List of Signatures

Annual report TT-Netværket.pdf

Name	Method	Signed at
Henrik Nicolai Peytz	NEMID	2022-04-28 15:44 GMT+02

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TT-Netværket P/S

Amager Strandvej 60
2300 København S
Denmark

CVR no. 34 23 06 25

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting on

28 April 2022

Chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of TT-Netværket P/S for the financial year 1 January – 31 December 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 28 April 2022
Executive Board:

Henrik Brogaard Pedersen
CEO

Board of Directors:

Hans Bendik Jahren Chairman	Claes Johan Ingemar Nycander Vice Chairman	Christer Eneroth
Lena Eva Margareta Lohajner Kindberg	Stefan Erik Jäverbring	Jesper Kamp Andersen

Independent auditor's report

To the shareholders of TT-Netværket P/S

Opinion

We have audited the financial statements of TT-Netværket P/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

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 we have 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 that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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

Independent auditor's report

- identify and assess the risks of material misstatement of the company 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 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.

Copenhagen, 28 April 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
mne19737

Management's review

Company details

TT-Netværket P/S
Amager Strandvej 60
2300 København S
Denmark

Telephone:	+4588136070
Website:	www.tt-network.dk
CVR no.:	34 23 06 25
Established:	17 February 2012
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Hans Bendik Jahren, Chairman
Claes Johan Ingemar Nycander, Vice Chairman
Christer Eneroth
Lena Eva Margareta Lohajner Kindberg
Stefan Erik Jäverbring
Jesper Kamp Andersen

Executive Board

Henrik Brogaard Pedersen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Bank

Nordea Danmark A/S

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	988,975	857,358	864,006	880,106	897,965
Gross profit	743,695	653,679	651,408	483,329	481,244
Ordinary operating profit	60,323	51,654	47,330	48,741	77,829
Loss from financial income and expenses	-25,722	-25,518	-26,122	-22,350	-27,113
Profit/loss for the year	34,601	26,136	21,230	26,391	50,716
Fixed assets	3,556,663	3,029,935	3,211,712	2,576,604	2,762,826
Current assets	293,003	234,899	165,680	227,468	323,958
Total assets	3,849,666	3,264,834	3,377,392	2,804,072	3,086,784
Contributed capital	100,000	100,000	100,000	100,000	100,000
Equity	1,171,437	1,136,836	1,110,701	1,089,471	1,063,079
Non-current liabilities other than provisions	1,797,776	1,460,195	1,627,750	1,212,282	1,475,922
Current liabilities other than provisions	573,962	359,903	341,989	187,023	176,042
Investment in property, plant and equipment	589,458	272,548	289,520	251,217	266,620
Ratios					
Gross margin	75.2%	76.2%	75.4%	54.9%	53.6%
Operating margin	6.1%	6.0%	5.5%	5.5%	8.7%
Return on invested capital	1.7%	1.7%	1.7%	1.8%	2.7%
Current ratio	42.9%	42.9%	52.6%	121.6%	171.2%
Return on Equity	3.0%	2.3%	1.9%	2.5%	4.9%
Solvency ratio	30.4%	34.8%	32.9%	38.9%	34.4%
Average number of full-time employees	23	23	22	23	17

The financial ratios have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity ex. non-controlling interests at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

TT Netværket is a joint venture between Telenor and Telia, and its objective is to own, maintain and develop the common Radio Access Network related to all technologies (from 2G to 5G).

The Company was founded on 17 February 2012, and this is the tenth annual report presented by the Company.

Recognition and measurement uncertainties

The Company has made a provision of DKK 305,411 thousand (2020: DKK 305,808 thousand) to cover expected future costs related to the dismantling of antenna positions. The calculation of the provision is based on expected future prices for dismantling. The current average prices for dismantling are known, but the timing of the costs (useful lives of the antenna positions) and future prices are subject to uncertainty. The provision has been increased during 2021 as the expected future price for dismantling has increased. This is because the actual costs for dismantling in 2021 have been slightly higher than in previous years.

Recognition and measurement uncertainties are discussed further in note 1.

Development in activities and financial position

Profit for the year

The Company's income statement for 2021 shows a net profit of DKK 34,601 thousand, and the balance sheet at 31 December 2021 shows equity of DKK 1,171,437 thousand.

Net income is considered satisfactory and in line with expectations.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the Company's financial position.

Outlook

For 2022, the Company expects normal operations as well as positive net profit in line with 2021.

Management's review

Operating review

Intellectual capital

The Company's activities require significant expertise in the operation and development of mobile networks. It is therefore essential to the Company to recruit and retain employees with the appropriate training and level of experience.

It is the Company's view that the current internal and external conditions allow both recruitment and retention of employees with the appropriate skills

The share of employees with high-level education is approx. 80%.

Particular risks

The Company has no significant risks apart from those common to the industry.

Statutory statement regarding social responsibility and gender diversity Business model

The Company's activities include a number of suppliers and subcontractors, who produce goods and services for use within the business in other countries including Eastern Europe and the Far East.

The Company wants to conduct its business in a socially responsible way. This includes complying with rules and regulations in Denmark as well as in the countries where the goods and services are produced.

The most materially direct social responsibility impact for TT-Netværket P/S is electricity consumption, which relates to the Company's impact on the climate and environment.

Environmental and Climate

The Company has a significant electricity consumption, and the future expansion of the network to meet the demand for extended coverage and capacity will increase future consumption. The Company has a policy to reduce electricity consumption and subsequent CO_2 emissions.

The Company continuously identify and invest in power saving initiatives. In 2021, the Company has modernised the network equipment to reduce electricity consumption per unit of network traffic. Furthermore, the company have analysed and tested intelligent energy solutions based on machine learning, that allows for reducing power consumption significantly when the network usage is low.

These optimisations have only resulted in modest electricity savings in 2021, but have laid the foundation for more savings in the future. These savings have, however, been and will continue to be offset by additional electricity consumption from the expansion of the network. The Company will continue to invest in initiatives to reduce electricity consumption and consequently its impact on climate and environment.

The Company has more than 4,000 antenna positions across Denmark. All antennas are built and will still be built in accordance with current regulations and building permits, ensuring that the impact on the external environment is limited and within laws and guidelines.

Management's review

Operating review

Anti-corruption and human rights

The Company has policies on anti-corruption, human rights and labour rights. As the Company provides the vast majority of its services through third party suppliers, the main risk related to anti-corruption, human rights and labour rights is that our third-party subcontractors are in violation with our policies, with potential legal or commercial consequences. As our activities include working on antenna-positions in towers or on rooftops, avoiding work accidents involving our subcontractors or others have the highest priority. Therefore, we perform third party suppliers screening against our human rights and anticorruption principles.

The Company stated its policies on anti-corruption, human rights, labour rights and non-discrimination etc. in our supplier Code of Conduct. The Company's policies and Code of Conduct will as a minimum continue to be the same as for Telia and Telenor combined.

Furthermore, all employees are expected to read the Code of Conduct/anti-corruption policy when they join the Company or when the policy is updated.

We have not had any violations of the anti-corruption and human rights policies in 2021

Labour rights / social and staff matters

The Company is engaged in the well-being of its own employees and have policies in support if this. Most of our employees are highly skilled and specialized, and the main risk is to lose significant knowledge and intellectual capital if the employees are not well treated. In order to live up to our employee's expectations and ambitions for professional development, we provide competitive benefits packages and opportunities for development through training and other activities. To monitor results, we have conducted and will continue to conduct employee satisfaction surveys that provide us with guidelines to improve ourselves as employers and to continue to deliver value to our employees. In 2021, we have lost 3 employees and hired 2 new employees.

Target for the board

It is the target of the Company that the underrepresented gender on the Board of Directors should be represented by at least one of six persons by the end of 2023, i.e. one female is to be included on the Board of Directors by the end of 2023. This target has been reached, and currently there are six Board Members, of whom one is female. The members of the Board of Directors are elected by the owners based on qualifications, and both genders are considered equal.

Other management levels

The total number of employees in the Company is 23. As this is below 50, which is the minimum number of employees for defining a policy for other management levels, no such policy has been formulated for the Company.

Data Ethics

The Company does not have access to data in the radio network, nor do we have access to any data relating to the end customers using the network.

The Company does not have a policy on data ethics. The reason for why we do not have a policy is that we only collect or process personal data to a limited extent, we do not use AI or any other complex machine learnings, and we have assessed that our GDPR-policies are sufficient to mitigate any risks involved with our collection and processing of data.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Revenue		988,975	857,358
Other operating income		3,079	4,920
Other external costs		-248,359	-208,599
Gross profit		743,695	653,679
Staff costs	2	-14,637	-15,075
Depreciation, amortisation and impairment losses	3	-668,735	-586,950
Profit before financial income and expenses		60,323	51,654
Other financial expenses	4	-25,722	-25,518
Profit for the year	5	34,601	26,136

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	6		
Acquired Licenses		1,117,596	580,339
Property, plant and equipment	7		
Land and buildings		557,249	594,206
Plant and machinery		1,801,720	1,782,887
Property, plant and equipment in progress		44,990	38,684
		2,403,959	2,415,777
Investments	8		
Deposits		35,108	33,819
Total fixed assets		3,556,663	3,029,935
Current assets			
Receivables			
Receivables from group entities		169,651	149,806
Other receivables		6,897	6,364
Prepayments	9	43,435	5,444
		219,983	161,614
Cash at bank and in hand		73,020	73,285
Total current assets		293,003	234,899
TOTAL ASSETS		3,849,666	3,264,834

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	10	100,000	100,000
Share premium		700,000	700,000
Retained earnings		371,437	336,836
Total equity		1,171,437	1,136,836
Provisions	11		
Asset retirement obligation		305,411	305,808
Other provisions		1,080	2,092
Total provisions		306,491	307,900
Liabilities other than provisions			
Non-current liabilities other than provisions	12		
Liability to the Danish Energy Agency related to mobile licenses		615,406	211,778
Lease liabilities		552,370	532,417
Payables to group entities		630,000	716,000
		1,797,776	1,460,195
Current liabilities other than provisions			
Current portion of non-current liabilities		259,429	236,997
Trade payables		77,562	34,601
Other payables		236,971	88,305
		573,962	359,903
Total liabilities other than provisions		2,371,738	1,820,098
TOTAL EQUITY AND LIABILITIES		3,849,666	3,264,834

Fees to auditor appointed at the general meeting	13
Related party disclosures	14

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	100,000	700,000	336,836	1,136,836
Transferred over the profit appropriation	0	0	34,601	34,601
Equity at 31 December 2021	100,000	700,000	371,437	1,171,437

Financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	2021	2020
Profit for the year		34,601	26,136
Depreciation and amortisation		648,915	550,738
Net change in provision		-1,409	5,734
Financial expenses		25,722	25,518
Cash flow from operating activities before changes in working capital		707,829	608,126
Changes in working capital	15	175,643	-29,131
Cash flows from operating activities		883,472	578,995
Interest paid		-25,722	-25,518
Cash flows from operating activities		857,750	553,477
Acquisition of intangible assets		-597,757	-136,179
Acquisition of property, plant and equipment		-576,597	-232,975
Deposits repaid		-1,289	192
Cash flows from investing activities		-1,175,643	-368,962
External financing:			
Repayment of non-current liabilities		317,628	-172,215
Cash flows from financing activities		317,628	-172,215
Net cash flows for the year		-265	12,300
Cash and cash equivalents at 1 January		73,285	60,985
Cash and cash equivalents at 31 Decemer		73,020	73,285

The cash flow statement cannot be directly derived from the other components of the financial statements.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of TT-Netværket P/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost, applying a constant yield to maturity. Amortised cost is the original cost less any principal repayments and plus/minus the cumulative amortisation of the difference between cost and nominal value.

Recognition and measurement take into account gains, losses and risks occurring prior to the annual report that evidence affairs and conditions existing at the balance sheet date.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, costs incurred for this year's earnings are recognised, including depreciation, amortisation, impairment losses and reversals due to changes in accounting estimates of amounts previously recognised in the income statement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue comprises the value of services provided less value added tax and is recognised in the income statement provided that all risks and rewards have been transferred to the buyer.

Other operating income

Other operating income comprises items secondary to the activities of the entity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

Other external expenses include expenses relating to site rent, administration, office premises, etc.

Staff costs

Staff costs include wages and salaries, including holiday pay, pensions and other social security costs, etc.

Financial expenses

Financial expenses comprise interest expense and losses on transactions denominated in foreign currencies and amortisation of financial assets and liabilities.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Intangible assets comprise acquired rights, including mobile licences and software licences.

Licences are measured at cost less accumulated amortisation and impairment losses. Licences are amortised over the licence period.

Gains and losses on the disposal of licences are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as amortisation and impairment losses.

Property, plant and equipment

Land and building, plant and machinery are measured at cost less accumulated depreciation and impairment losses. Own land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost includes retirement obligation if it meets the conditions for recognition of provisions.

For property, plant and equipment under construction, cost includes direct labour, materials, purchased parts and labour work provided by a sub-supplier.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is recognised in the income statement as depreciation and impairment losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The depreciable amount, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	5-30 years

If the depreciation period or the residual value is changed, the effect on depreciation going forward is considered a change in accounting estimates.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as depreciation and impairment losses.

Leases

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When an assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Lease liabilities recognised are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed
- The contract is renegotiated or modified.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Investments

Investments comprise deposits and are measured at cost.

Receivables

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

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Provisions

Provisions include asset retirement obligations. Provisions are recognised when, at the balance sheet date, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

When the Company is obligated to dismantle an asset or restore the site on which the asset is used, a liability equal to the present value of the expected future costs is recognised. After initial recognition of the present value, the accretion expense is recognised as a financial expense in the income statement.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes 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 profit/loss for the year adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Significant accounting estimates, assumptions and uncertainties

Some items cannot be reliably measured but only estimated. Such estimates are based on the latest information available at the time of the financial reporting. It may be necessary to change previous estimates due to changes in the factors underlying the estimates or due to new information, more experience or subsequent events.

In connection with the practical application of the accounting policies, Management makes judgements significantly affecting the financial statements within the following areas:

Asset retirement obligation

In most cases, the asset retirement will take place in the distant future, and therefore, it will lead to significant uncertainty as to whether the liability will actually be settled. The actual gross settlement costs that the Company incurs may differ materially from the estimated costs, for example because of price negotiations or agreements that reduce or relieve the Company from its obligations. The timing of the settlement process may also differ significantly from the estimated timing.

Estimated useful lives

The expected useful lives of property, plant and equipment and intangible assets are reviewed annually to ensure consistency with the expected useful lives of the assets based on current facts and circumstances.

Lease term

Generally, the lease terms of the company's lease agreements are not fixed. Hence, after any non-cancellable period management is required to estimate the period over which it is reasonably certain not to terminate the leases. Further, the lease terms will be reassesed upon changes to the non-cancellable period, upon tech upgrades in the underlying asset and when the lease term and date is reached.

Financial statements 1 January – 31 December

Notes

DKK'000		2021	2020
2	**Staff costs**		
	Wages and salaries	13,072	13,554
	Pensions	1,395	1,375
	Other social security costs	170	146
		14,637	15,075
	Average number of full-time employees	23	23

Remuneration to the Executive Board has not been disclosed in accordance wih section 98b (3) of the Danish Financial Statements Act.

3	**Depreciation on property, plant and equipment, amortisation of intangible assets and impairment losses**		
	Intangible assets	60,500	41,053
	Property, plant and equipment	476,086	510,583
	Scrapped assets	132,149	35,314
		668,735	586,950
4	**Other financial expenses**		
	Interest expense to group entities	6,978	8,732
	Other financial costs	18,744	16,786
		25,722	25,518
5	**Proposed profit appropriation**		
	Retained earnings	34,601	26,136
		34,601	26,136

Financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK'000	Acquired licenses and comparable rights
Cost at 1 January 2021	732,942
Additions for the year	597,758
Cost at 31 December 2021	1,330,700
Amortisation and impairment losses at 1 January 2021	-152,603
Amortisation for the year	-60,500
Amortisation and impairment losses at 31 December 2021	-213,103
Carrying amount at 31 December 2021	1,117,597
Right-of-use asset	160,811

7 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Property, plant and equipment in progress	Total
Cost at 1 January 2021	938,583	4,307,054	38,684	5,284,321
ARO adjustment for the year	0	-4,982	0	-4,982
Additions for the year	124,422	29,717	435,319	589,458
Disposals for the year	8,987	-16,866	0	-7,879
Transfers for the year	0	429,013	-429,013	0
Cost at 31 December 2021	1,071,992	4,743,936	44,990	5,860,918
Depreciation and impairment losses at 1 January 2021	-344,377	-2,524,167	0	-2,868,544
Depreciation for the year	-167,922	-428,140	0	-596,062
Reversed depreciation and impairment losses on assets sold	-2,444	10,091	0	7,647
Depreciation and impairment losses at 31 December 2021	-514,743	-2,942,216	0	-3,456,959
Carrying amount at 31 December 2021	557,249	1,801,720	44,990	2,403,959
Right-of-use asset	556,290	657	0	556,947

Financial statements 1 January – 31 December

Notes

8 Investments

DKK'000	Deposits
Cost at 1 January 2021	33,819
Additions for the year	1,289
Cost at 31 December 2021	35,108
Carrying amount at 31 December 2021	35,108

9 Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

10 Share capital

The share capital consists of:

DKK'000	31/12 2021	31/12 2020
100,000 shares of nom. DKK 1 each	100,000	100,000

All shares rank equally.

There have been no changes in the share capital since the formation of the Company on 17 February 2012.

11 Provisions

	Asset retirement obligation	Other provisions	Total
Provisions at 1 January 2021	305,808	2,092	307,900
Additions and adjustment of obligation during the year	1,134	598	237,229
Utilisation and adjustment of utilisation during the year	-1,531	-1,610	-1,012
Provisions at 31 December 2021	305,411	1,080	544,117

Financial statements 1 January – 31 December

Notes

12 Non-current liabilities other than provisions

	Total liabilities at 1 January 2021	Total liabilities at 31 December 2021	Repayment, first year	Non-current portion	Outstanding debt after five years
Liabilities to the danish Energy Agency related to mobile licenses	254,301	668,690	53,284	257,963	357,442
Loan from group entities	717,350	631,225	1,225	630,000	0
Lease liabilities	725,540	757,290	204,920	399,661	152,710
	1,697,191	2,057,205	259,429	1,287,624	510,152

13 Fees to auditor appointed at the general meeting

DKK'000	2021	2020
KPMG		
Statutory audit	115	175
Assurance engagements	42	42
Other assistance	15	14
	172	231

Financial statements 1 January – 31 December

Notes

DKK'000	2021	2020

14 Related party disclosures

TT-Netværket P/S' related parties comprise the following:

— Telenor A/S, Frederikskaj 8, 2450 København SV, Denmark, CVR no. 19 43 36 92

— Telia Mobile Holding AB, Sweden

— Komplementarselskabet af 14. juni 2011 A/S, Amager Strandvej 60, 2300 København S, Denmark, CVR no. 34 20 41 87

— Executive Board and Board of Directors.

Related party transactions

	2021	2020
Sales of services	944,355	819,871
Sale of network equipment etc to Partners	2,629	1,600
	946,984	821,471
Network related costs	80,071	80,036
	80,071	80,036

Remuneration to the Parent Company's Executive Board and Board of Directors has not been disclosed in accordance with section 98b (3) of the Danish Financial Statements Act. Payables and receivables to group entities are disclosed in the balance sheet and expensed interest is disclosed in note 4.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the share capital:

— Telenor A/S, Frederikskaj 8, 2450 København SV, Denmark, CVR no. 19 43 36 92

— Telia Mobile Holding AB, Sweden.

15 Changes in working capital

	2021	2020
Change in receivables	-58,369	-56,919
Change in trade and other payables	234,012	27,788
	175,643	-29,131