

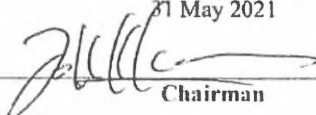


HI3G Denmark ApS

CVR-nr. 26 12 34 45

Annual Report for 2020

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on
31 May 2021



Chairman

HI3G Denmark ApS, Scandiegade 8, 2450 København SV



Birgitte Lund
CEO
HI3G Denmark ApS
Scandiegade 8
2450 København SV

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Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HI3G Denmark ApS (the "Company") for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for 2020.

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

Copenhagen, 31 May 2021

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Birgitte Lund

Board of Directors


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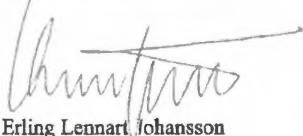
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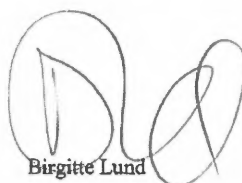
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Morten Christiansen

Independent Auditor's Report

To the Shareholder of HI3G Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of HI3G Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows 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, in our view, 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 in Management's Review.

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.
- 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, 31 May 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31



Ulrik Røbild
State Authorised Public Accountant
mnc33262



Lone Vindbjerg Larsen
State Authorised Public Accountant
mnc34548

Company Information

The Company	HI3G DENMARK ApS Scandiagade 8 DK-2450 København SV Telephone: +45 33 33 01 35 Website: www.3.dk CVR no: 26 12 34 45 Financial year: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Kim Ning Canning Fok, Chairman Ulf Christian Cederholm Frank John Sbst Erling Lennart Johansson Carl Peder Ramel Christian Nicolas Roger Salbaing Morten Christiansen
Executive Board	Morten Christiansen Birgitte Lund
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

The development of the Company is described by the following financial highlights:

	2020	2019	2018	2017	2016
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Revenue	2 740 561	2 736 041	2 707 518	2 865 456	3 202 894
Gross profit	1 644 545	1 640 691	1 604 842	1 564 695	1 574 036
Operating profit	233 875	400 260	335 569	44 206	430 163
Net financial items	(12 706)	(21 854)	(24 420)	(30 059)	(28 388)
Profit before income taxes	221 169	378 406	311 149	14 147	401 775
Income taxes	(61 211)	(83 109)	(82 910)	(3 193)	(71 585)
Profit for the year	159 958	295 297	228 239	10 954	330 190
Balance sheet					
Investment in tangible fixed assets	152 788	194 211	207 379	184 646	192 769
Balance sheet total	4 007 270	4 658 230	4 278 061	4 376 683	4 313 003
Equity	2 868 837	3 625 136	3 472 839	3 217 804	3 206 850
Average number of employees					
	648	667	669	669	649
Ratios					
Return on total assets	6%	9%	8%	1%	10%
Solvency ratio	72%	78%	81%	74%	74%

For definitions, see accounting policies.

Management's Review

Comments from Morten Christiansen, CEO

Our ambition was to reach 1.5 million customers in 2020 and we stood a good chance to succeed as the year started out extremely promising. Sales were beyond expectations, mainly driven by our attractive 3Like-Home offering which in January was expanded to include the United Arab Emirates. A long-awaited expansion among both consumer and business customers.

Then Covid-19 hit, and everything changed. The ambition to reach 1.5 million customers had to be reassessed. As a result, we came out of 2020 with 1,463,029 customers. A growth of 3%, which we believe is acceptable in the light of the situation. According to the most recent market share statistics (first half of 2020), 3 grew its market share to 17.8% and the Company continues to maintain a strong market position on mobile data with a 27% share of all mobile data traffic.

Our 3LikeHome customers have proven to be tremendously loyal and patient while they wait for the world to reopen and to benefit of free roaming once again. As a result, a historically low proportion of customers choose to leave our Company. From the outset of the pandemic, we responded immediately in terms of adapting to remote working to be able to continue supporting our customers.

During 2020, we have sought to support our customers through various initiatives. 3LikeHome customers have had the amount of data in their packages doubled for free to accommodate for the heavily increasing data usage created by thousands of families working from home. Most recently we have expanded 3Like-Home by six new countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, The Republic of North Macedonia and Serbia, which means that by March 2021 the offering includes 72 popular destinations.

Furthermore, we have successfully been promoting 'Internet to the Home' and 'Home Offices', mobile broadband subscriptions, which are low-cost and uncomplicated alternatives to wired connections. To customers living in areas where it is impossible to set up mobile masts, we offer a more powerful variant including the use of outdoor antennas. The products have proven to be perfect during a year in which Danish families have had to establish workspaces at home to do their jobs and accommodate for home-schooling.

Gross profit growth has been lower than usual as we went from a gross profit of mDKK 1,641 in 2019 to mDKK 1,645 in 2020. However, I am content with this result considering the challenges of COVID-19. Furthermore, it is in line with my expectations in the Annual Report 2019 of a gross profit between mDKK 1,600-1,800.

The demerger of our Towers has affected the operating profit for 2020 negatively with approx. mDKK -100. Adjusted for the effect of the demerger we have as previous in years managed to keep external costs at a flat level thanks to our never-ending focus on running an efficient business.

Network

To expand and enhance our network and customer experience, we invested mDKK 144 in the network in 2020 (2019: mDKK 182), which corresponds to an investment rate of 5%.

We continued to improve coverage and capacity for better user experience by building more sites and rolling out more spectrum and we now fulfil of government's coverage requirements of the 1,800MHz spectrum auction.

The first 42 5G test sites were deployed and went commercial in the middle of December.

Demerger of our Towers

During 2020 we successfully finalised a demerger of our Towers into a separate Tower Company (TowerCo). This has given us the opportunity to optimise and capitalise on our infrastructure. As in several other countries, an independent market for establishing and servicing of masts is emerging here in Denmark and we strongly believe that we can benefit in this field by concentrating our efforts in an independent organisation.

As part of that transaction, we entered into a Master Service Agreement with the TowerCo to maintain and develop our network. For accounting purposes, the demerger was effective retrospective from 1 January 2020 and has therefore affected the operating profit for 2020 negatively with approx. mDKK -100. Net assets of mDKK 916 were transferred to the TowerCo.

Future development

In 2021 I will have a strong focus on a rapid rollout of 5G combined with a comprehensive upgrade of our radio network and a marked increase in the number of network positions. Coverage wise this will result in a highly improved customer experience (outdoor as well as indoor coverage) as well as higher speeds matching Coax, ADSL and fiber.

As to Covid-19, I believe that the uncertainty of the pandemic will continue throughout 2021. However, with 3LikeHome being our main product I look very much forward to a reopening of the world.

We will continue to eliminate the reasons that prompt customers to leave 3. Primarily by focusing on and improving the onboarding part of the customer's journey at 3.

Our expectation for 2021 is a gross profit between mDKK 1,600 and 1,800.

Financing

In the past years, the Company has not required any further financing as its activities have generated sufficient cash from operations. This has continued in 2020 and we expect to be able to self-finance the 5G rollout in the coming years.

Statutory Report on Social Responsibility and Gender Composition in Management, cf. Section 99a and 99b respectively of the Danish Financial Statements Act

In accordance with policy, the Company works actively with several areas within sustainability – in particular within environmental and human rights. More information may be found in the 3 Denmark CSR Report 2020:

https://www.3.dk/globalassets/om-3/om-virksomheden/csr-rapporter/3_osr_rapport_eng_2020_4a.pdf

and in the Gender Composition Report 2020:

https://www.3.dk/globalassets/om-3/om-virksomheden/csr-rapporter/3_redegorelse_kon_2020_eng_3a.pdf

Significant events after the year-end

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on the assessment of the annual report.

Accounting Policies

Basis of Preparation

The Annual Report of HI3G Denmark ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are unchanged from previous year.

Partial demerger of our Towers into a separate Tower Company was effective from 1 January 2020 and has affected the Income Statement and Balance Sheet for the year. Comparative figures has not been adjusted.

All accounting figures in this report are stated in thousands DKK.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Financial Statements of the Company are included in the consolidated financial statements of CK Hutchison Holdings Limited, a Cayman Islands incorporated company registered and listed in Hong Kong.

Recognition and measurement

The Financial Statements have been prepared on the historical cost basis.

Revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changes in accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates ruling 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 ruling at the balance sheet date. Any differences between the exchange rates ruling at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue is recognised exclusive of VAT and net of discounts directly relating to sales.

The major sources of income are recognised in the income statement as follows:

- Income from telephone related services is recognised at the time of consumption.
- Subscription income is recognised over the duration of the subscription.
- Income from sale of equipment is recognised at the date of delivery.

Cost of sales

Cost of sales comprises expenses directly related to the revenue, including direct costs related to the establishment of customer relations.

External expenses

External expenses comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses and similar costs.

Staff costs

Staff costs comprises wages and salaries as well as payroll expenses.

Other income

Other income comprises items of a secondary nature in relation to the Company's principal activity.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of tangible and intangible fixed assets as well as gains and losses from disposal of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

Income taxes

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the companies is allocated to companies showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible fixed assets

Development projects

Costs of development projects comprise expenses directly or indirectly attributable to the Company's development activities, including the cost of related software licences.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development projects are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Capitalised development projects, including the costs of software licences, are amortised on a straight-line basis over the expected useful life, normally 5 years.

Licences and similar rights

Licences and similar rights to software are measured at the lower of cost less accumulated amortisation and value in use.

Interest expenses on loans for financing the acquisition of intangible fixed assets are capitalised at cost until commercial launch. All indirectly attributable loan expenses are recognised in the income statement.

Licences are amortised over the license period up to 20 years from commercial launch. Amortisation commences in connection with the commercial use of the Company's products.

Rental rights

Rental rights are measured at cost less accumulated amortisation.

Rental rights are amortised on a straight-line basis over the expected useful life, normally 5 years.

Contract assets

Contract assets are measured at cost less accumulated amortisation.

Contract assets are amortised on a straight-line basis over the expected lifetime of the contract, not exceeding 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour and materials.

Interest expenses on the financing of tangible fixed assets are capitalised at cost until commercial launch. All indirectly attributable loan expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual values is calculated on a straight line basis over the expected useful lives of the assets on the basis of the date on which the assets are put into use. These depreciation periods are as follows:

Network infrastructure	5/20/40 years
Equipment	3/5 years
Leasehold improvements	3/5 years

The useful lives and residual values of the assets are reassessed on a yearly basis.

Gains and losses on retirements and disposals of tangible fixed assets are included in other income or expenses in the income statement.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Result from investment in a subsidiary" in the income statement includes the proportionate share of the profit after tax.

The item "Investment in subsidiary" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Company with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in a subsidiary is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Investments in joint ventures

Investments in joint ventures are measured at cost and reported in the balance sheet as financial assets.

The item "Income from investment in joint ventures" in the income statement includes dividends received from investments in joint ventures in the financial year when the dividends are distributed.

Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Impairment of fixed assets

The carrying amounts of both intangible and tangible fixed assets 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, the asset is written down to its recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

Inventories are valued at the lower of net realisable value or the weighted average cost. Net realisable value is the estimated selling price less cost to sell.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity. 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 materialise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years, including fair value adjustments of derivative financial instruments with a positive fair value, prepaid expenses concerning rent, insurance premiums, subscriptions, interest and similar items.

Equity

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

Financial liabilities

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

Statement of cash flow

The statement of cash flow shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less trade and other payables, deferred income and short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of tangible and intangible fixed assets as well as financial asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholder. Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Ratios

The financial ratios have been calculated as follows:

$$\begin{array}{l} \text{Return on total assets} \\ \text{Solvency ratio} \end{array} = \begin{array}{l} \frac{\text{Operating profit} \times 100}{\text{Total assets}} \\ \frac{\text{Equity at year end} \times 100}{\text{Total assets}} \end{array}$$

Income Statement 1 January – 31 December

	Note	2020 DKK '000	2019 DKK '000
Revenue	2	2 740 561	2 736 041
Cost of sales		<u>(1 096 016)</u>	<u>(1 095 350)</u>
Gross profit		1 644 545	1 640 691
External expenses	3	(715 790)	(590 570)
Staff costs	4	(333 447)	(305 255)
Other income		<u>7 326</u>	<u>9 962</u>
Operating profit before depreciations and amortisation		602 634	754 828
Depreciation and amortisation	5	<u>(368 759)</u>	<u>(354 568)</u>
Operating profit		233 875	400 260
Income from investment in joint ventures		200	1 000
Financial income	6	1	1
Financial expenses	7	<u>(12 907)</u>	<u>(22 855)</u>
Profit before income taxes		221 169	378 406
Income taxes	12	<u>(61 211)</u>	<u>(83 109)</u>
Profit for the year		<u>159 958</u>	<u>295 297</u>

Balance Sheet at 31 December

	Notes	2020 DKK '000	2019 DKK '000
Assets			
Completed development projects		32 666	35 790
Development projects under construction		28 565	22 586
License and similar rights		757 031	861 429
Rental rights		155	215
Contract assets		55 002	59 765
Intangible fixed assets	8	873 419	979 785
Network infrastructure		1 761 193	2 307 976
Equipment		17 645	19 419
Leasehold improvements		5 643	5 434
Assets under construction		252 924	176 821
Tangible fixed assets	9	2 037 405	2 509 650
Investment in subsidiaries	10	100	0
Investment in joint ventures	11	11 499	11 499
Deposits		23 789	39 406
Financial asset investments		35 388	50 905
Fixed assets		2 946 212	3 540 340
Inventories		69 624	78 644
Trade receivables		449 077	317 727
Receivables from group enterprises		301 019	141 442
Other receivables		40 734	74 338
Deferred tax assets	12	109 910	394 140
Prepayments		6 106	6 027
Receivables		906 846	933 674
Cash at bank and in hand	13	114 722	105 572
Current assets		1 091 192	1 117 890
Assets		4 037 404	4 658 230

Balance Sheet at 31 December

	Note	2020 DKK '000	2019 DKK '000
Liabilities and equity			
Share capital	14	64 375	64 375
Reserve for development costs capitalised		61 231	58 376
Retained earnings		2 743 231	3 502 385
Equity		2 868 837	3 625 136
Other provisions	15	627	1 122
Provisions		627	1 122
Long-term debt	16	426 022	502 894
Long-term liabilities		426 022	502 894
Current part of long-term debt		78 539	78 539
Trade payables		220 368	322 936
Payables to group enterprises		168 837	22 978
Tax payable		175 998	11 713
Other payables		98 163	92 912
Deferred income		13	0
Current liabilities		741 918	529 078
Liabilities		1 167 940	1 031 972
Liabilities and equity		4 037 404	4 658 230

Other notes

Events after the balance sheet date	1
Adjustment for non-cash items	17
Change in working capital	18
Contractual obligations	19
Contingent assets / liabilities	20
Related parties	21
Distribution of profit	22

Statement of changes in equity

	Share capital	Reserve for development costs capitalised	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2020	64 375	58 376	3 502 385	3 625 136
Partial demerger	0	0	(916 257)	(916 257)
Adjusted Equity at 1 January 2020	<u>64 375</u>	<u>58 376</u>	<u>2 586 128</u>	<u>2 708 879</u>
Net profit for the year	0	2 855	157 103	159 958
Equity at 31 December 2020	<u>64 375</u>	<u>61 231</u>	<u>2 743 231</u>	<u>2 868 837</u>
Equity at 1 January 2019	64 375	51 919	3 356 545	3 472 839
Extraordinary dividend	0	0	(143 000)	(143 000)
Net profit for the year	0	6 457	288 840	295 297
Equity at 31 December 2019	<u>64 375</u>	<u>58 376</u>	<u>3 502 385</u>	<u>3 625 136</u>

Statement of cash flows

	Notes	2020	2019
		DKK '000	DKK '000
Profit for the year		159 958	295 297
Adjustment for non-cash items	17	442 674	459 530
Change in working capital	18	(200 323)	(6 037)
Financial income		1	1
Financial expenses		(12 907)	(22 855)
Income tax paid		(48 191)	(9 445)
Cash flow from operating activities		341 212	716 491
Investments in intangible assets		(83 957)	(583 660)
Investments in property, plant and equipment		(152 788)	(194 211)
Net investment in subsidiaries, joint ventures and other financial assets		15 717	3 289
Cash flow from investing activities		(221 028)	(774 582)
Repayment of loans to group enterprises		0	(188 844)
Proceeds from loans from group enterprises		0	0
Repayment of loans		(76 872)	(28 144)
Proceeds from loans		0	435 185
Dividend paid to shareholder		0	(143 000)
Partial demerger		(34 162)	0
Cash flow from financing activities		(111 034)	75 197
Total cash flow		9 150	17 106
Cash and cash equivalents at 1 January		105 572	88 466
Cash and cash equivalents at 31 December		114 722	105 572

Notes to the Financial Statements

1 Events after the balance sheet date

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on the assessment of the annual report.

2 Revenue

All activities are limited to the Danish market. The internal reporting does not segregate revenue in underlying segments or geographic areas.

	<u>2020</u>	<u>2019</u>
	DKK '000	DKK '000
3 External expenses		
<i>Fees to auditor elected by the Annual General Meeting</i>		
Audit fee	916	1 042
Other assurance services	0	0
Tax advisory services	587	202
Other services	161	108
	<u>1 664</u>	<u>1 352</u>
4 Staff costs		
Wages and salaries	326 168	306 030
Pensions	24 618	25 173
Other social security expenses	5 232	4 833
	<u>356 018</u>	<u>336 036</u>
Of which capitalised	<u>(22 571)</u>	<u>(30 781)</u>
	<u>333 447</u>	<u>305 255</u>
Of this remuneration to Executive Board and Board of Directors:		
Salaries, bonus and pensions	<u>28 154</u>	<u>25 397</u>
	<u>28 154</u>	<u>25 397</u>
A part of the remuneration to Executive Board and Board of Directors is paid by the Company's Swedish parent company.		
Average number of employees	<u>648</u>	<u>667</u>

	2020	2019
	DKK '000	DKK '000
5 Depreciation and amortisation of tangible and intangible fixed assets		
Completed development projects	15 344	14 412
Licenses and similar rights	104 398	86 525
Rental rights	60	120
Contract assets	70 521	68 210
Network infrastructure	167 918	175 439
Equipment	8 680	8 380
Leasehold improvements	1 838	1 482
	<u>368 759</u>	<u>354 568</u>
6 Financial income		
Exchange rate adjustments	0	0
Other financial income	1	1
	<u>1</u>	<u>1</u>
7 Financial expenses		
Interest paid to group enterprises	49	817
Exchange rate adjustments	886	443
Other financial expenses	11 972	21 595
	<u>12 907</u>	<u>22 855</u>

8 Intangible fixed assets

	Completed development projects	Development projects under construction
	DKK '000	DKK '000
Cost at 1 January 2020	114 681	22 586
Additions for the year	0	18 199
Disposal for the year	0	0
Transfers for the year	12 220	(12 220)
Cost at 31 December 2020	<u>126 901</u>	<u>28 565</u>
Amortisation at 1 January 2020	78 891	0
Amortisation for the year	15 344	0
Disposals for the year	0	0
Amortisation at 31 December 2020	<u>94 235</u>	<u>0</u>
Carrying amount 31 December 2020	<u>32 666</u>	<u>28 565</u>

The Company capitalises cost relating to development of new software and systems. The projects are in general short term projects running less than 12 months. Projects under construction are running as planned.

8 Intangible fixed assets (continued)

	Rental rights DKK '000	Licences and similar rights DKK '000
Cost at 1 January 2020	25 653	1 665 281
Additions for the year	0	0
Disposals for the year	0	0
Transfers for the year	0	0
Cost at 31 December 2020	25 653	1 665 281
Amortisation at 1 January 2020	25 438	803 852
Amortisation for the year	60	104 398
Disposals for the year	0	0
Amortisation at 31 December 2020	25 498	908 250
Carrying amount 31 December 2020	155	757 031
		Contract assets DKK '000
Cost at 1 January 2020		163 281
Additions for the year		65 758
Disposals for the year		(118 808)
Transfers for the year		0
Cost at 31 December 2020		110 231
Amortisation at 1 January 2020		103 516
Amortisation for the year		70 521
Disposals for the year		(118 808)
Amortisation at 31 December 2020		55 229
Carrying amount		55 002

9 Tangible fixed assets

	Network infrastructure DKK '000	Assets under construction DKK '000
Cost at 1 January 2020	4 169 922	176 821
Disposal by demerger	(631 313)	(38 627)
Adjusted Cost at 1 January 2020	<u>3 538 609</u>	<u>138 194</u>
Additions for the year	0	143 729
Disposals for the year	0	0
Transfers for the year	28 999	(28 999)
Cost at 31 December 2020	<u>3 567 608</u>	<u>252 924</u>
Depreciation at 1 January 2020	1 861 946	0
Disposal by demerger	(223 449)	0
Adjusted depreciation at January 2020	<u>1 638 497</u>	<u>0</u>
Depreciation for the year	167 918	0
Disposals for the year	0	0
Depreciation at 31 December 2020	<u>1 806 415</u>	<u>0</u>
Carrying amount 31 December 2020	<u>1 761 193</u>	<u>252 924</u>

9 Tangible fixed assets (continued)

	Equipment DKK '000	Leasehold improvements DKK '000
Cost at 1 January 2020	62 904	31 760
Disposal by demerger	(106)	0
Adjusted Cost at 1 January 2020	62 798	31 760
Additions for the year	7 012	2 047
Disposals for the year	0	0
Reclassifications	0	0
Cost at 31 December 2020	69 810	33 807
Depreciation at 1 January 2020	43 485	26 326
Depreciation for the year	8 680	1 838
Disposals for the year	0	0
Depreciation at 31 December 2020	52 165	28 164
Carrying amount 31 December 2020	17 645	5 643

	<u>2020</u>	<u>2019</u>
	DKK '000	DKK '000
10 Investment in subsidiaries		
Cost at 1 January	0	0
Additions for the year	100	0
Disposals for the year	0	0
Cost at 31 December	<u>100</u>	<u>0</u>
Revaluations at 1 January	0	0
Result after tax for the year	0	0
Revaluations at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>100</u>	<u>0</u>

Investment in subsidiaries is specified as follows:

<u>Name</u>	<u>Registered office</u>	<u>Equity</u>	<u>Votes and ownership</u>	<u>Net result</u>
		DKK '000		DKK '000
Subco II af 14/12/17 ApS	Copenhagen Denmark	50	100%	-
Subco III af 14/12/17 ApS	Copenhagen Denmark	50	100%	-

	2020 DKK '000	2019 DKK '000
11 Investment in joint ventures		
Cost at 1 January	18 691	18 691
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	<u>18 691</u>	<u>18 691</u>
Revaluations at 1 January	(7 192)	(7 192)
Adjustments for the year	0	0
Revaluations at 31 December	<u>(7 192)</u>	<u>(7 192)</u>
Carrying amount 31 December	<u>11 499</u>	<u>11 499</u>

Investment in joint ventures is specified as follows:

Name	Registered office	Equity DKK '000	Votes and ownership	Net result DKK '000
4T af 1. oktober 2012 ApS	Copenhagen Denmark	10 184	25%	779
OCH A/S	Copenhagen Denmark	2 154	25%	607

	2020	2019
	DKK '000	DKK '000
12 Deferred tax assets		
Deferred tax 1 January	394 140	463 986
Partial demerger	(435 497)	0
Adjusted Deferred tax at January 2020	(41 357)	463 986
Deferred tax for the year	151 266	(69 846)
Deferred tax 31 December	109 909	394 140
The deferred tax asset is specified as follows:		
Arising from deferred tax losses	336 362	581 631
Arising from accelerated depreciation allowances	(228 393)	(189 242)
Arising from deductible temporary differences	1 940	1 751
	109 909	394 140
Changes in Income Statement		
Current tax for the year	(212 477)	(13 263)
Deferred tax for the year	151 266	(69 846)
Tax effect for the year	(61 211)	(83 109)
The recognised deferred tax assets consist of taxable losses, which are expected to be utilised within 3 years through income generated from the ordinary business. The tax losses are a result of the significant investment the Company has made to become a significant mobile operator on the Danish market.		
Expected utilisation of deferred tax asset:		
0-1 year	33 565	67 409
> 1 year	76 344	326 731
	109 909	394 140

	2020 DKK '000	2019 DKK '000
13 Cash at bank and in hand		
Cash at bank and in hand	114 722	105 572
	<u>114 722</u>	<u>105 572</u>

The Company has entered a cash pool with its parent company which means that available cash is collected by the parent company until it is needed. The cash pool is recorded as receivables from group enterprises.

14 Share capital

Analysis of the Company's share capital, DKK 64 375 000

64 375 class A shares of DKK 1 000 each	64 375	64 375
	<u>64 375</u>	<u>64 375</u>

The share capital has not changed in the last 5 years.
All shares have the same share class.

15 Other provisions

Provisions at 1 January	1 122	1 055
Disposal by demerger	(553)	0
Adjusted Provisions at January 2020	<u>569</u>	<u>1 055</u>
Additions for the year	58	67
Disposals for the year	0	0
Provisions at 31 December	<u>627</u>	<u>1 122</u>

16 Long-term debt

Outstanding debt after 5 years	97 047	145 434
Repayment between 1 and 5 years	<u>328 975</u>	<u>357 460</u>
Long-term debt	426 022	502 894
Current part of long-term debt	<u>78 539</u>	<u>78 539</u>
	<u>504 561</u>	<u>581 433</u>

	2020	2019
	DKK '000	DKK '000
17 Adjustment for non-cash items		
Financial income	(1)	(1)
Financial expenses	12 907	22 855
Depreciation and amortisation	368 759	354 568
Income taxes	61 211	83 109
Investment in joint ventures	(200)	(1 000)
Other adjustments	(2)	(1)
	<u>442 674</u>	<u>459 530</u>

18 Change in working capital

Change in inventories	9 020	(22 566)
Change in receivables	(257 402)	10 671
Change in trade payables, etc.	48 059	5 858
	<u>(200 323)</u>	<u>(6 037)</u>

19 Contractual obligations

Rental and lease obligations from operating leases.
Total future rental and lease payments:

Within 1 year	67 290	110 576
Between 1 and 5 years	37 300	115 478
More than 5 years	1 110	11 811
	<u>105 700</u>	<u>237 865</u>

20 Contingent assets and liabilities

The Company is jointly taxed with the other Danish companies in the Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

The Company is involved in certain disputes with customers, suppliers and business partners. Although the final outcome of these matters cannot be predicted, management believes that none of these cases could have a significant negative impact on the Company's results, financial position or cash flow.

21 Related parties

	<u>Basis</u>
Controlling interest	
HI3G DK Holdings ApS Scandiagade 8 DK-2450 København	Controlling shareholder
HI3G Access AB PO Box 7012 121 07 Stockholm - Globen Sweden	Controlling interest
CK Hutchison Holdings Limited 48th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong	Ultimate parent company

21 Related parties - continued

Transactions

Commercial terms and market prices apply for sale and purchases of goods and services between group companies.

Some of the Company's investments are made jointly with other telecom companies within the CK Hutchison Holdings Limited Group ("CK Hutchison Holdings group").

During the year, the Company purchased services from other companies within the CK Hutchison Holdings group, amounting to DKK 448,189k (2019: DKK 231,247k). These have either been expensed directly or booked as assets.

Other transactions with related parties

At year-end, the outstanding payable due to purchase of goods and services from the CK Hutchison Holdings group companies amounted to DKK 20,343k (2019: DKK 22,882k). The outstanding receivable was DKK 301,019k (2019: DKK 141,442k).

At year-end, the Company has a loan to its parent company, amounting to DKK 148,493k (2019: DKK 96k).

Consolidated Financial Statements

The Company is included in the consolidated financial statements of HI3G Holdings AB, Stockholm, Sweden, which is the smallest group into which the Company is included as a subsidiary. The consolidated financial statements of CK Hutchison Holdings Limited, 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, is the largest group into which the Company is included as a subsidiary. Copies of the consolidated financial statements can be obtained at the addresses of the respective parent companies.

	2020	2019
	DKK '000	DKK '000
22 Distribution of profit		
Proposed distribution of profit		
Extraordinary dividend	0	143 000
Transfer to reserve for development cost capitalised	2 855	6 457
Transfer to retained earnings	157 103	145 840
	<u>159 958</u>	<u>295 297</u>