Pipol A/S

Christianshusvej 193, 2970 Hørsholm

CVR no. 26 12 46 38

Annual report for 2022

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 07.07.23

Stig Munkedal
Dirigent

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Company information etc.

The company

Pipol A/S
Christianshusvej 193
2970 Hørsholm
CVR no.: 26 12 46 38
Financial year: 01.01 - 31.12

Executive Board

CEO Stig Munkedal
Morten Hübecker Poulsen

Board of Directors

Werner Platzgummer, chairman
Christoph Hemmelmayr, member
Annette Pedersen, member

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.01.22 - 31.12.22 for Pipol A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.22 and of the results of the company's activities for the financial year 01.01.22 - 31.12.22.

The annual report is submitted for adoption by the general meeting.

Hørsholm, July 11, 2023

Executive Board

Stig Munkedal CEO	Morten Hübecker Poulsen

Board of Directors

Werner Platzgummer Chairman	Christoph Hemmelmayr	Annette Pedersen

To the Shareholder of Pipol A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company’s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Pipol A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the 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’ 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. We believe that the audit evidence wehave obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 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 amaterial 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 estimatesand 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 disclosuresare 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, July 11, 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Leif Ulbæk Jensen
State Authorized Public Accountant
mne23327

James Liang
State Authorized Public Accountant
mne34549

Income statement

Note		2022 DKK	2021 DKK
	Gross profit	**12,837,216**	**11,007,322**
2	Staff costs	-10,205,191	-10,562,610
	Profit before depreciation, amortisation, write-downs and impairment losses	**2,632,025**	**444,712**
	Depreciation and impairments losses of property, plant and equipment	0	-3,785
	Operating profit	**2,632,025**	**440,927**
	Financial income	1,201,760	576,970
	Financial expenses	-1,190,525	-520,342
	Profit before tax	**2,643,260**	**497,555**
	Tax on profit for the year	-587,784	-151,527
	Profit for the year	**2,055,476**	**346,028**

Proposed appropriation account

Extraordinary dividend for the financial year	3,719,650	0
Retained earnings	-1,664,174	346,028
Total	**2,055,476**	**346,028**

Balance sheet

ASSETS

Note		31.12.22 DKK	31.12.21 DKK
	Deposits	173,258	166,675
	Total investments	**173,258**	**166,675**
	Total non-current assets	**173,258**	**166,675**
	Trade receivables	8,856,438	9,718,201
	Receivables from group enterprises	1,743,960	279,837
	Deferred tax asset	15,660	20,880
	Income tax receivable	0	664,688
	Other receivables	129,062	332,589
	Prepayments	4,153,396	4,254,300
	Total receivables	**14,898,516**	**15,270,495**
	Cash	**3,613,023**	**5,805,739**
	Total current assets	**18,511,539**	**21,076,234**
	Total assets	**18,684,797**	**21,242,909**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.22 DKK	31.12.21 DKK
	Share capital	503,808	503,808
	Retained earnings	6,962,311	8,626,485
	Total equity	**7,466,119**	**9,130,293**
	Payables to other credit institutions	5,242	11,199
	Prepayments received from customers	479,658	97,289
	Trade payables	6,486,305	7,271,676
	Payables to group enterprises	46,499	730,388
	Income taxes	9,272	0
	Other payables	430,666	484,401
	Deferred income	3,761,036	3,517,663
	Total short-term payables	**11,218,678**	**12,112,616**
	Total payables	**11,218,678**	**12,112,616**
	Total equity and liabilities	**18,684,797**	**21,242,909**

3 Contingent liabilities

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22			
Balance as at 01.01.22	503,808	8,626,485	9,130,293
Extraordinary dividend paid	0	-3,719,650	-3,719,650
Net profit/loss for the year	0	2,055,476	2,055,476
Balance as at 31.12.22	503,808	6,962,311	7,466,119

1. Primary activities

Pipol A/S is a partnership company specialized in faciliting business transformation to international and global companies based on Microsoft Dynamics solutions.

2. Staff costs

Wages and salaries	9,781,556	10,308,149
Other social security costs	160,382	146,091
Other staff costs	263,253	108,370
Total	10,205,191	10,562,610
Average number of employees during the year	9	6

3. Contingent liabilities

	31.12.22 DKK	31.12.21 DKK
Total contingent liabilities	259,888	243,000

Other contingent liabilities

The company is taxed jointly with BE-terna ApS and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed liability as a consequence of canges made to the jointly taxable income etc.

4. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B.

The accounting policies have been applied consistently with previous years.

The Financial Statement are presented in DKK.

Ownership

The following shareholder is recorded in the company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital: BE-terna Enhancement GmbH, Bornaer Strasse 19, 04288 Leipzig, Germany

Consolidated Financial Statements

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The Company is included in the Group Annual Report of the ultimate Parent Company: Telefónica S.A., Ronda de la Comunicación SN, 28050 Madrid, Spain.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the

4. Accounting policies - continued -

exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial in-come or financial expenses.
Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

4. Accounting policies - continued -

Cost of services sold

Consultancy services comprise expenses for external consultants held in direct connection with the company's revenue.

Other external expenses

Other external expenses comprise costs relating to sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value DKK
Leasehold improvements	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

4. Accounting policies - continued -

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

4. Accounting policies - continued -

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

4. Accounting policies - continued -

Current and 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 crystallise 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.

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

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Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

4. Accounting policies - continued -

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.