

# Deutsche Telekom Nordic A/S

Dampfærgevej 21, st.  
2100 København Ø  
CVR no. 41 00 12 75

## Annual report for 2022

Adopted at the annual general  
meeting on 27 June 2023

**chairman**

Arendse Dahl Madsen

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## **Statement by management on the annual report**

The supervisory board and executive board have today discussed and approved the annual report of Deutsche Telekom Nordic A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 27 June 2023

### **Executive board**

Johan Edward Kallerman

### **Supervisory board**

Thomas Hans-Jürgen Dingel  
chairman

Kenneth Salter

Johan Edward Kallerman

## **Independent auditor's report**

### ***To the shareholder of Deutsche Telekom Nordic A/S***

#### **Opinion**

We have audited the financial statements of Deutsche Telekom Nordic A/S for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 financial position 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.

#### **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 this auditor's report. We are independent of the Entity 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 responsibilities for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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.

## **Independent auditor's report**

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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

## Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 27 June 2023

DELOITTE  
STATSAUTORISERET REVISIONSPARTNERSELSKAB  
CVR no. 33 96 35 56

Christian Sanderhage  
State Authorised Public Accountant  
mne23347

Frederik Juhl Hestbaek  
State Authorised Public Accountant  
mne47807

## Company details

### The company

Deutsche Telekom Nordic A/S  
Dampfærgevej 21, st.  
2100 København Ø

CVR no.: 41 00 12 75

Reporting period: 1 January - 31 December 2022

Domicile: Copenhagen

### Supervisory board

Thomas Hans-Jürgen Dingel, chairman  
Kenneth Salter  
Johan Edward Kallerman

### Executive board

Johan Edward Kallerman

### Auditors

DELOITTE  
STATSAUTORISERET REVISIONSPARTNERSELSKAB  
Weidekampsgade 6  
2300 København S

## **Management's review**

### **Business review**

The principal activities of the company are computer and telecommunication services. The company commenced trading with effect from 1st January 2020, backdated from 1st July 2020, when the telecommunications portfolio unit of the T-Systems Nordic A/S was separated and transferred to Deutsche Telekom Nordic A/S.

Deutsche Telekom Nordic A/S is responsible for serving Deutsche Telekom's business customers around the world, headquartered in the Nordics region, and provides a full array of integrated connectivity solutions to our customers, including Software-Defined Networking, MPLS/IPLS services, Enterprise mobility, advanced network management, network-based security, unified communications and collaboration and consulting services.

### **Financial review**

For 2022 our performance and financial expectations is in line with expectations with the income statement showing revenue TDKK 73.839 net loss TDKK -19.010 and with shareholders equity of TDKK – 842. We were able to win customer contract extensions in Denmark and Sweden.

The company has not made use of any of the Danish Covid-19 compensation schemes. The effect of the Coronavirus pandemic on the economy has seen a decline in commercial activity. It is unclear how great the impact on the economy will be, but we expect it to normalise over time. The corona pandemic has not yet materially affected the Company's financial performance.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date which could significantly affect the company's financial position. The company is in the process of receiving a capital injection from its parent company to return the balance sheet to a positive equity position.

### **Outlook 2023**

2023 started with a major 3 years win in Denmark, and 2 further wins, with strong revenue growth forecast for this year.

Our growth plan with additional sales resource on board will enable the business to recover the loss of our major customer and our outlook is to return to profit. For 2023 we forecast a net loss of TDKK -13.000.



## **Management's review**

### **Going concern**

As noted above, the company commenced trading with effect from 1st July 2020. The company has a positive cash balance and the Executive Board has performed cash flow projections to end of 2023 and confirm cash flow remains positive with additional funding from parent company, and they believe that the company will have sufficient cash reserves to meet its business objectives for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The current capital loss of TDKK -842 at 31st Dec 22 will be reestablished by capital injection in Q2/Q3 2023.

Refer also to note 1.

## **Accounting policies**

The annual report of Deutsche Telekom Nordic A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in TDKK.

### **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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

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

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

### **Income statement**

#### **Revenue**

Income is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

#### **Expenses for service purchases**

Expenses for service purchases used in generating the year's revenue, which comprise of service or maintenance of routers or patches and connections in general Network connectivity.

#### **Other operating income**

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on sale of intangible and tangible assets as well as income from re-invoiced expenses, etc.

## Accounting policies

### Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Balance sheet

### Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

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 of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-15 years

Assets costing less than DKK 31.000 are expensed in the year of acquisition.

## **Accounting policies**

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Residual values and depreciation periods are yearly re-assessed.

### **Impairment of fixed assets**

The carrying amount of items of property, plant and equipment is tested annually for impairment, if indications of impairment exist.

Where there is indication of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

### **Receivables**

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

### **Prepayments**

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash and deposits at banks.

### **Income tax and deferred tax**

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

### **Liabilities**

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

## **Accounting policies**

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and 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 1 January - 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Revenue</b>		<b>73.839</b>	<b>74.388</b>
Other operating income		2.538	2.833
Expenses for service purchases		-57.638	-59.504
Other external costs		-8.722	-9.427
<b>Gross profit</b>		<b>10.017</b>	<b>8.290</b>
Staff costs	2	-17.350	-17.420
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>-7.333</b>	<b>-9.130</b>
Depreciation, amortisation and impairment of property, plant and equipment		-8.622	-6.731
Other operating costs		-13	-41
<b>Profit/loss before net financials</b>		<b>-15.968</b>	<b>-15.902</b>
Financial income	3	620	506
Financial costs	4	-3.642	-76
<b>Profit/loss before tax</b>		<b>-18.990</b>	<b>-15.472</b>
Tax on profit/loss for the year	5	-20	196
<b>Profit/loss for the year</b>		<b>-19.010</b>	<b>-15.276</b>
<b>Recommended appropriation of profit/loss</b>			
Retained earnings		-19.010	-15.276
		<b>-19.010</b>	<b>-15.276</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		<u>19.734</u>	<u>20.343</u>
<b>Tangible assets</b>	6	<u><b>19.734</b></u>	<u><b>20.343</b></u>
<b>Total non-current assets</b>		<u><b>19.734</b></u>	<u><b>20.343</b></u>
Trade receivables		4.120	3.612
Receivables from group enterprises		44.516	19.367
Other receivables		993	2.033
Prepayments		<u>180</u>	<u>133</u>
<b>Receivables</b>		<u><b>49.809</b></u>	<u><b>25.145</b></u>
<b>Cash at bank and in hand</b>		<u><b>18.239</b></u>	<u><b>10.235</b></u>
<b>Total current assets</b>		<u><b>68.048</b></u>	<u><b>35.380</b></u>
<b>Total assets</b>		<u><u><b>87.782</b></u></u>	<u><u><b>55.723</b></u></u>

## Balance sheet 31 December

	<u>Note</u>	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>Equity and liabilities</b>			
Share capital		1.010	1.010
Retained earnings		-1.852	-2.494
<b>Equity</b>		<b>-842</b>	<b>-1.484</b>
Payables to group enterprises		29.748	18.590
<b>Total non-current liabilities</b>		<b>29.748</b>	<b>18.590</b>
Trade payables		4.956	7.010
Payables to group enterprises		44.104	22.970
Corporation tax		103	83
Other payables		9.713	8.554
<b>Total current liabilities</b>		<b>58.876</b>	<b>38.617</b>
<b>Total liabilities</b>		<b>88.624</b>	<b>57.207</b>
<b>Total equity and liabilities</b>		<b>87.782</b>	<b>55.723</b>
Capital resources	1		
Contingent assets	7		
Rent and lease liabilities	8		
Contingent liabilities	9		
Related parties and ownership structure	10		



## Statement of changes in equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2022	1.010	-2.494	-1.484
Exchange adjustments	0	352	352
Capital increase	0	19.300	19.300
Net profit/loss for the year	0	-19.010	-19.010
<b>Equity at 31 December 2022</b>	<b><u>1.010</u></b>	<b><u>-1.852</u></b>	<b><u>-842</u></b>

## Notes

### 1 Capital resources

As of 31 December 2022, the Company has lost more than half of its share capital and is therefore, covered by the Companies Act's rules on capital losses. After year end, the share capital has been reestablished through a cash capital contribution of DKK 16.8 million.

The Company has made scheduled investments in the continuing development of the telecommunication activities in the Nordic market in accordance with the approved business case by the Parent Company, Deutsche Telekom AG. Consequently, the Company has realized a negative result. The Management expects further losses of approx. DKK 13 million in 2023.

As business recovers from the initial loss of a significant customer on carve out and the Company executes the growth plan to secure additional business going forward and return to a profit, the activities of Deutsche Telekom Nordic A/S in the short term are to a large extent dependent on financing by the Parent Company.

As of 31 December 2022, intercompany loans from the Parent Company amount to DKK 29.8 million. This loan has been prolonged until April 2024.

Consequently, Management has prepared the Financial Statements under the concept of going concern. Further discussions regarding the long-term liquidity needs of the Company are taking place right now and has been concluded as signing the annual report and will be issued in Q3 of 2023. Management fully expects that the Parent Company will continue with ongoing support to the Company for the future.

### 2 Staff costs

	<u>2022</u> TDKK	<u>2021</u> TDKK
Wages and salaries	13.013	12.881
Pensions	1.965	2.079
Other social security costs	2.217	2.353
Other staff costs	<u>155</u>	<u>107</u>
	<b><u>17.350</u></b>	<b><u>17.420</u></b>
Average number of employees	<u>14</u>	<u>14</u>

## Notes

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3 Financial income</b>		
Other financial income	152	0
Exchange gains	<u>468</u>	<u>506</u>
	<b><u>620</u></b>	<b><u>506</u></b>
<b>4 Financial costs</b>		
Interest paid to group enterprises	1.323	23
Other financial costs	92	53
Exchange loss	<u>2.227</u>	<u>0</u>
	<b><u>3.642</u></b>	<b><u>76</u></b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	20	53
Adjustment of tax concerning previous years	<u>0</u>	<u>-249</u>
	<b><u>20</u></b>	<b><u>-196</u></b>

## Notes

### 6 Tangible assets

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January 2022	94.619
Exchange adjustment	-435
Additions for the year	9.105
Disposals for the year	<u>-5.874</u>
Cost at 31 December 2022	<u>97.415</u>
Impairment losses and depreciation at 1 January 2022	74.277
Exchange adjustment	435
Depreciation for the year	8.622
Reversal of impairment and depreciation of sold assets	<u>-5.653</u>
Impairment losses and depreciation at 31 December 2022	<u>77.681</u>
<b>Carrying amount at 31 December 2022</b>	<b><u><u>19.734</u></u></b>
Depreciated over	<u>3-15 years</u>

### 7 Contingent assets

The Company has a non recognized tax asset of TDKK 9.024 as it is uncertain whether the Company will be able to utilize the asset in the foreseeable future.

## Notes

	<u>2022</u> TDKK	<u>2021</u> TDKK
<b>8 Rent and lease liabilities</b>		
Obligations according to operational leasing contracts relating to cars and other equipment	616	1.222
Rent obligations	686	747
Future obligations according to operational leasing contracts relating to cars and other equipment due as follows:		
Within 1 year	1.083	896
Between 1 and 5 years	<u>219</u>	<u>1.073</u>
	<u><b>1.302</b></u>	<u><b>1.969</b></u>

## 9 Contingent liabilities

The company is jointly taxed with T-Systems Nordic A/S, and jointly and severally liable with other jointly taxed entities for payment of income taxes as well as for payment of withholding taxes on dividends, interest and royalties.

## 10 Related parties and ownership structure

### Controlling interest

Deutsche Telekom Business Solutions GmbH, owns 100%

### Consolidated financial statements

The company is reflected in the group report as the parent company Deutsche Telekom AG.

The group report of Deutsche Telekom AG can be obtained at the following address:

Deutsche Telekom AG  
Friedrich-Ebert-Alle 140  
D-53113 Bonn  
Germany