017	3,460
Balance at 31 December	<u>12,068</u>	<u>7,051</u>

The company has a total deferred tax asset, as of 31 December 2023, of DKKt 22,802 (2022: DKKt 25,318) which relate primarily to timing differences of taxable loss, plant and machinery and fittings and equipments.

Deferred tax assets of DKKt 12,068 (2022: DKKt 7,051) have been recorded in the financial statements, based on a 3-year forecast.

Unrecognised deferred tax asset therefore amounts to, as of 31 December 2023, DKKt 10,734 (2022: DKKt 18,267)

It is management assessment that the valuation of the company's deferred tax asset as of 31 December 2023 is justifiable.

**8. Prepayments**

Prepayments of DKKt 2,503 (2022: DKKt 2,149) operation and maintenance, etc. of fibre cables owned by a third party, are included in prepayments.

**9. Share capital**

The share capital consists of 1,500,000 shares at a nominal value of DKK 1,500,000. No shares carry any special rights. The Company's share capital has remained unchanged for the past five years.

**10. Other payables**

The balance in other payables relate to long term employee obligations. These are payable between 2-5 years from the balance sheet date.

**11. Provisions**

Provisions are dilapidation provisions comprising costs related to leasehold properties. The liability for this provision is expected to be settled in 2026.

**12. Recommended appropriation of the profit / loss for the year**

	2023 DKKt	2022 DKKt
Retained earnings	19,300	27,284
	<u>19,300</u>	<u>27,384</u>

**13. Security for loans**

The company has not placed any assets or other as security for loans at 31/12 2023.

**14. Contingent liabilities and other financial obligations**

	2023 DKKt	2022 DKKt
Rent and lease liabilities;		
Falling due within 1 year	4,153	2,646
Falling due within 2-5 years	11,053	1,695
Falling due after 5 years	3,686	
	<u>18,893</u>	<u>4,341</u>

**15. Related parties**

Information about related parties with controlling interest:

Related party	Domicile	Basis for control
Verizon Communication Inc.	New York, USA	Ultimate parent company
Verizon European Holdings Limited	Reading, United Kingdom	Parent company

Copies of Verizon Communications Inc.'s annual report are available at <https://www.verizon.com/about/investors/annual-report> or on written request at the address of the principal executive offices; 1095 Avenue of the Americas, New York, New York 10036, USA.

Continued- Notes

	2023	2022
	DKKt	DKKt
Transactions with the related parties:		
Purchase of goods and services from the related parties	62,691	67,628
Sales of goods and services to the related parties	13,465	12,688
Interest income from the related parties	13,949	6,415
Interest expenses payable to the related parties	6	9
Inter company balance credit	72	
Receivables from the related parties	267,757	257,227
Payables to the related parties	-	71

21)