

THE INDEPENDENT AUDITOR'S REPORT (CONTINUED)

- 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 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 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.

THE INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 21 June 2023

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Jacob Helly Juell-Hansen

State Authorized Public Accountant
mne36169

Parameter calculation: g:\d\0105\TUM\TUM\00-REZ\02M-IN\2023\BIBLST

LUMEN TECHNOLOGIES DENMARK ApS

MANAGEMENT REVIEW

Principal Activity

The principal activity of Lumen Technologies Denmark ApS (“the Company”) is the provision of national and international telecommunications services.

The Directors present their report and financial statements for Lumen Technologies Denmark ApS (“the Company”) for the year ended 31 December 2022.

The Company is a member of the Lumen Group of Companies (“the Group” or “Lumen”), an international facilities-based communications company engaged primarily in providing an integrated array of services to business and residential customers. The communications services include local and long-distance voice, virtual private network (“VPN”) data network, private line (including business data services), ethernet, information technology, wavelength, broadband, colocation and data centre services, managed services, professional and other services provided in connection with selling equipment, network security and various other ancillary services. A facilities-based provider is one that owns or leases a substantial portion of the property, plant and equipment necessary to provide its services. The Group network is an international communications network that has been created by constructing its own assets through a combination of purchasing other companies and purchasing or leasing facilities from others. The Group network is designed to provide communications services that employ and take advantage of rapidly improving underlying optical, internet Protocol (“IP”), computing and storage technologies.

The Group is currently focusing its attention on a number of operational and financial objectives, including: (1) growing free cash flow per share as it believes that it has the ability to drive that growth, first through synergy achievement, and then through ongoing efficiencies and profitable revenue growth over the long term; (2) continuing growth in adjusted EBITDA; (3) strong free cashflow generation; (4) achieving the expected operating expense and capital cost savings; (5) investing in the products, services and customer experience platforms necessary to meet the connectivity and managed services needs of the business market; (6) focusing on customers’ needs and improving overall customer experience; (7) concentrating its capital expenditures on those technologies and assets that enable the Group to increase its Core Network Services revenue; and (8) managing the Wholesale Voice Services for margin contribution.

Review of the business

The Company made a profit of DKK 3.7m during the year (2021: a loss of DKK 6k). The Company continues to trade in the same market segments as in prior years, with a competitive telecommunications market limiting the Company’s ability to significantly increase revenues or margins. We expect similar results for the following year.

Ownership

The Company is a wholly owned subsidiary of Level 3 International Services, Inc., a company registered in the United States of America. The results of the Company are consolidated, into Lumen Technologies, Inc., whose group financial statements can be obtained from Investor Relations, 100 CenturyLink Drive, Monroe, Louisiana, 71203, United States of America.

LUMEN TECHNOLOGIES DENMARK ApS

ACCOUNTING POLICIES (CONTINUED)

Income statement (continued)

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realised and unrealised capital gains and losses on payables and transactions in foreign currencies, and cash discounts, etc.

Income taxes

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.

The current tax payable or receivable is recognised in the Balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Deferred tax is recognised and measured applying the liability method on all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the Balance sheet at their estimated realisable value.

Balance sheet

Property, plant and equipment

Network as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance lease, cost is the lower of the asset's fair value and the present value of future lease payments.

Interest expenses on loans for financing the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financing costs are recognised in the Income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Network facility and leasehold improvements	2-50 years
Other fixtures, fittings, tools and equipment	3-7 years

Land is not depreciated. Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

LUMEN TECHNOLOGIES DENMARK ApS

ACCOUNTING POLICIES (CONTINUED)

Balance sheet (continued)

Property, plant and equipment (continued)

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and carrying amount at the time of sale. Profits and losses are recognised in the Income statement together with depreciation and impairment losses or under other operating income if the selling price exceeds original cost.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less provisions for any bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to the nominal value.

Equity

Dividends are recognised as a liability at the time of adoption at the general meeting. The proposed dividends for the financial year are disclosed as a separate item under equity.

Lease commitments

Lease commitments relating to assets held under finance leases are recognised in the Balance sheet as liabilities other than provisions, and are measured at amortised cost after initial recognition. The interest portion of lease payments is recognised over the term of the contracts as financial costs in the Income statement.

Financial liabilities

At the time of borrowing, financial liabilities are measured at the proceeds received less transaction costs incurred, and subsequently measured at amortised cost, corresponding to the capitalised value using the effective interest method.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the Balance sheet date. Any provisions estimated to mature more than one year after the Balance sheet date would be discounted at the average bond yields.

Other financial liabilities

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

Deferred income

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at amortised cost, which usually corresponds to nominal value.

LUMEN TECHNOLOGIES DENMARK ApS

INCOME STATEMENT

	<u>Notes</u>	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Third-party revenue	2	7.458	6.717
Intercompany service revenue	2	26.256	26.442
Total revenue		33.714	33.159
Network expenses		(18.262)	(20.520)
Gross profit		15.452	12.639
Administrative expenses		(1.962)	(1.905)
Profit from ordinary activities		13.490	10.734
Depreciation and amortisation	6	(10.914)	(8.444)
Other financial expense	4	(866)	(2.086)
Net financial expense		(866)	(2.086)
Profit before tax		1.710	204
Tax on profit or loss of the year	5	2.061	(210)
Profit/(Loss) for the year		3.771	(6)
Proposed distribution of profit			
Profit brought forward to next year		3.771	-
Distribution from retained earnings		-	(6)
		3.771	(6)

LUMEN TECHNOLOGIES DENMARK ApS

BALANCE SHEET

	<u>Notes</u>	<u>2022</u> <u>DKK'000</u>	<u>2021</u> <u>DKK'000</u>
Land	6	83	83
Network facility and leasehold improvements	6	36.314	40.946
Property, plant and equipment		<u>36.397</u>	<u>41.029</u>
Deposits		42	68
Deferred tax	5	5.240	3.188
Financial fixed assets		<u>5.282</u>	<u>3.256</u>
Fixed assets		<u>41.679</u>	<u>44.285</u>
Trade receivables		2.177	5.333
Receivables due from affiliated entities	7	11.041	5.690
Other receivables		605	672
Prepayments	8	1.864	1.674
Short-term receivables		<u>15.687</u>	<u>13.369</u>
Cash		<u>326</u>	<u>688</u>
Current assets		<u>16.013</u>	<u>14.057</u>
Assets		<u>57.692</u>	<u>58.342</u>

Parameter calculation: /E910T5STLMD7000-8Z10ZK4-4N20N874EFFFFB-4W8BLST

LUMEN TECHNOLOGIES DENMARK ApS

EQUITY STATEMENT

	Share Capital <u>DKK'000</u>	Retained Earnings <u>DKK'000</u>	Total <u>DKK'000</u>
Equity at 31 December 2020	310	14.636	14.946
Loss for the year	-	(6)	(6)
Equity at 31 December 2021	310	14.630	14.940
Profit for the year	-	3.771	3.771
Equity at 31 December 2022	310	18.401	18.711

LUMEN TECHNOLOGIES DENMARK ApS

NOTES

1. Principal activity

The principal activity of Lumen Technologies Denmark ApS (“the Company”) is the provision of national and international telecommunications services.

The Company is a member of the Lumen Group of Companies (“the Group” or “Lumen”).

2. Total revenue

The Group’s international network consists of telecommunications services provided by Lumen entities operating in different jurisdictions to form a single combined and integrated world-wide telecommunications network. The Company is in the business of providing telecommunications services in its country of operation as part of the Group’s international network.

The Company entered into the Intercompany Telecommunications Services Agreement with effect from 1 January 2013 (“ITSA”). The agreement centralises the administrative functions relating to intercompany telecommunications services in CenturyLink Communications PEC Services Europe Limited (“PEC SEL”), a Lumen entity incorporated in Ireland. The ITSA also details the terms upon which the Company procures or sells telecommunications services with other members of the Group.

3. Average number of employees

	<u>2022</u>	<u>2021</u>
Average number of employees	4	5

No member of the Executive Board of Directors received remuneration from the Company during the year.

4. Net financial expense

	<u>2022</u> <u>DKK’000</u>	<u>2021</u> <u>DKK’000</u>
Other financial expenses:		
Interest payable on capital lease and other	(517)	(560)
Interest payable to affiliated entities	(301)	(1.496)
Foreign exchange losses	(48)	(30)
	<u>(866)</u>	<u>(2.086)</u>
Total net financial expense	<u>(866)</u>	<u>(2.086)</u>

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Jacob Helly Juell-Hansen
Statsautoriseret revisor

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Jacob Helly Juell-Hansen

GRANT THORNTON,STATSAUTORISERET REVISIONSPARTNERSELSKAB

CVR: 34209936

Statsautoriseret revisor

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