

Ericsson Danmark A/S

Ørestads Boulevard 108
2300 København S.

CVR-nr. 62 58 08 28

Annual Report for 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on May 11, 2023

Chairman

Nils Sixten Emmelin

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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Ericsson Denmark 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 financial position at December 31, 2022 of the Company and of the results of the Company operations for 2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend that the Annual Report is adopted at the Annual General Meeting.

Copenhagen, May 11, 2023

Executive Board

Kent Johan Niclas Backlund

Board of Directors

Nils Sixten Emmelin

Jenny Elena Lindqvist

Kent Johan Niclas Backlund

Chairman

Esben Malle

Henning Kaas

Independent Auditor's Report

To the shareholders of Ericsson Danmark A/S

Opinion

We have audited the financial statements of Ericsson Danmark A/S for the financial year 01.01.2022 – 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 – 31.12.2022 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.

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.

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, 11.05.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Sanderhage
State Authorised Public Accountant
Identification No (MNE) mne23347

Company Information

The Company

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Denmark

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Website: www.ericsson.com/dk/

CVR-nr. 62 58 08 28
Financial year: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Nils Sixten Emmelin, Chairman
Jenny Elena Lindqvist, Deputy Chairman
Kent Johan Niclas Backlund
Henning Kaas
Esben Malle

Executive Board

Kent Johan Niclas Backlund

Auditors

DELOITTE STATS-AUTORISERET
REVISIONSPARTNERSELSKAB

Banks

SE Banken
Landemærket 10
DK-1119 Copenhagen

Controlling shareholder

Telefonaktiebolaget L.M. Ericsson
S-164 83 Stockholm
Sweden

Management's Review

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	DKK '000,000	DKK '000,000	DKK '000,000	DKK '000,000	DKK '000,000
Revenue	1 109	1 124	1 260	481	463
Operating profit	37	27	19	14	10
Net financials	2	2	(2)	(3)	(1)
Net profit/loss for the year	30	22	13	8	7
Balance sheet total	452	475	1 181	682	244
Equity	143	133	111	98	102
Investment in property, plant and equipmen	-	-	-	(3)	-
Average number of employees	151	153	171	104	65
Ratios %					
Profit margin	3,3	2,4	1,5	2,9	2,2
Return on assets	8,2	5,7	1,6	2,1	4,1
Solvency ratio	31,6	28,0	9,4	14,4	41,8

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Primary Activities

2022 was a great year for us at Ericsson Denmark as we managed to deliver on customer projects, commitments and at the same time continued to win market share.

In 2022:

1) We continued to support Hi3G in their network modernization by delivering a large amount of 3G/4G/5G radio equipment. In addition, we have supported Hi3G with engineering services for the installation of equipment at sites. The network performance is greatly improving as the networks is modernized which can also be seen in independent benchmarking.

2) We continued to plan, build, operate and optimize TDC Net's mobile network with great outcomes. The network continues to operate at a historic stable level whilst introducing automations and proactive improvements. During the year, values of 5G have been demonstrated through our Ericsson/TDC Net joint Innovation Hub. An example being the delivery of live TV feeds over the 5G network as Jonas Vingegaard arrived back to Copenhagen after winning Tour de France.

3) We extended our contract with our partner Tusass to make the mobile network the digitalization backbone of the nation providing fixed wireless access to homes in addition to mobile services on the Ericsson core and RAN network.

4) We have modernized Føroya Teles mobile network to enable it for introduction of 5G services across the country.

5) Deliveries to Siminn and Mila, Iceland, continued during the year enabling high quality connectivity for the Icelandic people.

Ericsson is the leading supplier for network solutions and services for mobile networks in Denmark and North Atlantic. We continue to win new contracts and deliver leading technology to our partners. Going forward, our focus is to deliver value on top of networks to our customers and we expect to win additional supply and service contracts for mobile networks in the Danish and North Atlantic market.

Market Overview

During 2022 the importance of reliable and high performing telecommunication networks has increased. Remote and flexible working is now a part of everyone's life and that puts high demands on nations communications infrastructure. 5G as a technology provides the answer to these growing demands and more as it also opens up new possibilities for digitalization.

The telecom market in Denmark continues to be highly competitive and we see a continuous growth of data traffic. Additionally, the topic of 5G is high on the agenda within the telecom industry but also within other industries as the benefits of this technology is getting commonly known and understood as a fundament to drive the digitalization of societies.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Development in the year

The past year and follow-up on development expectations from last year

Revenue in 2022 is comparable to 2021 (2022: 1.109 M DKK, 2021: 1.124 M DKK; 2020: 1.260 M DKK) and in line with the delivery and growth of the Company.

Following the revenue growth, also the operating profit has increased (2022:37 M DKK; 2021:27 M DKK; 2020: 19 M DKK).

Capital resources

Telefonaktiebolaget L.M. Ericsson provides liquidity, when required, to cover the Company's financial needs, so that the future liquidity is ensured.

Special risks - operating and financial risks

Market risks

Considering the macro-economic situation, there are factors that could influence our operations in 2023. In terms of financial risks, higher inflation is already a reality, but the longer-term effects are not known.

Foreign exchange risks

The Company hedge the Balance Sheet, mainly A/R and A/P, with foreign exchange currency transactions or loans for natural hedging, according to Group Directive to safeguard the business margin and reduce P&L volatility.

Interest rate risks

The Company is exposed to interest rate risk through market value fluctuations in certain balance sheet items. The interest rates have gone up toward the end of the year and have a bigger impact this year.

Credit risks

The Company has no material risks in respect of customer receivables. The primary customers are major telecom operators who are not considered to entail special risks. All customers are currently credit rated to avoid losses.

Strategy and objectives

Strategy

It is Ericsson Danmark A/S' strategy to market and sell Ericsson's communication solutions to mobile operators, and in selected cases, to enterprises in Denmark and in the North Atlantic markets. Moreover, Ericsson Danmark A/S provides operations and maintenance of mobile infrastructure as well as service and support activities directed towards the Danish and North Atlantic markets.

Targets and expectations for the year ahead

The Company expects good revenues for the year 2023.

Related parties

The Company mainly buys telecommunication equipment from the sister Company Ericsson AB for resale. Moreover, the Company is trading with other sister companies in the form of purchase and sale of service and administrative assistance.

The Company sells development, network roll-out and other support services to sister companies. The Company has a credit facility with Telefonaktiebolaget L.M. Ericsson.

All transactions are performed on arms-length conditions.

Statement of corporate social responsibility according to the Danish Financial Statement Act §99a

Ericsson's vision to improve lives, redefine business and pioneer a sustainable future is built on the power of mobile connectivity to deliver positive impact. Just as electrification transformed the world in the 20th century, digitalization is transforming the 21st century. With 5G, the network becomes a platform for innovation and APIs put the capabilities of the network at the fingertips of a global developer community that will create new innovative use cases. 5G technology will be transformational not just for the mobile ecosystem but any ecosystem that depends on connectivity, whether consumer or enterprise. This new platform will be a global engine for economic growth, a fundamental lever for fighting climate change and a powerful enabler of social inclusion. Integrity is a foundation for Ericsson's value creating capabilities. With a presence in around 180 countries, Ericsson is operating in markets with varying degrees of complexity in terms of business culture, geopolitical stability and maturity of institutions, and holds the same high standards of ethical business – from equal opportunity for all and respect for human rights, to anti-corruption – across all its operations. Further, the health, safety and well-being of everyone working for Ericsson is of the highest priority. The Company takes a holistic approach to risk management and is firmly committed to acting with integrity across its value chain.

Statement of community responsibility covers the period 1 January to 31 December 2022 and is associated with the Annual Report 2022. The company wishes to live up to the legislation and current regulations in all markets and countries where they operate. The company has not independently established policies for responding to community responsibility but follows the general policy of community responsibility established in the Ericsson group, as part of the group strategy and operations. According to the requirement in the Danish Financial Statement Act §99a please refer to the report:

[Sustainability and Corporate Responsibility Report 2022](#)

For further description, please refer to the Annual Report of Telefonaktiebolaget L.M. Ericsson for 2022 and the description at the group website.

Driving digital inclusion

About 2.7 billion people still lack access to the internet. The unconnected disproportionately live in low- and middle-income countries and are more likely to be poorer, less educated, older, rural and women. While increasing coverage remains an important issue to address, and solutions like fixed wireless access can be a powerful tool for delivering broadband, reducing the usage gap with relevant tools and digital skills development is also key to closing the digital divide. Financial inclusion is also an important driver for attaining social inclusion. Nearly one quarter of the world's adult population lacks access to formal banking and financial services according to World Bank Findex. However, a majority of unbanked people own a mobile phone that can help them access formal financial services. Today more than 80 million consumers use mobile financial services powered by Ericsson Wallet Platform every month, many of whom were previously unbanked.

Ericsson was founded on the premise that access to communication is a basic human need and should be available to all. Ericsson's vision to improve lives, redefine business and pioneer a sustainable future is built on

the power of mobile connectivity to deliver positive impact. The Company's efforts in pioneering a sustainable future are grounded in research and science as well as concrete targets set across its value chain.

Beyond its portfolio

Ericsson is working on the ground to ensure that meaningful connectivity is available and usable by everyone. The Company was the first private sector partner of UNICEF and ITU's Giga initiative to make a multimillion-dollar commitment, and over the past two years it has supported Giga in connecting more than 5,500 schools and 2 million children and youth to the internet. Ericsson aims to take the learnings of the last decade and work in public-private partnerships to support Giga in connecting every school across the globe to the internet by 2030. Through Ericsson's flagship program Connect To Learn, 400,000 children and young adults in 36 countries have been provided with access to digital learning and skills development programs. Catalyzing Net Zero The digital transformation of society and industry is also a low-carbon one. The telecom industry is leading the race to zero emissions both in terms of Net Zero commitments and through an industry-wide commitment to source renewable energy 2). Ericsson has set an ambition to be Net Zero across its value chain by 2040 and its most important contribution to climate change mitigation is delivering an energy efficient portfolio that will help break the energy curve of mobile networks, reducing customers' energy use, energy cost and carbon emissions. The Company also works with suppliers to provide relevant tools and frameworks for business partners to set their own 1.5° C-aligned targets.

Corporate Citizenship

Corporate citizenship Ericsson launched a global volunteering portal during the year to facilitate opportunities for employees to use their time and skills for volunteering. The Company continued to invest in connected reforestation projects by entering a new project in India, complementing the existing ones in Malaysia and the Philippines, with the aim to plant 100,000 mangroves and 20,000 fruit bearing plants. A record-breaking company-matched employee donation drive was carried out during the early stages of the war in Ukraine, and Ericsson has continued to support relief efforts with monetary and in-kind donations, technical support, and volunteer hours. As the Ukraine emergency situation unfolded UNHCR RETS 1) called upon partners, and Ericsson Response mobilized to support refugees in neighboring countries by deploying communication equipment in Moldova which increased the country's capacity to receive and assist refugees. Support to UN operations in Columbia for Venezuelan refugees initiated in 2021 continued in 2022 and Ericsson Response deployed a team to the La Guajira region to provide and improve connectivity for refugee service centers. The WFP-led ETC2) and Ericsson Response also deployed after Typhoon Odette hit the Philippines, providing connectivity to humanitarians in affected areas.

Sustainability approach

Sustainability approach Ericsson focuses on embedding its sustainability strategy and programs across the Company to create positive impact and mitigate risks to the Company and its stakeholders. The Company's contributions to the sustainable development of society can be seen in a wide variety of ways, including the development and deployment of technology and solutions, the impact of its partnerships and the contribution and expertise of its employees. Science and research are fundamental to Ericsson's sustainability efforts.

The Company carries out peer-reviewed research, both independently and in collaboration with research partners from academia and business. Research topics include the direct and indirect sustainability impacts of the Information and Communication Technology (ICT) sector. Ericsson recognizes the need for transparent and comparable environmental, social and governance (ESG) disclosures to enable both companies and their stakeholders to make fact-based decisions. The Company bases its ESG reporting on several complementary reporting standards to ensure it is on par with global best practices. Ericsson aims to continuously improve by setting and reaching ambitious ESG targets that contribute to creating value for Ericsson, its customers, investors and society at large. Ericsson's sustainability strategy covers three focus areas described below:

Environmental sustainability.

Ericsson's climate targets are in line with the 1.5°C ambition going towards Net Zero across the value chain by 2040. The Company's circular economy approach encapsulates everything from design, manufacturing and the use phase through reuse, product take-back and end of life. Ericsson strives to minimize the negative impacts of its operations and invests to improve the energy performance of its portfolio to reduce environmental impacts within the industry and across other industries.

Corporate responsibility

Ericsson is committed to conducting business responsibly and with integrity across its value chain. Ericsson drives an agenda that delivers value to the Company and stakeholders across its value chain and that extends beyond legal compliance by proactively mitigating and addressing risks. Ericsson engages with local communities and societal stakeholders through its corporate citizenship initiatives including volunteering and donations.

Diversity and inclusion

Ericsson has a target to achieve at least 30% representation of women at all levels of the Company by 2030. To support this target, the shareholders at the 2022 annual general meeting approved linking part of the variable compensation to executives to a performance criteria where the share of women in line manager positions is to increase to 23% by 2024. During the year, the share of women line managers increased to 21.7 (21.3)%. Among all employees, the share increased to 25.5 (25.2)% while decreasing to 35.0 (35.6)% within the executive population. Ericsson worked with its recruitment partners to have a fifty-fifty gender balance for early career and graduate hires as part of the strategy to attract more diverse candidates. The Company also progressed on gender balance through its ALTititude career accelerator program for women, with a third of program graduates progressing to more senior positions within a year. Work to reinforce an inclusive culture continued with the addition of Inclusive Leadership as one of Ericsson's critical skills, supported by bespoke training that combines the latest academic insight with online simulations. Ericsson supports a network of employee resource groups and provides career accelerator programs to remove barriers to progression for underrepresented groups.

Circular economy

Transition to circular economy Ericsson undertook two initiatives aimed at improving performance in product take-back and the sale of refurbished equipment. The Company also developed a targeted training course to raise internal knowledge on take back and re-use. In addition, the Company analyzed emerging legislation and trends related to product take-back with the help of a third-party advisor. Ericsson also analyzed how to increase relatively low take-back volumes and piloted the product reuse services that were launched in 2021.

Quality Control

Ericsson has one overall Group management system for all entities in Ericsson. Certification and assessments of these are performed globally by DnV (Det Norske Veritas).

Ericsson Denmark was last subject to internal assessment 2020. Business ethics, Anticorruption commitment and Compliance are very important foundations of our business. Assessment is performed according to a global Ericsson assessment plan.

Ericsson holds the ISO certificates for ISO 9001, ISO 14001, ISO 45001 and ISO 27001. Assessments are performed according to a global Ericsson assessment plan.

Ericsson was recertified by DnV December 2022.

Anti-bribery and corruption

In December 2019, Ericsson entered into a resolution with the United States Department of Justice (DOJ). The resolution included a deferred prosecution agreement (DPA), and a guilty plea by Ericsson's Egyptian subsidiary to a criminal violation of the US Foreign Corrupt Practices Act's (FCPA) antibribery provisions. As part of the DPA with the DOJ and consent judgment with the U.S. Securities and Exchange Commission (SEC), Ericsson agreed to engage an independent compliance monitor for three years while the Company continues to undertake significant reforms to strengthen its E&C Program. In October 2021, the DOJ notified Ericsson of its determination that the Company breached its obligations under the DPA by failing to provide required information to the DOJ. In March 2022, the DOJ informed Ericsson that, before entering into the DPA, the Company provided insufficient information to the DOJ about the Company's internal investigation into conduct in Iraq. The DOJ also determined the Company breached the DPA by failing to inform the DOJ about the investigation post-DPA, and in June 2022, the SEC informed the Company that it had opened an investigation concerning matters described in the Company's 2019 Iraq investigation report. See full text in [Sustainability and Corporate Responsibility Report 2022](#)

Ericsson's approach to data ethics pursuant to section 99 d of the Danish Financial Statements Act

Data ethics goes beyond compliance with data privacy laws. We comply with all legal requirements but acknowledge and respect that our use of data (both personal data and non-personal data) may create risks for the users that applicable laws do not cover. We manage these risks by adhering to the principles described in Ericsson Group Data Strategy.

Security and privacy

Ericsson has continued to strengthen operational and portfolio resilience by executing on its security and privacy strategies. Key efforts and initiatives included: – enhancement of Security & Privacy by Design in Ericsson's product and solutions value chain through assessment of customer needs and local requirements; – updating Ericsson's Binding Corporate Rules and implementing a data mapping program covering data flows within the Group; – expansion of security monitoring and threat detection capabilities throughout the Company; – setting new architecture principles to enable gradual implementation of Zero Trust throughout the IT-environment; – optimization of security measures in high-risk areas, including implementation of stricter requirements for suppliers working in such areas and quicker access to exhaustive intelligence analysis support to mitigate operational risks for Ericsson and supplier personnel. Every year Ericsson identifies and manages numerous attack attempts, vulnerabilities and security events and incidents. For example the Company experienced a breach that was reported to the applicable supervisory authority and for which the supervisory authority closed the file with no further action. All-in-all the Company detected and resolved security events and incidents in an efficient manner and stopped smaller incidents from expanding in severity or scale. During the year there were no significant security incidents.

Data Ethics

In Ericsson the Data Enablement Office provides the framework, training, and guidance, to support the implementation of the Data Operating Model, and all those ensure Ericsson Denmark to comply with the Data Ethics principles. Information is available for all employees to our internal portal: Enablement-Resources. Ericsson continuously focuses on data ethics, IT security and GDPR legislation for our employees through campaigns, internal systems, procedures, policies, and training.

Statutory statement of Diversity

A diverse workforce is a strong, competitive, innovative and resilient workforce. Ericsson has a focused strategy aimed at ensuring that our employee base and our leadership teams are as diverse as the world in which we operate.

Diversity acknowledges the differences everyone brings to the workplace. Inclusion confirms that each and every one is valued and welcome. Ericsson strives to be a workplace that respects and appreciates individual differences.

Diversity has been on our agenda for many years – a priority as we operate in 180 countries, have 171 nationalities represented in our workforce.

As the Ericsson Group is working for customers globally, a diverse workforce is extremely important to Ericsson. Our definition of diversity extends beyond gender, race, religion, ethnicity, age and other established parameters to differences in experience, personalities, thoughts, family situation etc.

And therefore, the Ericsson Denmark office mirror the Ericsson group. We are end of the year 145 employees and we're representing 27 different nationalities in our workforce.

Statutory statement of gender composition in the management according to the Danish Financial Statement Act §99b.

While we focus on enhancing diversity from many different perspectives, a particular effort has been made over the past few years to increase female representation in leadership roles with regard to the requirement in the Danish Financial Statement Act §99b. There is still much work to be done. 29% of people managers in Denmark are represented by women. The number of women in Ericsson's Denmark total workforce is 17% at the end of the year, reflective of a male dominated industry and the recruitment base from engineering schools.

Different initiatives are ongoing aiming for attracting more female. End of 2022 we were host for a D&I event for our CU with speakers from different companies and industries. Together with one of our customers we have established a cross company team working with Diversity & Inclusion.

For the Board of Directors 1 out of 3 members elected by the general assembly are women and thus gender equality has been achieved.

To address this challenge Ericsson has a threefold global program which starts with top-level commitment, is built in as part of the talent management process and empowers regional leadership to tailor diversity activities to their needs and their markets. Now that we have diversity plans in place in the region, our focus is to execute on these plans.

Our main focus will be on:

Recruiting more women into core business areas. This will be done by participating in job fairs and joining exciting initiatives done within our industry. Continue to co-operate with universities focusing on female as well as attracting young candidates.

- Co-operation with our Customer to have coming D&I plan.
- Identifying female leadership talent early in the career.
- Developing talent to increase proportion of senior and executive female leaders.
- Securing support mechanisms for recruiting, promoting and retaining women.
- Visible role models of women leaders.

Intellectual capital resources

For Ericsson Denmark A/S, it is strategically important that employees and managers at all levels are competent and committed and currently develop their knowledge, competences and qualifications. During 2022, the Company focused especially on individual target achievement, securing careers, including competence development. Furthermore, knowledge is sought through networking and forums with other companies and industries. Activities are targeted at individual level and determined by employee and manager in co-operation at the frequent development discussions.

During 2022, a number of competences developing activities have been carried through, both within the technical field in the Company's development entities and within the commercial field. The training requirements are covered through Danish and foreign suppliers as well as through the Group's internal training programs.

Subsequent events

No events materially affecting the assessment of the Annual Report for 2022 have occurred after the balance sheet date.

Financial Statements

Basis of preparation

The Annual Report of Ericsson Denmark A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies are unchanged from last year.

The Annual Report for 2022 is presented in DKK thousands.

Recognition and measurement

For the year 2021, the total amount of the accrued VAT and other duties and accrued holiday pay have been presented incorrectly. Total amount of the accrued VAT and other duties for the year 2021 is 20 592 KDKK and the total amount for accrued holiday pay for the year 2021 is 16 821 KDKK.

The financial statements have been prepared under the historical cost method.

All revenues are recognized in the income statement as earned based on the following criteria:

- delivery has been made before year end
- a binding sales agreement has been made
- the sales price has been determined
- payment has been received at the time of sale or may with reasonable certainty be expected to be received.

Based on the above, revenues are recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in respect of property, plant and equipment in terms of which the Company assumes substantially all the risks and rewards incidental to ownership (finance leases) are recognised in the balance sheet at the fair value of the leased asset, if measurable. Alternatively, the net present value, if lower, of future lease payments at the inception of the lease is applied. When computing the net present value, the interest rate implicit in the lease is applied as the discount rate or an approximated value. Assets acquired under finance leases are depreciated and written down for impairment like the other property, plant and equipment of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement. All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement over the lease term.

Translation policies

Transactions in foreign currencies are translated during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year.

Current tax liabilities and current tax receivable are recognised in receivables in the balance sheet in the event of overpayment of tax on account, and in debt in the event of underpayment of tax on account.

Deferred tax is measured under the balance sheet liability method in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes or other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised.

Income Statement

Revenue

Revenue from the sale of goods for resale, finished goods and services is recognised in the income statement in accordance with measurement criteria in IFRS15, provided that the general criteria have been met, including that delivery and transfer of control have been made to the purchaser by year end, that the amount can be stated reliably and is expected to be received. Revenue is recognised exclusive of VAT and duties and net of discounts relating to sales.

Contract work in progress concerning material contracts is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the sales contract and the stage of completion at the balance sheet date can be measured reliably, and it is probably that the economic benefits, including payments, will flow to the Company.

For small contracts and contracts which involve no labour costs, revenue is recognised under the invoicing principle.

Production costs

Production costs comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc.

Distribution expenses

Distribution expenses comprise expenses in the form of salaries to sales, management expenses, distribution staff, advertising and marketing expenses as well as operation of cars, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for the administrative staff, office expenses, depreciation, etc.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities as well as extra payments and repayment under the on-account taxation scheme.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Fixtures, fittings, tools and equipment	3-5 years
Leasehold improvements (Depending on term of the lease)	3-10 years

Gains and losses on current replacement of property, plant and equipment are recognised in administrative expenses.

The carrying amounts of plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets should be assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Re-assessment of depreciation periods and residual value are performed yearly.

Fixed asset investments

Deposits presented as Fixed asset investments are measured at cost and consist of rent deposits which will be received at the termination of the rental contract.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated as the total of future sales revenues expected, at the balance sheet date, to be generated by inventories in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum less the estimated expenses necessary to make the sale.

A significant part of Inventories is Contract work in progress (CWIP). Recognition and derecognition of CWIP relates to the Company's revenue recognition principles meaning that costs incurred under a customer contract are initially recognized as CWIP. When the related revenue is recognized, CWIP is derecognized and is instead recognized as Cost of sales.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which as a main rule corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is, as regards material contracts, measured at the selling price of the work performed based on the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Expenses comprise salaries, materials and indirect contract expenses such as management and administrative expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

For small contracts and contracts involving no labour costs, contract work in progress is recognised at cost.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments are set off against contract work in progress. Payments received on account in excess of the contract work performed to date are stated separately for each contract and recognised as prepayments received from customers in short-term debt.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend expected to be distributed for the year is disclosed as a separate equity item.

Financial debts

Fixed-interest loans intended held to maturity are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value (the capital loss) is recognised in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up settling the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period. Provisions are measured and recognised based on experience with guarantee work. Provisions with an expected maturity exceeding 1 year from the balance sheet date are discounted at the average bond yield.

Deferred income

Deferred income includes payments received in respect of income in subsequent years.

Audit fees

Fees for auditors are accrued based on global agreement with Deloitte. The total fees paid by the group can be seen in Ericsson Annual Report 2022, section H5.

According to the Danish Financial Statements Act § 86,4 a Cashflow statement is not prepared.

Financial Ratios

The financial ratios have been calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Profit margin:	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on net assets:	$\frac{\text{Operating profit} \times 100}{\text{Total assets}}$
Solvency ratio:	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Revenue	1	1 108 836	1 123 945
Production costs	2	<u>(1 009 062)</u>	<u>(1 047 559)</u>
Gross profit/loss		99 774	76 386
Distribution expenses	2	(45 620)	(35 110)
Administrative expenses	2	<u>(16 710)</u>	<u>(14 555)</u>
Operating profit/loss		37 444	26 722
Financial income	3	15 549	8 957
Financial expenses	4	<u>(13 871)</u>	<u>(7 431)</u>
Profit/loss before tax		39 122	28 248
Tax on profit/loss for the year	5	<u>(8 685)</u>	<u>(6 304)</u>
Net profit/loss for the year		30 437	21 944
Distribution of profit		<u>2022</u> DKK '000	<u>2021</u> DKK '000
Proposed dividends		6 000	21 000
Retained earnings		<u>24 437</u>	<u>944</u>
		<u>30 437</u>	<u>21 944</u>

Balance Sheet at 31 December

Assets	Note	2022 DKK '000	2021 DKK '000
Other fixtures, fittings, tools and equipment		345	876
Leasehold improvements	6	-	-
Property, plant and equipment	6	345	876
Deposits		1 156	1 124
Fixed asset investments	7	1 156	1 124
Fixed assets		1 501	2 000
Inventories	8	65 849	82 178
Trade receivables		312 866	320 836
Receivables from group enterprises		33 102	5 830
Receivables from group enterprises, cash pool		32 216	60 028
Other receivables		1 202	2 343
Deferred tax asset	5	3 572	270
Prepayments	9	1 553	1 760
Receivables		384 511	391 067
Current assets		450 361	473 245
Assets		451 862	475 245

Balance Sheet at 31 December

Liabilities and equity	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Share capital	10	90 000	90 000
Retained earnings		22 278	21 334
Net profit/loss for the year		<u>30 437</u>	<u>21 944</u>
Equity		142 715	133 278
Other provisions		<u>427</u>	<u>9 763</u>
Provisions	11	427	9 763
Other long-term debts	12	<u>649</u>	<u>1 254</u>
Long term-debts		649	1 254
Trade payables		63 528	47 212
Payables to group enterprises		47 878	136 433
Payables to group enterprises, Cash pool		50 471	3 404
Corporation tax	5	10 671	5.425
Other payables	13	65 795	66 782
Deferred income	14	69 728	71 694
Short-term debt		<u>308 071</u>	<u>330 950</u>
Liabilities and equity		451 862	475 245
Contingent liabilities and other financial obligations	15		
Related parties and ownership	16		
Distribution of profit	17		
Subsequent events	18		

Statement of Changes in Equity

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Proposed dividend</i>	<i>Total</i>
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2021	90 000	21 334	-	111 334
Net profit/loss for the year 2021	-	944	21 000	21 944
Equity at 31 December 2021	90 000	22 278	21 000	133 278
Equity at 1 January 2022	90 000	22 278	21 000	133 278
Dividend paid	-	-	(21 000)	(21 000)
Retained earnings	-	-	-	-
Net profit/loss for the year 2022	-	24 437	6 000	30 437
Equity at 31 December 2022	90 000	46 715	6 000	142 715

Notes to the Annual Report

1 Revenue	2022	2021
	DKK '000	DKK '000
Markets:		
Denmark	942 597	1 042 710
Nordics	166 239	81 196
Other	-	39
	1 108 836	1 123 945
Activities:		
Networks	859 338	881 498
Digital Services	111 129	107 979
Managed Services	136 071	120 339
Emerging Business and Other	-	12 404
Other services	2 298	1 725
	1 108 836	1 123 945
2 Staff expenses		
Salaries, including severance pay etc	147 278	132 576
Pensions	16 671	16 404
Other social security expenses	886	1 025
Staff expenses	164 835	150 005
Which are expensed as follows:		
Production costs	114 180	111 147
Distribution expenses	36 086	26 638
Administrative expenses	14 569	12 220
	164 835	150 005
Average number of employees	151	153
Remuneration of the Supervisory board and Executive board	2 833	2 879
The management is included in Ericsson's Long-term variable compensation program. The compensation for management award is given in synthetic shares.		
3 Financial income	2022	2021
	DKK '000	DKK '000
Interest income group enterprises	605	-
Exchange adjustments	14 944	8 957
Financial income	15 549	8 957

Notes to the Annual Report

4 Financial expenses	2022 DKK '000	2021 DKK '000
Interest expenses from banks	(280)	(796)
Interest expenses group enterprises	(767)	-
Other financial expenses	(12 824)	(6 441)
Interest expenses regarding taxes	-	(194)
Financial expenses	(13 871)	(7 431)

5 Corporation tax

	<i>Corporation tax</i> DKK '000	<i>Deferred tax asset</i> DKK '000	<i>Accrued corporation tax</i> DKK '000	<i>Acc. to income statement</i>
Balance at 1 January 2022	(5.425)	270	-	-
Payment tax conc. 2021	5.658	-	-	-
Residual tax re 2021	(232)			
Tax on account paid conc. 2022	1 316	-	-	-
Tax on profit/loss for the year	(11 988)	3.302	-	(8 685)
Balance at 31 December 2022	(10 671)	3 572	-	(8 685)

	2022 DKK '000	2021 DKK '000
22% tax calculated on profit for the year before tax	(8 607)	(6 212)
Tax effect of:		
- Non deductible expenses	(78)	(92)
Tax on profit/loss for the year	(8 685)	(6 304)

Deferred tax asset

Property, plant and equipment	59	270
Provisions	3.513	-
Deferred tax	3 572	270

Notes to Annual Report

6 Property, plant and equipment

	Leasehold improvements <u>DKK '000</u>	Other fixtures, fittings, tools and equipment <u>DKK '000</u>
Cost at 1 January 2022	84	5 238
Additions during the year	-	-
Disposals during the year		(1 993)
Cost at 31 December 2022	84	3 245
Impairment losses at 1 January 2022	-	(142)
Impairment losses at 31 December 2022	-	(142)
Depreciation at 1 January 2022	(84)	(4 220)
Depreciation for the year	-	(189)
Reversed depreciation on disposals for the year	-	1.651
Depreciation at 31 December 2022	(84)	(2 758)
Carrying amount at 31 December 2022	-	345
<i>Depreciated over</i>	<i>3-10 years</i>	<i>3-5 years</i>

During 2019 we had leasehold improvements made totaling 84 KDKK related to re-modeling of the rented office space. All items are fully depreciated as at 31.12.2022.

Notes to the Annual report

7 Fixed Asset investments

	<u>Deposits</u> DKK '000
Cost at 1 January 2022	1.124
Additions during the year	32
Disposals during the year	-
Cost at 31 December 2022	<u>1 156</u>
Carrying amount at 31 December 2022	<u>1 156</u>

8 Inventories

	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Contract work in progress	<u>65 849</u>	<u>82 178</u>
	<u>65 849</u>	<u>82 178</u>

Notes to the Annual report

9 Prepayments	2022	2021
	DKK '000	DKK '000
Prepaid expenses	1 553	1 760
	1 553	1 760

Deferred items include prepaid expenses for office rent, lease, insurances etc

10 Share capital

The share capital comprises the following shares:

Number of shares	Share amount	Total
	DKK '000	DKK '000
175	1	175
1	25	25
28	100	2 800
5	200	1 000
46	500	23 000
18	1 000	18 000
5	5 000	25 000
2	10 000	20 000
		90 000

Notes to the Annual Report

11 Other Provisions

	Restructuring provisions	Total provisions
	DKK '000	DKK '000
Other provisions at 1 January 2022	9 763	9 763
Current portion of the non-current provision	(9 336)	(9 336)
Provisions at 31 December 2022	427	427

Provisions for restructuring costs are related to employees who have been given notice.

12 Other long-term debts

	2022	2021
	DKK '000	DKK '000
LTV	649	1 254
Total Other long-term debts	649	1 254
Of which expected to be paid in the next 5 years	649	1 254

At Ericsson, our Key Contributors*, Executives and Executive Team members are rewarded with a compensation element called Long-term variable pay (LTV).

LTV is an entitlement based on, or related to, the performance of the company which is reflected in either the targets set and/or the share price development of the company.

*The Key Contributor award is given in synthetic shares. A synthetic share is not a real share, but an identifier used to assess the value of future payout. It is tied to the Ericsson B-share price.

Notes to the Annual Report

13 Other payables	2022	2021
	DKK '000	DKK '000
Accrued staff related items	26 654	25 124
Current provisions	3 676	-
Current portion of non-current provisions	9 336	4 245
Accrued holiday pay	11 586	16 821
Accrued VAT and other duties	14 543	20 592
Other payables	65 795	66 782

14 Deferred Income

The item includes deferred revenue, which is billed to its customers not yet delivered.

15 Contingent liabilities and other financial obligations	2022	2021
	DKK '000	DKK '000
Within one year	5 738	5 367
Between one and five years	9 162	13 836
Contingent liabilities and other financial obligations	14 899	19 203

The company has concluded a number of rental contracts with different duration. Usual restoration obligations lie with the company at a possible emigration of the individual leases. The company incurs regular maintenance costs in connection with the leased premises and based on this, no provision has been made for restoration obligations at a possible emigration. Restoration obligations are recognized at the time the company takes a decision to emigrate from any given lease.

Notes to the Annual Report

16 Related parties and ownership

Ownership and group relations

The Company is wholly owned by Telefonaktiebolaget L.M. Ericsson, S-164 83 Stockholm, Sweden. This is also the Company's ultimate Parent Company which prepares Consolidated Financial Statements including the Company as a subsidiary. The Consolidated Financial Statements of Telefonaktiebolaget L.M. Ericsson can be obtained from Ericsson Danmark A/S.

Transactions

The Company primarily purchases telecommunication equipment from the sister company Ericsson AB for resale. Moreover, the Company trades with other sister companies in the form of purchase and sale of service and administrative services.

The Company sells development, network roll-out and other support services to sister companies. All transactions between affiliated entities have been conducted on arm's length basis.

17 Distribution of profit

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
Proposed dividends	6 000	21 000
Retained earnings	<u>24 437</u>	<u>944</u>
	<u>30 437</u>	<u>21 944</u>

18 Subsequent events

No events materially affecting the assessment of the Annual Report for 2022 have occurred after the balance sheet date.