

AT&T Global Network Services Danmark ApS

Dronninggårds Alle 136, DK2840 Holte

CVR-nr. 21 25 46 81

Annual Report for 2023

The Annual Report has been
presented and adopted at the Annual
General Meeting of the Company on
24 May 2024



Chairman

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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of AT&T Global Network Services Danmark ApS 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 financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holte, 24 May 2024

Executive Board



Michael Springham

Supervisory Board

Andrew Mark Smith
Chairman

Anibal Jose Simon Latuff Hernandez



Michael John Springham

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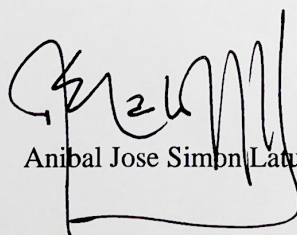
Holte, 24 May 2024

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Michael Springham

Supervisory Board

Andrew Mark Smith
Chairman



Anibal Jose Simon Latuff Hernandez

Michael John Springham

Independent auditor's report

To the shareholders of AT&T Global Network Services Danmark ApS

Opinion

We have audited the financial statements of AT&T Global Network Services Danmark ApS for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 24 May 2024
 EY Godkendt Revisionspartnerselskab
 CVR no. 30 70 02 28


 Tom B. Lassen
 State Authorised
 Public Accountant
 mne24820


 Søren Strandgaard Nielsen
 State Authorised
 Public Accountant
 mne47823

Company Information

The Company

AT&T Global Network Services Danmark ApS
Dronninggårds Alle 136
DK 2840 Holte
Denmark

Telephone: +45 70 27 50 00

Website: www.att.com

CVR no.: 21 25 46 81

Established: 1 October 1998

Financial year: 1 January – 31 December

Municipality of
reg. office: Rudersdal

Supervisory Board

Andrew Mark Smith, Chairman
Anibal Jose Simon Latuff Hernandez
Michael John Springham

Executive Board

Michael John Springham

Auditors

EY Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C
Denmark

Consolidated Financial Statements

The company's ultimate parent company, which prepares consolidated financial statements, in which the company is included as a subsidiary, is AT&T Inc., Dallas, USA.

The consolidated financial statements of the ultimate parent company can be obtained at the following address:

AT&T Inc.
208 S. Akard St.
Dallas TX 75202
United States of America

Management's Review

Main activity

During the year the Company continued to operate under the international trading agreement (the AT&T Global Intercompany Trading Agreement "AGITA") for its international operations. Under this agreement the Company provides network, sales and marketing and general administrative support to AT&T's global enterprise business, which is operated by AT&T Corp.

The Company bears limited risk in relation to its local business and receives income from another group undertaking as specified in the agreement. The company is remunerated based on a mark-up on value-added expenses.

Developments in the year

The turnover of the Company for the year decreased to TDKK 51 285 (2022: TDKK 57 041). The turnover is generated from the provision of network, sales, marketing and general administrative support to an intermediate parent company through the operation of the AGITA. The significant decrease in turnover was driven mainly by reduction in staff costs reimbursable under AGITA, due to decrease in headcount.

Under the terms of the AGITA, the Company continues to bear limited risk in relation to its local business and receives income from another group undertaking as specified in the agreement.

The Company continued to support its parent company by developing its local business in line with AT&T Inc strategy.

Net profit for the year has decreased by TDKK 1 292 to TDKK 9 763 (2022: TDKK 11 055). The current year corporate income tax charge and deferred tax charge totals TDKK 4 765. The financial performance is in line with the expectation stated in last year's financial statements (revenue was expected to be in the range between TDKK 50 000 and TDKK 55 000 and profit before tax was expected to be in the range between TDKK 11 500 and 12 700).

The Company has switched reporting class from medium-sized C-enterprises to reporting class B.

Subsequent events

On 1 and 2 May 2024, an internal reorganisation within the AT&T group took place. Following the reorganisation, AT&T Corp is no longer an intermediate parent undertaking of the Company. AT&T Inc. remains the ultimate parent undertaking.

There were no other subsequent events of note that would have a significant impact on the financial statements.

Accounting Policies

Basis of preparation

The Annual Report of AT&T Global Network Services Danmark ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B.

From the 2023 financial year, the Company has switched from reporting class medium-sized C to reporting class B. The change has not affected the Company's accounting policies for recognition and measurement of assets and liabilities, but has only resulted in decreased requirements for presentation and disclosures in the annual report.

The applied accounting policies remain unchanged compared to previous years.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Profit and loss account

Revenue

Revenue represents the income received from another group undertaking in accordance with the AGITA. Amounts invoiced to third party customers are accounted for as due to that other group undertaking under the terms of the AGITA because this Company does not bear the risks and may have a limited reward associated with these invoices.

The Company has chosen IAS 18 as interpretation for revenue recognition. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Production costs

Production costs comprise costs incurred to achieve revenue for the year. This includes direct and indirect costs for raw materials and consumables, wages and salaries, depreciation, etc.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for management, administrative staff, office expenses, depreciation, etc.

Accounting Policies

Financial income and expenses

Financial income and expenses comprise interest as well as realised and unrealised exchange rate adjustments.

Tax on profit/loss for the year

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation, based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery, comprising:

Network equipment and customer premises equipment	5-9 years
Tools and testing equipment	12 years

Residual values are expected to amount to DKK nil.

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

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

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured at amortised cost.

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

Accounting Policies

Receivables (continued)

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been 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 country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments and deferred income

Prepayments include expenses incurred in respect of subsequent financial years.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Accounting Policies

Current tax receivables and liabilities

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

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Debts

The Company has chosen IAS 39 as the interpretative contribution to the recognition and measurement of debt obligations.

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

Income Statement 1 January - 31 December

	Note	2023 DKK	2022 DKK
Revenue		51 285 341	57 041 237
Production costs	1	(30 700 861)	(33 149 227)
Gross profit		20 584 480	23 892 010
Distribution expenses	1	(13 534 809)	(13 662 276)
Administrative expenses	1	(6 274 358)	(5 703 200)
Profit before financial income and expenses		775 313	4 526 534
Financial income	2	13 974 771	9 573 924
Financial expenses		(222 145)	(105 012)
Profit before tax		14 527 939	13 995 446
Tax on profit for the year		(4 764 754)	(2 939 953)
Net profit for the year		9 763 185	11 055 493

Balance Sheet 31 December

Assets	Note	2023	2022
		DKK	DKK
Plant and machinery		8 482 063	13 013 711
Property, plant and equipment	3	8 482 063	13 013 711
Loan receivable, group enterprises		132 379 392	-
Long-term receivables		132 379 392	-
Trade receivables		10 208 452	19 776 167
Receivables from group enterprises		5 907 910	755 182 808
Other receivables		-	84 596
Tax receivable		-	934 156
Deferred tax asset	4	3 389 893	2 532 570
Prepayments		609 619	772 579
Receivables		20 115 874	779 282 876
Cash at bank and in hand		57 943 862	54 448 648
Current assets		78 059 736	833 731 524
Assets		218 921 191	846 745 235
Liabilities and equity			
Share capital		129 000	129 000
Retained earnings		213 077 793	203 314 608
Proposed dividends		-	627 000 000
Equity		213 206 793	830 443 608
Trade payables		1 719 284	3 506 330
Payables to group enterprises		-	8 701 188
Tax payable		534 703	-
Other payables		3 413 701	4 075 738
Deferred income		46 710	18 371
Short-term debt		5 714 398	16 301 627
Debt		5 714 398	16 301 627
Liabilities and equity		218 921 191	846 745 235

Other Notes

Operating lease commitments	5
Contingent liabilities	6
Related parties	7
Distribution of profit	8

Statement of Changes in Equity

	Share capital DKK	Retained earnings DKK	Proposed dividends DKK	Total DKK
Equity at 1 January 2023	129 000	203 314 608	627 000 000	830 443 608
Dividends paid	-	-	(627 000 000)	(627 000 000)
Net profit for the year	-	9 763 185	-	9 763 185
Equity at 31 December 2023	129 000	213 077 793	-	213 206 793
Equity at 1 January 2022	129 000	819 259 115	-	819 388 115
Net profit for the year	-	(615 944 507)	627 000 000	11 055 493
Equity at 31 December 2022	129 000	203 314 608	627 000 000	830 443 608

Notes to the Annual Report

	2023 DKK	2022 DKK
1 Staff costs		
Wages and salaries	26 430 828	27 012 521
Pensions	2 094 307	2 526 028
Other social security expenses	252 620	(107 315)
Other employee expenses	227 956	317 575
	<u>29 005 711</u>	<u>29 748 809</u>
 Average number of employees	 <u>15</u>	 <u>20</u>
 Wages and salaries, pensions and other social security expenses are split on the following financial statement lines:		
Production costs	12 095 213	11 450 341
Distribution expenses	13 534 809	13 662 276
Administrative expenses	3 375 689	4 636 192
	<u>29 005 711</u>	<u>29 748 809</u>
 2 Financial income		
Interest received from group enterprises	12 298 933	9 488 278
Bank interest	1 675 838	-
Net foreign exchange adjustments	-	85 646
	<u>13 974 771</u>	<u>9 573 924</u>

Notes to the Annual Report

3 Property, plant and equipment

	2023 DKK Plant and machinery
Cost at 1 January 2023	83 529 063
Additions for the year	862 111
Disposals for the year	(4 487 204)
Cost at 31 December 2023	<u>79 903 970</u>
Impairment losses and depreciation at 1 January 2023	70 515 352
Depreciation for the year	4 050 369
Reversal of impairment and depreciation of sold assets	(3 143 814)
Impairment losses and depreciation at 31 December 2023	<u>71 421 907</u>
Carrying amount at 31 December 2023	<u>8 482 063</u>

4 Deferred tax asset

Balance 1 January 2023	2 532 570
Movement in tax asset in the year	857 323
Balance 31 December 2023	<u>3 389 893</u>

The tax asset primarily relates to temporary difference of property, plant and equipment, and provisions.

Deferred tax asset consists primarily of temporary differences and is expected to be utilized by future positive earnings in the coming years.

Deferred tax has been calculated based on a tax percentage of 22%.

Notes to the Annual Report

5 Operating lease commitments

The company has leasing contracts and tenancy agreements for which the total of future minimum payments is as follows:

	2023
	TDKK
Payment due:	
Not later than one year	3 588
Later than one year and not later than five years	5 345
	<hr/> 8 933 <hr/>

6 Contingent liabilities

The Company has no contingent liabilities.

7 Related parties

Controlling interest

AT&T Global Network Holding
LLC
c/o Corporation Trust Company
Corporation Trust Center
1209 Orange Street, Wilmington
DE 19801
United States of America

Basis

Controlling shareholder

AT&T Inc.
208 S. Akard St.
Dallas TX 75202
United States of America

Ultimate parent company

Notes to the Annual Report

8 Distribution of profit

	2023 DKK	2022 DKK
Dividend proposed for the year	-	627 000 000
Retained earnings	9 763 185	(615 944 507)
	<u>9 763 185</u>	<u>11 055 493</u>

9 Subsequent events

On 1 and 2 May 2024, an internal reorganisation within the AT&T group took place. Following the reorganisation, AT&T Corp is no longer an intermediate parent undertaking of the Company. AT&T Inc. remains the ultimate parent undertaking.

There were no other subsequent events of note that would have a significant impact on the financial statements.