

Tn Finance A/S

Frederikskaj 8, DK-2450 Copenhagen V, Denmark

CVR no. 37 43 96 49

Annual Report

for the period 1 January – 31 December 2018

3rd financial year

Adopted by the Company's Annual General Meeting
on 7 June 2019

A handwritten signature in blue ink, appearing to read 'Bess All', is written over a horizontal dotted line.

chairman

CONTENTS

Statement by the Board of Directors and Executive Board	1
Independent auditors' report	2
Management's review	5
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report for Tn Finance A/S for the period 1 January – 31 December 2018.

The annual report is presented in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate, so that the annual report gives a true and fair view of the company's assets and liabilities, its financial position as at 31 December 2018 and the results of the company's activities for the financial year 1 January – 31 December 2018.

In our opinion, the management's review gives a true and fair account of the matters addressed in the review.

We recommend that the annual report be adopted by the General Meeting.


Copenhagen, 7 June 2019

Executive Board:



.....
Jesper Kamp Andersen


Board of Directors:



.....
Terje Borge
Chairman



.....
Ole-Jacob Bell



.....
Jesper Kamp Andersen

INDEPENDENT AUDITORS' REPORT

To the shareholders of Tn Finance A/S

Opinion

We have audited the financial statements of Tn Finance A/S for the financial year 1 January – 31 December 2018 which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Responsibilities of management 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.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Auditor's responsibility

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

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, 7 June 2019

Ernst & Young

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant
mne26797

Allan Nørgaard
State Authorised Public Accountant
mne35501

MANAGEMENT'S REVIEW

Company information

Tn Finance A/S
Frederikskaj 8
DK-2450 Copenhagen V
Denmark

Municipality: Copenhagen

Board of Directors

Terje Borge, Chairman
Ole-Jacob Bell
Jesper Kamp Andersen

Executive Board

Jesper Kamp Andersen

Parent

Telenor A/S, Denmark

Audit

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
2000 Frederiksberg
DK Denmark
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P-enhed: 1013415044

MANAGEMENT'S REVIEW - CONTINUED

Financial highlights

The Company's developments over the past two years can be described as follows:

	2018 tDKK	2017 tDKK
INCOME STATEMENT		
Operating profit before depreciation amortisation and impairment (EBITDA)	-145	-106
Operating profit (EBIT)	-145	-106
Financial income and expenses	55,428	-1,452,383
Profit/loss before tax	55,283	-1,452,489
Net income for the year	55,283	-1,452,489
BALANCE SHEET		
Balance sheet total	550,855	495,483
Other non-current assets	399,254	395,820
Equity	550,693	495,410
KEY FIGURES AND RATIOS		
Average number of employees	0	0

Company presentation

The activity of Tn Finance A/S is to provide financial services other than insurance.

Financial review

The company's income statement for 2018 shows a profit of 55 mDKK, (2017: 1,452 mDKK deficit) and the company's balance sheet at 31 December 2018 shows an equity of 551 mDKK (2017: 495 mDKK).

MANAGEMENT'S REVIEW - CONTINUED

Future outlook

Tn Finance A/S is expected to increase the financial services in 2019.

Financial risks

As far as possible, Telenor Group attempts to counter and manage any risks that the Group can influence through own actions. The company is primarily financed through its parent Telenor A/S. Financial exposures are hedged on Telenor Group level.

Due to an additional impairment of Telenor Digital Holding Inc. in 2018 there continue to be a financial risk related to the loan to Telenor Digital Holding Inc., and as a result the loan has been impaired by additional 23 mDKK.

Events after the balance sheet date

No other events have occurred after the balance sheet date which would affect the evaluation of this annual report.

INCOME STATEMENT

1 January - 31 December

	Note	2018 tDKK	2017 tDKK
Other expenses		<u>-145</u>	<u>-106</u>
Operating profit (EBIT)		-145	-106
Financial income	2	78,554	42,155
Financial expenses	3	<u>-23,126</u>	<u>-1,494,538</u>
Profit/loss before tax		55,283	-1,452,489
Tax on the profit for the year	4	<u>0</u>	<u>0</u>
NET INCOME FOR THE YEAR		<u>55,283</u>	<u>-1,452,489</u>

BALANCE SHEET
at 31 December

	Note	2018 tDKK	2017 tDKK
ASSETS			
Loan to group entities	6	<u>399,254</u>	<u>395,820</u>
Financial assets		<u>399,254</u>	<u>395,820</u>
NON-CURRENT ASSETS			
		<u>399,254</u>	<u>395,820</u>
Receivables from group entities		151,587	99,649
Other receivables		14	14
Receivables		<u>151,601</u>	<u>99,663</u>
CURRENT ASSETS		<u>151,601</u>	<u>99,663</u>
TOTAL ASSETS		<u>550.855</u>	<u>495,483</u>

BALANCE SHEET
at 31 December

	Note	2018 tDKK	2017 tDKK
LIABILITIES			
Share capital	7	110,000	110,000
Retained earnings		<u>440,693</u>	<u>385,410</u>
Equity		<u>550,693</u>	<u>495,410</u>
Other payables		54	54
Payable Group entities		<u>108</u>	<u>19</u>
Current liabilities		<u>162</u>	<u>73</u>
LIABILITIES		<u>162</u>	<u>73</u>
TOTAL EQUITY AND LIABILITIES		<u><u>550,855</u></u>	<u><u>495,483</u></u>

STATEMENT OF CHANGES IN EQUITY

	<u>Share capital tDKK</u>	<u>Retained earnings tDKK</u>	<u>Total tDKK</u>
Equity at 01.01.2017	100,000	1,753,884	1,853,884
Capital increase	10,000	84,015	94,015
Net income for the year	<u>0</u>	<u>-1,452,489</u>	<u>-1,452,489</u>
Retained earnings	<u>10,000</u>	<u>-1,368,474</u>	<u>-1,358,474</u>
Equity at 31.12.2017	<u>110,000</u>	<u>385,410</u>	<u>495,410</u>
Equity at 01.01.2018	110,000	385,410	495,410
Capital increase	0	0	0
Net income for the year	<u>0</u>	<u>55,283</u>	<u>55,283</u>
Retained earnings	<u>0</u>	<u>55,283</u>	<u>55,283</u>
Equity at 31.12.2018	<u>110,000</u>	<u>440,693</u>	<u>550,693</u>

NOTES

List of notes

Note 1	Summary accounting policies	13
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Income statement

Note 2	Financial income	15
Note 3	Financial expenses	15
Note 4	Tax on the profit for the year	16
Note 5	Proposed distribution of net profit/loss	16

Balance sheet

Note 6	Loans to group entities	16
Note 7	Share capital	16
Note 8	Shareholders	16
Note 9	Contingent liabilities, securities and contractual obligations	17
Note 10	Events after the balance sheet date	17
Note 11	Approval of the annual report for publication	17

NOTES

Note 1. Summary accounting policies

The 2018 annual report of Tn Finance A/S has been presented in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

The annual report is presented in Danish kroner (tDKK).

Omission of a cash flow statement.

With reference to section 86(4) of the Danish Financial Statement Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Telenor A/S.

Recognition and measurement

Assets are recognised in the balance sheet when a previous event renders it probable that future economic benefits will flow to the group and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when the company, as a consequence of a prior event, has a legal or constructive liability which renders it probable that future economic benefits will flow from the bank and the value of the liability can be measured reliably. Financial assets and liabilities are recognised when the company becomes a contractual party to the financial instrument. Assets and liabilities are measured at cost on initial recognition. Subsequently, assets and liabilities are measured as described for each individual item below.

The recognition and measurement include gains, losses and risks occurring before the presentation of the annual report that confirm or rebut circumstances in existence at the balance sheet date.

Income is recognised in the income statement as and when earned. Costs incurred to achieve the year's earnings are recognised in the income statement. Value adjustments of financial assets, financial liabilities and derivative financial instruments are recognised in the income statement, with the exception of financial statement value adjustments of derivative financial instruments entered into to hedge future cash flows or to hedge net investments in foreign group entities and associates. The latter value adjustments are credited or charged directly to equity.

Translation of foreign currencies

Functional currency and presentation currency

Line items are presented in the currency of the primary economic environment in which the company operates (functional currency). The annual report is presented in DKK which is also the parent's functional currency and presentation currency.

NOTES

Note 1. Summary accounting policies, continued

Translation of transactions and amounts

Transactions denominated in foreign currencies are translated to the functional currency at the exchange rate on the transaction date. Exchange rate gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities to the exchange rates at the balance sheet date are recognised in the income statement. Exchange differences arising out of the translation of non-monetary items, such as financial assets classified as available for sale, including investments, are recognised in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value as part of other receivables and other payables, respectively.

Changes to the fair value of derivative financial instruments which meet the criteria for hedging future cash flows are recognised directly in equity until the hedged position is realised.

Changes to the fair value of derivative financial instruments which do not meet the criteria for hedging instrument accounting are credited or charged to the income statement as and when they occur.

Financial income and expenses

Financial income and expenses include interest income and costs, capital gains and losses as well as impairment losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as supplements and allowances under the Danish Tax Prepayment Scheme, etc. Also included are realised and unrealised gains and losses on derivative financial instruments which do not meet the criteria for classification as hedging agreements.

Tax

The company and its Danish group entities are jointly taxed. The tax is allocated in accordance with the full allocation method.

The company is tax exempt according to the Danish "Aktieavancebeskatningslov" §19.

NOTES

BALANCE SHEET

Receivables

Receivables primarily include trade receivables and short-term advances to group entities.

Trade receivables are initially measured at cost and subsequently at amortised cost or a lower value subject to an individual assessment of the exposure to loss. Fixed-interest short-term advances to group entities are measured at amortised cost as they are held until maturity.

Receivables are measured at amortised cost, in most cases equalling nominal value, less impairment losses.

Financial liabilities

Payables to credit institutions, etc., are recognised at the time of borrowing and at the received proceeds less transaction costs paid.

In subsequent periods, the financial liabilities are measured at amortised cost by applying the effective interest rate method so that the difference between the proceeds and the nominal value is recognised in the income statement over the borrowing period. Other liabilities are measured at net realisable value.

	2018 tDKK	2017 tDKK
Note 2. Financial income		
Interest income	58,029	42,155
Exchange rate gains and losses, net	<u>20,525</u>	<u>0</u>
	<u>78,554</u>	<u>42,155</u>
Note 3. Financial expenses		
Impairment of financial assets	-23,126	-1,236,756
Exchange rate gains and losses, net	<u>0</u>	<u>-257,782</u>
	<u>-23,126</u>	<u>-1,494,538</u>

NOTES

	2018	2017
	tDKK	tDKK
Note 4. Tax on the profit for the year		
Current corporation tax	<u>0</u>	<u>0</u>

The company is tax exempt according to the Danish "Aktieavancebeskatningslov" §19.

Note 5. Proposed distribution of net profit/loss		
Profit for the year transferred to retained earnings	<u>55,283</u>	<u>-1,452,489</u>

Note 6. Loans to group entities

The amount covers loan to Telenor Digital Holding Inc. and to Network Services Nordic AB. Due to impairment of Telenor Digital Holding Inc. in 2018 there is a related risk and as a result the loan has been impaired by additional 23 mDKK (2017: 1,237 mDKK).

The loans have a floating interest which is monthly adjusted. As at 31 December 2018, the interest to Telenor Digital Holding Inc. was 3.43%. The interest to Network Services Nordic AB was 0.33%.

	2018	2017
	tDKK	tDKK
Note 7. Share capital		
Share capital at 01.01.	110,000	100,000
Capital increase	<u>0</u>	<u>10,000</u>
Share capital at 31.12.	<u>110,000</u>	<u>110,000</u>

The share capital consists of 110,000 shares of a nominal value of DKK 1,000. The shares are fully paid up. The shares are not divided into classes. No shares carry special rights.

Note 8. Shareholders

The company is wholly owned by Telenor A/S.

The company's ultimate parent, which is also the only entity preparing consolidated financial statements in which the company is a subsidiary, is Telenor ASA, Snarøyveien 30, NO-1311 Fornebu, Norway.

NOTES

Note 9. Contingent liabilities, securities and contractual obligations

The company has no contingent liabilities at 31 December 2018.

Note 10. Events after the balance sheet date

No other events have occurred after the balance sheet date which would affect the evaluation of this annual report.