

# 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 2019

4th financial year

Adopted by the Company's Annual General Meeting  
on 28 August 2020

  
.....  
chairman

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## 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 2019.

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 2019 and the results of the company's activities for the financial year 1 January – 31 December 2019.

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

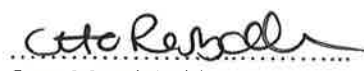
We recommend that the annual report be adopted by the General Meeting.

Copenhagen, 28 August 2020

Executive Board:

  
.....  
Jesper Kamp Andersen

Board of Directors:

  
.....  
Otto M. Risbakk  
Chairman

  
.....  
Nils Christian Flaaten

  
.....  
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 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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.

## **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.

### **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 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 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.

## INDEPENDENT AUDITOR'S REPORT - CONTINUED

- 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.

Copenhagen, 28 August 2020

EY 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**

Otto M. Risbakk, Chairman  
Nils Christian Flaaten  
Jesper Kamp Andersen

### **Executive Board**

Jesper Kamp Andersen

### **Parent**

Telenor A/S, Denmark

### **Audit**

EY Godkendt Revisionspartnerselskab  
Dirch Passers Allé 36  
2000 Frederiksberg  
DK Denmark  
CVR-nr: 30700228  
P-enhed: 1013415044



## MANAGEMENT'S REVIEW - CONTINUED

### Financial highlights

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

	2019 tDKK	2018 tDKK
<b>INCOME STATEMENT</b>		
Operating profit before depreciation amortisation and impairment (EBITDA)	-121	-145
Operating profit (EBIT)	-121	-145
Financial income and expenses	977,013	55,428
Profit/loss before tax	976,892	55,283
Net income for the year	976,892	55,283
<b>BALANCE SHEET</b>		
Balance sheet total	1,527,654	550,855
Other non-current assets	222,361	399,254
Equity	1,527,585	550,693
<b>KEY FIGURES AND RATIOS</b>		
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 2019 shows a profit of 977 mDKK, (2018: 55 mDKK profit) and the company's balance sheet at 31 December 2019 shows an equity of 1,528 mDKK (2018: 551 mDKK).

The profit for the year is significantly affected by reversal of impairment on receivable of 921 mDKK.

## **MANAGEMENT'S REVIEW - CONTINUED**

### **Future outlook**

The activity of Tn Finance A/S is expected to remain at same level as in 2019.

### **Financial risks**

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

The outlook for Telenor Digital Holding Inc. became more positive end of 2019 and therefore a reversal of impairment on the loan to Telenor Digital Holding Inc. of 921 mDKK has been done in 2019. There continue to be a financial risk related to the loan.

### **Events after the balance sheet date**

Due to the Covid-19 situation in 2020, the loan to Telenor Digital Holding Inc. has been re-evaluated and an additional impairment of 921 mDKK was made in first quarter of 2020. According to the Danish Financial Statements Act this is treated as a non-adjusting event on the 2019 numbers.

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**

	<b>Note</b>	<b>2019 tDKK</b>	<b>2018 tDKK</b>
Other expenses		<u>-121</u>	<u>-145</u>
<b>Operating profit (EBIT)</b>		<b>-121</b>	<b>-145</b>
Financial income	2	982,425	78,554
Financial expenses	3	<u>-5,412</u>	<u>-23,126</u>
<b>Profit/loss before tax</b>		<b>976,892</b>	<b>55,283</b>
Tax on the profit for the year	4	<u>0</u>	<u>0</u>
<b>NET INCOME FOR THE YEAR</b>		<b><u>976,892</u></b>	<b><u>55,283</u></b>

**BALANCE SHEET  
at 31 December**

	Note	2019 tDKK	2018 tDKK
<b>ASSETS</b>			
Loan to group entities	6	<u>1,305,293</u>	<u>399,254</u>
<b>Financial assets</b>		<u><b>1,305,293</b></u>	<u><b>399,254</b></u>
<b>NON-CURRENT ASSETS</b>			
Receivables from group entities		222,361	151,587
Other receivables		<u>0</u>	<u>14</u>
<b>Receivables</b>		<u><b>222,361</b></u>	<u><b>151,601</b></u>
<b>CURRENT ASSETS</b>		<u><b>222,361</b></u>	<u><b>151,601</b></u>
<b>TOTAL ASSETS</b>		<u><u><b>1,527,654</b></u></u>	<u><u><b>550,855</b></u></u>

**BALANCE SHEET**  
**at 31 December**

	Note	2019 tDKK	2018 tDKK
<b>LIABILITIES</b>			
Share capital	7	110,000	110,000
Retained earnings		<u>1,417,585</u>	<u>440,693</u>
<b>Equity</b>		<u><b>1,527,585</b></u>	<u><b>550,693</b></u>
Other payables		50	54
Payable Group entities		<u>19</u>	<u>108</u>
<b>Current liabilities</b>		<u><b>69</b></u>	<u><b>162</b></u>
<b>LIABILITIES</b>		<u><b>69</b></u>	<u><b>162</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,527,654</b></u>	<u><b>550,855</b></u>

## STATEMENT OF CHANGES IN EQUITY

	<u>Share capital tDKK</u>	<u>Retained earnings tDKK</u>	<u>Total tDKK</u>
<b>Equity at 01.01.2018</b>	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>
<b>Retained earnings</b>	<u>0</u>	<u>55,283</u>	<u>55,283</u>
<b>Equity at 31.12.2018</b>	<u>110,000</u>	<u>440,693</u>	<u>550,693</u>
<b>Equity at 01.01.2019</b>	110,000	440,693	550,693
Capital increase	0	0	0
Net income for the year	<u>0</u>	<u>976,892</u>	<u>976,892</u>
<b>Retained earnings</b>	<u>0</u>	<u>976,892</u>	<u>976,892</u>
<b>Equity at 31.12.2019</b>	<u>110,000</u>	<u>1,417,585</u>	<u>1,527,585</u>

## NOTES

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## **NOTES**

### **Note 1. Summary accounting policies**

The 2019 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.

	2019 tDKK	2018 tDKK
<b>Note 2. Financial income</b>		
Interest income	61,358	58,029
Reversal of impairment of financial assets	921,067	0
Exchange rate gains and losses, net	<u>0</u>	<u>20,525</u>
	<u>982,425</u>	<u>78,554</u>
<b>Note 3. Financial expenses</b>		
Impairment of financial assets	0	-23,126
Exchange rate gains and losses, net	<u>-5,412</u>	<u>0</u>
	<u>-5,412</u>	<u>-23,126</u>

## NOTES

	2019	2018
	tDKK	tDKK
<b>Note 4. Tax on the profit for the year</b>		
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>976,892</u>	<u>55,283</u>
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### Note 6. Loans to group entities

The amount covers loan to Telenor Digital Holding Inc. and to Telenor Inpli AB. Due to reversal of impairment of Telenor Digital Holding Inc. in 2019 there is reduction in the related risk and as a result the loan is impaired by 742 mDKK (2018: 1.663 mDKK).

The loans have a floating interest which is monthly adjusted. As at 31 December 2019, the interest to Telenor Digital Holding Inc. was 2.35%. The interest to Telenor Inpli AB was 0.71%.

	2019	2018
	tDKK	tDKK
<b>Note 7. Share capital</b>		
Share capital at 01.01.	110,000	110,000
Capital increase	<u>0</u>	<u>0</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 2019.

### **Note 10. Events after the balance sheet date**

Due to the Covid19 situation in 2020, the loan to Telenor Digital Holding Inc. has been re-evaluated and an additional impairment of 921 mDKK was made in first quarter of 2020. According to the Danish Financial Statements Act this is treated as a non-adjusting event on the 2019 numbers.

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