

# Deutsche Telekom Nordic A/S

Lautrupvang 8  
2750 Ballerup  
CVR no. 41 00 12 75

## Annual report for 2020

Adopted at the annual general  
meeting on 30 June 2021

**chairman**

Arendse Dahl Madsen

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

The supervisory and executive boards have today discussed and approved the annual report of Deutsche Telekom Nordic A/S for the financial year 1 January - 31 December 2020.

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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

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.

Ballerup, 30 June 2021

### **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**

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Deutsche Telekom Nordic A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Statement on management's review**

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 management's review.

## **Independent auditor's report**

### **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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.

## Independent auditor's report

- 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.

Hellerup, 30 June 2021

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR no. 33 77 12 31

Leif Ulbæk Jensen

statsautoriseret revisor

mne23327

## Company details

### The company

Deutsche Telekom Nordic A/S  
Lautrupvang 8  
2750 Ballerup

CVR no.: 41 00 12 75

Reporting period: 1 January - 31 December 2020

Domicile: Ballerup

### Supervisory board

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

### Executive board

Johan Edward Kallerman

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

## **Management's review**

### **Business review**

The principal activities of the company are computer and telecommunication services. The company commenced trading with accounting effect from 1st January 2020, backdated from 1st July 2020, when the telecommunications portfolio unit of the T-Systems Nordic A/S was legal separated and transferred to Deutsche Telekom Nordic A/S in a tax exempt de-merger of T-Systems Nordic A/S. The senior management team of MD, CFO and Head of Accounting were recruited and in place with effect from 1st July 2020. Total local headcount of 14 includes 2 additional sales hunters recruited during 2020 to reflect the investment in local sales growth. The remainder of the workforce was transferred from T-Systems Nordic A/S.

### **Recognition and measurement uncertainties**

Refer to note 2 for disclosure of uncertainties.

### **Financial review**

For 2020 our performance and financial results is in line with expectations with the income statement showing revenue DKK 161.192K , net profit DKK 8.106K and with shareholders' equity of DKK 14.073K. We were able to win new business in Sweden and contract extension in Finland.

The company has not for 2020 made use of any of the Danish Covid-19 compensation schemes.

### **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.

### **Outlook 2021**

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 by 2023. For 2021 we forecast a net profit of DKK -13 to -15M.



## **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 directors have performed monthly cash flow projections to end of 2021 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.

In early 2020 there has been a global outbreak of COVID-19 (Coronavirus) which has and continues to have a significant and ever-changing impact on the company, the sector and the local economy as a whole. Management has not identified any material remeasurements of assets and liabilities. 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.

## **Accounting policies**

The annual report of Deutsche Telekom Nordic A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to reporting class B entities.

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

The telecommunication business of T-Systems Nordic A/S was carved out to the new established company Deutsche Telekom Nordic A/S in a tax exempt de-merger. The demerger also included the foreign branches of the company being demerged.

The opening balance for the company is recognised based on the carrying value of assets and liabilities as of 31 December 2020 transferred.

The annual report for 2020 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.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

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 from the sale of goods for resale and finished goods 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.

## **Accounting policies**

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.

### **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.

## Accounting policies

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	3-5 years

Assets costing less than DKK 14.100 are expensed in the year of acquisition.

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.

### **Impairment of fixed assets**

The carrying amount of items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence 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.

### **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

	Note	2020 TDKK	Dec 2019 TDKK
<b>Revenue</b>		<b>161.192</b>	<b>0</b>
Other operating income		5.336	0
Expenses for service purchases		-122.622	0
Other external costs		-10.908	0
<b>Gross profit</b>		<b>32.998</b>	<b>0</b>
Staff costs	3	-13.345	0
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>19.653</b>	<b>0</b>
Depreciation, amortisation and impairment of property, plant and equipment		-6.229	0
Other operating costs		-42	0
<b>Profit/loss before net financials</b>		<b>13.382</b>	<b>0</b>
Financial income	4	768	0
Financial costs	5	-2.831	0
<b>Profit/loss before tax</b>		<b>11.319</b>	<b>0</b>
Tax on profit/loss for the year	6	-3.213	0
<b>Profit/loss for the year</b>		<b>8.106</b>	<b>0</b>
<b>Recommended appropriation of profit/loss</b>			
Retained earnings		8.106	0
		<b>8.106</b>	<b>0</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Assets</b>			
Other fixtures and fittings, tools and equipment		16.992	0
<b>Tangible assets</b>		<b>16.992</b>	<b>0</b>
Receivables from group enterprises		9.324	0
<b>Fixed asset investments</b>		<b>9.324</b>	<b>0</b>
<b>Total non-current assets</b>		<b>26.316</b>	<b>0</b>
Trade receivables		8.431	0
Receivables from group enterprises		34.653	0
Other receivables		1.593	1.000
Prepayments		238	0
<b>Receivables</b>		<b>44.915</b>	<b>1.000</b>
<b>Cash at bank and in hand</b>		<b>20.383</b>	<b>0</b>
<b>Total current assets</b>		<b>65.298</b>	<b>1.000</b>
<b>Total assets</b>		<b>91.614</b>	<b>1.000</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>Equity and liabilities</b>			
Share capital		1.010	1.000
Retained earnings		<u>13.063</u>	<u>0</u>
<b>Equity</b>		<b><u>14.073</u></b>	<b><u>1.000</u></b>
Payables to group enterprises		9.324	0
Other payables		<u>659</u>	<u>0</u>
<b>Total non-current liabilities</b>		<b><u>9.983</u></b>	<b><u>0</u></b>
Trade payables		4.405	0
Payables to group enterprises		45.055	0
Corporation tax		3.261	0
Other payables		<u>14.837</u>	<u>0</u>
<b>Total current liabilities</b>		<b><u>67.558</u></b>	<b><u>0</u></b>
<b>Total liabilities</b>		<b><u>77.541</u></b>	<b><u>0</u></b>
<b>Total equity and liabilities</b>		<b><u><u>91.614</u></u></b>	<b><u><u>1.000</u></u></b>
Capital resources	1		
Uncertainty in the recognition and measurement	2		
Contingent assets	7		
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## Statement of changes in equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January 2020	1.000	0	1.000
Exchange adjustments	0	868	868
Capital increase due to received assets in the de- merger	10	4.089	4.099
Net profit/loss for the year	0	8.106	8.106
<b>Equity at 31 December 2020</b>	<b>1.010</b>	<b>13.063</b>	<b>14.073</b>

## Notes

### 1 Capital resources

The activities of Deutsche Telekom Nordic A/S are to a larger extent financed by short term intercompany loans amounting to DKK 45.1 million as of 31 December 2020. The credit facilities made available for the Company are agreed with the ultimate Parent Company Deutsche Telekom AG based on the approved activities and plans for Deutsche Telekom Nordic A/S including scheduled investments in the continuing development of the activities in the Nordic market as approved by the Parent Company and as a consequence hereof expected negative results.

Based on cash at bank and in hand, DKK 20.4 million as of 31 December 2020 and the cash flows from ongoing contracts with major customers, Management assesses that Deutsche Telekom AG, will continue to support the Company with sufficient liquidity and that intercompany trade payables of DKK 45.1 million not will be called unless the liquidity position of Deutsche Telekom Nordic A/S is adequate to justify such repayment. Management assesses on this basis, capital resources to be satisfactory and has prepared the Financial Statements under the precondition of continued operation.

### 2 Uncertainty in the recognition and measurement

The de-merger of T-Systems Nordic as of 01 January 2020 where net assets was transferred to Deutsche Telekom Nordic A/S was done as a tax-exempt merger. There is an on-going dialogue with the Danish Tax Authorities about the conditions for the de-merger and that these conditions has been met. If the Tax Authorities assesses that the conditions not has been fulfilled it is likely that a goodwill has to be recognised. Based on the dialogue with the Danish tax authorities regarding the demerger of T-systems Nordic A/S as of 1 January 2020 there is no indications that the conditions for a tax exempt demerger has not been fulfilled for transferring net assets from T-systems Nordic A/S to Deutsche Telekom Nordic A/S and Financial Statements has been prepared on this basis.

## Notes

	<u>2020</u>	<u>Dec 2019</u>
	TDKK	TDKK
<b>3 Staff costs</b>		
Wages and salaries	10.891	0
Pensions	1.079	0
Other social security costs	1.052	0
Other staff costs	323	0
	<u><b>13.345</b></u>	<u><b>0</b></u>
Average number of employees	<u>12</u>	<u>0</u>
<b>4 Financial income</b>		
Other financial income	3	0
Exchange gains	765	0
	<u><b>768</b></u>	<u><b>0</b></u>
<b>5 Financial costs</b>		
Interest paid to group enterprises	7	0
Other financial costs	39	0
Exchange loss	2.785	0
	<u><b>2.831</b></u>	<u><b>0</b></u>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	<u>3.213</u>	<u>0</u>
	<u><b>3.213</b></u>	<u><b>0</b></u>

## Notes

### 7 Contingent assets

The Company has a non recognized tax asset of TDKK 320 as it is uncertain whether the Company will be able to utilize the asset in the foreseeable future.

	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>8 Rent and lease liabilities</b>		
Obligations according to operational leasing contracts relating to cars and other equipment	1.804	0
Future obligations according to operational leasing contracts relating to cars and other equipment due as follows:		
Within 1 year	621	0
Between 1 and 5 years	<u>1.183</u>	<u>0</u>
	<u><b>1.804</b></u>	<u><b>0</b></u>

### 9 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 can be obtained at the following address:

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

## Notes

### 10 Subsequent events

No events materially affecting the assessment of the financial position have occurred after the balance sheet date.