Annual Report 2022

Enabling the green digital transition

tdc net

TDC NET A/S

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Explore more in our Sustainability Report 2022 →
In the report our compliance with sections 99a, 99b and 99d in the Danish Financial Statements Act is reported.

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The big picture

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Letter from the CEO

We enable Denmark as a world leader in green, digital infrastructure

The recent year has been a year of transformation, we continued to invest in our critical infrastructure, enabling the green, digital transition of society – and were the first company in the world with validated targets for becoming a net-zero emissions company by 2030.

It has been a changeable year where the macroeconomic development with high energy prices and inflation, and the geopolitical situation in Europe impacted our business and everyday lives. In that context, being an owner and provider of critical, digital and telecommunications infrastructure has made it even more important to ensure strong and resilient networks and connections, while adapting our security profile to suit the environment, we operate in.

" We are proud to be the first company in the world[1] with validated science-based targets for becoming a net-zero emissions company by 2028 in our own operations and by 2030 across our full value chain"

Enabling Denmark's leading digital position
A prerequisite for continued development of our society is a reliable, secure, resilient, and digital infrastructure with no negative climate and environmental impacts. In 2022, Denmark's position as world leader in digital infrastructure was once again underlined in the UN 2022 E-Government Survey.

To maintain such a position requires continued investments and in 2022, that amount totalled DKK 3,248m. We invested in both further roll-out of fibre connections, passing over a total of 600k addresses by year-end, as well as increased network security, while continuing to provide Denmark's best 5G mobile network.

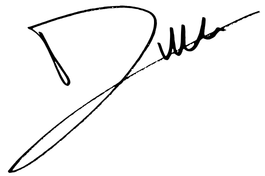
This summer, Tour de France visited Denmark, and new 5G solutions were tested. They successfully enabled high-speed media production in areas, where large crowds were live streaming, which would normally put pressure on network speed and availability.

At the forefront of climate action
We are proud to be first company in the world with validated science-based targets for becoming a net-zero emissions company by 2028 across our own operations and by 2030 in our full value chain. As a frontrunner, we believe our obligation is to lead the way and share our learnings. Achieving our net-zero targets will be challenging; however, we have a detailed action plan in place and will work closely with our suppliers and stakeholders in our value chain to achieve these targets.

In spring 2022, we fully integrated our climate ambitions in our business plan, including by issuing sustainability-linked bonds with a value of EUR 500m, to replace part of our long-term secured bank facility of EUR 3.3bn.

Our 2022 financial performance and outlook for 2023
In a year with inflation rates, raw material prices, and energy prices at levels unseen for decades, our investments and financial performance were in line with expectations. For 2023 we expect a flat development in revenue with continued declining trend in operating expenses from earlier years driven by stable cost savings and ongoing efficiency improvements. In total, revenue and operating expenses are expected to generate low single-digit growth in EBITDA. Lastly, we expect to maintain the investment level from 2022 in our core business activities.

In continued collaboration with our dedicated, committed employees and trusted business partners, we have a strong foundation for pursuing our strategic ambitions and investments in enabling the green, digital transition of Denmark.



Michel Jumeau
CEO

[1] Source: Science Based Targets initiative: → **Net-Zero Case Study – TDC NET – Science Based Targets**

2022 in brief

It has been our first year as a stand-alone company. In 2022, we delivered on our promise to connect Denmark for everyone by maintaining and expanding our digital infrastructure, combined with a strong focus on improving our customer experience. We were the first company in the world to obtain validation for our targets[1] to become net-zero across our full value chain by 2030 – laying the foundation for enabling the green digital transition of Denmark.

Scope 1 and 2
(CO_2)

↓13%

Reduced emissions from our own operations by 13% compared with 2021 and by 4% compared with 2020

2022: 78,101 tCO_2e

2021: 90,138 tCO_2e

Scope 3
(CO_2)

↓11%

Reduced emissions from our value chain by 11% compared with 2021 and by 17% compared with 2020

2022: 100,215 tCO_2e

2021: 112,078 tCO_2e

Results

Revenue
(Development)

(0.5)%

year-over-year due to a decline in legacy products

2022	DKK 6,639m
2021	DKK 6,674m

EBITDA
(Development)

0.5%

resulting in DKK 4,520m of full year EBITDA 2022

2022	DKK 4,520m
2021	DKK 4,498m

OPEX
(Development)

(0.1)%

compared with 2021 despite increased electricity prices

2022	DKK -1,857m
2021	DKK -1,858m

CAPEX
(Development)

3.6%

year-over-year driven mainly by investments in futureproof product offerings

2022	DKK -3,248m
2021	DKK -3,134m

[1] Source: Science Based Targets initiative: → Net-Zero Case Study – TDC NET – Science Based Targets


Photo: © Better Energy

2022 in brief

Highlights 2022

Changes in the executive committee
In 2022, we entered a new phase in our separation from TDC Holding. Consequently, Michel Jumeau and Henrik Brandt joined the executive committee.

Science-based targets
We proudly announced that TDC NET was the first company worldwide to obtain validation of its ambitious target for being net-zero across its value chain by 2030.

Danish mobile customers are generally most satisfied with TDC NET's network
We are also extra pleased to see that according to a survey by Telepristjek, Danish customers are generally most satisfied with the service providers that are using our network.

Our fourth solar park now delivers green electricity
In 2021, we made a power purchase agreement (PPA) with Better Energy to ensure the establishment of four new solar parks. During 2022, we activated all four solar parks, which will supply 140 GWh of green electricity in 2023, covering at least 60% of our total energy consumption.

Our 5G network brought TV viewers closer to the Tour de France riders
During the Tour de France race in Denmark we dedicated 10% of our 5G network for TV 2 live broadcasts. That was a major milestone for us, highlighting our position as a supplier of critical infrastructure in Denmark and that, as a first mover, we test new ideas on our resilient and high-performing network.

Key figures

	2022	2021	2020	2019
Income statement (DKKm)				
Revenue	6,639	6,674	6,828	7,050
Gross profit	6,377	6,356	6,447	6,588
EBITDA	**4,520**	**4,498**	**4,434**	**4,415**
Operating profit (EBIT)	**1,979**	**2,036**	**1,409**	**1,043**
Profit before income taxes	2,390	1,384	804	462
Profit for the year	**1,918**	**1,040**	**604**	**364**
Income statement, excluding special items (DKKm)				
Operating profit (EBIT)	**2,029**	**2,132**	**1,448**	**1,119**
Profit before income taxes	2,440	1,480	843	538
Profit for the year	**1,957**	**1,115**	**634**	**425**
Balance sheet (DKKm)				
Total assets	36,420	30,244	28,583	27,826
Total equity	**2,964**	**9,796**	**8,756**	**8,152**
Capital expenditure (DKKm)	**(3,248)**	**(3,134)**	**(3,971)**	**(3,206)**
Statement of cash flow (DKKm)				
Operating activities	3,195	2,961	4,315	3,582
Investing activities	(5,478)	(3,473)	(3,282)	(3,478)
Financing activities	4,517	520	(1,030)	(103)
Total cash flow	**2,234**	**8**	**3**	**1**

TDC NET A/S was established on 7 December 2018. On 11 June 2019, the parent company TDC A/S demerged some of its rights and obligations to TDC NET A/S. The financial statements reflect the demerger of TDC A/S, which had accounting effect from 1 January 2019. Prior to the demerger, TDC NET A/S had no activities, and the comparative figures for 2018 are not stated.

	2022	2021	2020	2019
Key financial ratios (%)				
EBITDA margin	68.1	67.4	64.9	62.6
Capital expenditure/revenue ratio	48.9	47.0	58.2	45.5
Net interest-bearing debt (NIBD)	24,814	15,918	14,636	15,667
NIBD/EBITDA	5.49	3.54	3.30	3.55
Adjusted net interest-bearing debt (NIBD)[1]	23,770	12,641	11,874	12,640
Adjusted NIBD/EBITDA[2]	5.65	3.01	2.88	3.07
Revenue generating units (RGUs ('000))				
Total broadband RGUs	1,192	1,276	1,331	1,406
High-speed RGUs[3]	791	757	699	647
Low-speed RGUs[3]	400	519	632	759
Operational KPIs				
Homes passed fibre ('000)[4]	607	497	391	269
Homes passed coax ('000)	1,325	1,331	1,329	1,342
100 Mbps population coverage (%)	70	71	70	70
1000 Mbps population coverage (%)	49	47	46	43
4G mobile geographic coverage (%)	99	99	99	99
5G mobile geographic coverage (%)	99	99	78	0
People & sustainability KPIs[5]				
FTEs end-of-year (#)	2,818	2,864	2,556	2,524
Number of fatalities	0	0	0	0
Total recorded injuries frequency rate (TRIFR)[6]	23.50	22.59	17.72	14.00
Lost time incident frequency rate (LTIFR)[7]	7.20	9.68	7.04	5.41
Percentage of management positions filled by women[8] (%)	19	23	18	n/a
Number of reports submitted to the whistleblower system	2	0	1	-
Energy intensity[9]	0.009	0.009	0.010	0.012
Emissions intensity[10]	0.0036	0.0038	0.0043	0.0047
Waste recycled (%)	70%	71%	65%	n/a

1 Excluding lease and spectrum liabilities as well as loan to TDC Holding.
2 Calculated with the adjusted net interest-bearing debt and EBITDA adjusted with the effect of lease payments.
3 High-speed broadband is defined as coax and fibre technology and low-speed is defined as copper technology.
4 The number of homes passed with fibre includes all completed connections.
5 For more information on how we calculate our ESG-related data, see our Sustainability Report.
6 Rate of work-related injuries per 1,000,000 hours.
7 Rate of work related injuries with lost time per 1,000,000 hours.
8 Includes both TDC NET and DKTV employees.
9 The number is calculated as follows: MWh of electrical energy / TB of data usage.
10 The number was calculated as follows: tCO_2e of Scopes 1 and 2 market-based emissions / TB of data usage.

Who we are

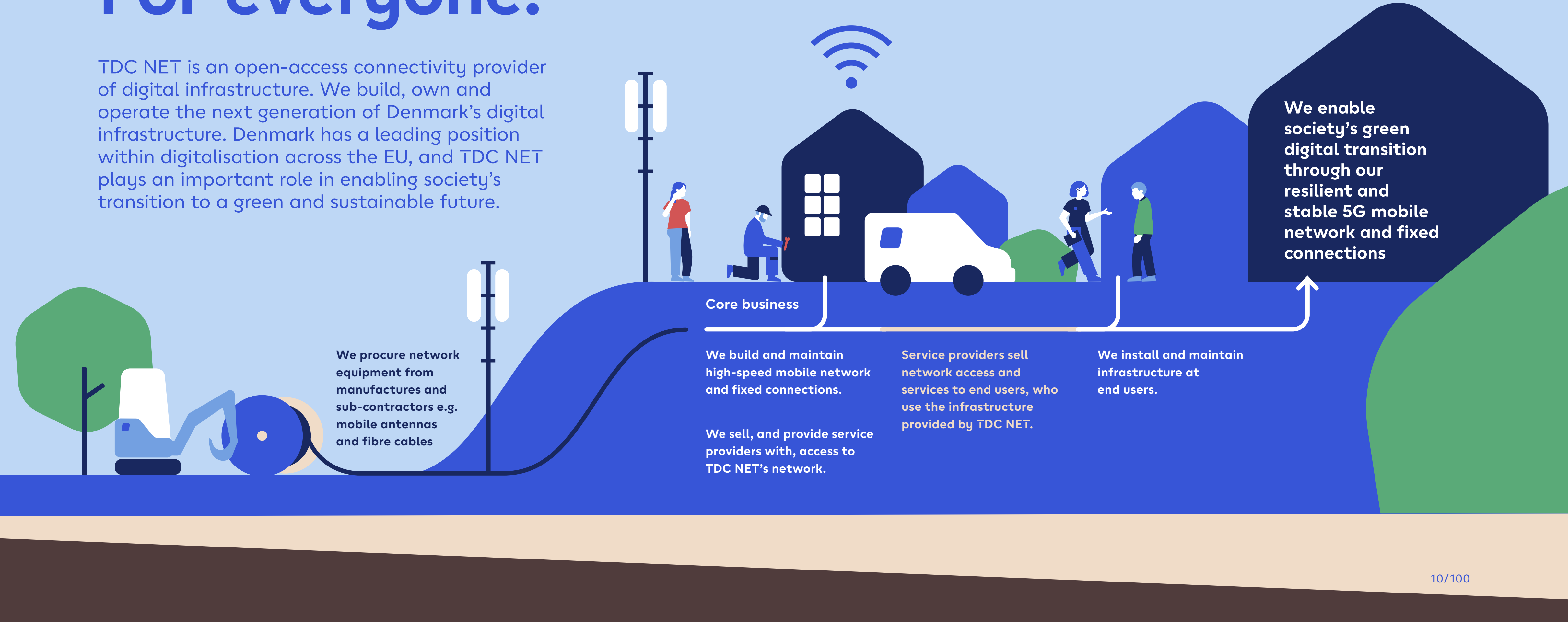
Our business →

Our strategy and priorities →

Our business model

We connect Denmark. For everyone.

TDC NET is an open-access connectivity provider of digital infrastructure. We build, own and operate the next generation of Denmark's digital infrastructure. Denmark has a leading position within digitalisation across the EU, and TDC NET plays an important role in enabling society's transition to a green and sustainable future.



Our business model

Assets

Our people
- 2,957 employees
- 1,159 field technicians
- 50 cybersecurity experts
- 19% women/ 81% men in leadership

Infrastructure assets
- 4,190 mobile sites in Denmark
- 20,250 km transport fibre network in Denmark

Financial assets
- EUR 500m in sustainability linked bonds
- EUR 3.3bn in loans

Suppliers and partners
- 3,559 suppliers
- Partnership with Ericsson on 5G Innovation Hub
- Member of European Green Digital Coalition
- Partnership with Joint Alliance for CSR (JAC)

Climate commitment
- Four solar parks cover 60% of our energy consumption with renewable electricity

Value created

TDC NET as an employer
- High employee loyalty: In our annual employee engagement survey, 81% of respondents would like to be employed at TDC NET in two years' time
- 74% completed voluntary security training
- 70% completed GDPR training

Connecting Denmark
- DKK 3bn invested in new infrastructure
- Largest broadband footprint in Denmark, covering 95% of all residential addresses
- 4G and 5G network with 99% national coverage

Financial performance
- Revenue: DKK 6,639m
- EBITDA: DKK 4,520m
- EBITDA growth: 0.5%
- Capital expenditures: DKK -3,248m

Responsible supply chain
- New Supplier Code of Conduct
- 2 JAC audits

Reduced environmental impact
- 12% reduction in total CO_2 emissions compared with 2021
- Scopes 1 and 2: 13% reduction compared with 2021
- Scope 3: 11% reduction compared with 2021
- 888 metric tonnes waste recycled

Value shared

- 2,957 employees paying taxes

- In a survey by Telepristjek, Danish mobile customers are generally most satisfied with the service providers that are using our network

- DKK 402m paid in income tax

- 103 factories in TDC NET's supply chain with on-site JAC audits

- 23,900 tonnes less CO_2 compared with 2021
- 35 GWh of solar power added to the Danish grid, corresponding to the average annual electricity consumption of 21,875 Danes

Our strategy and priorities

We enable Denmark's position as a world leader within green, digital infrastructure. Our purpose, to connect Denmark for everyone by building and operating a nationwide communications infrastructure, is reflected in two core pillars: providing the best mobile network and the fastest fixed connections.

In 2022, independent tests[1] recognised TDC NET as the undisputed leader in mobile network quality in Denmark – both in terms of experience and coverage. Based on our strong delivery on operational excellence, we delivered prioritised TV streaming across the mobile networks to a national broadcaster during Tour de France. Moreover, we expanded our high-speed footprint through ambitious fibre investments, rolling out fibre to an additional 109k addresses, and speeds of up to 2,500 Mbps can be delivered in select areas.

We passed additional major milestones in upgrading and expanding both our mobile and fixed networks. This strong foundation will now underpin the next phase of our strategic journey by firmly placing customers at the centre of all our activities.

Lastly, we are well on our way with an optimised customer journey. At the beginning of 2022, we relaunched our Network Champions strategy and launched the Customer Experience Programme, which prioritises fibre to both businesses and private customers to support the establishment of the optimal customer journey. Initially, the focus has been on shortening the delivery time, increasing delivery precision and improving our 'first-time right'. This will be further improved through order establishment and tracking.

[1] Source: Telepristjek.dk and Teknologisk Institut

Best mobile network

Maintain our market leading position by providing the best mobile network experience in Denmark

Fastest fixed connections

Increase footprint for high-speed fixed connections and maintain market-leading position

Great customer experience

Be recognised for delivering value for both customers and end-customers through seamless customer journeys and experiences

Network champions

Integrate sustainability at the core of our company, lead the transition to a more sustainable future for the sector and aim to be recognised as one of the most attractive employers

Operational excellence

Simplify our processes and interface to enable consistent delivery of excellent customer experiences

Our sustainability priorities towards 2025

Futureproof digital infrastructure

Deliver Denmark's most reliable and resilient digital infrastructure

Targets

Towards one million homes to be passed by fibre by 2025 and nationwide 5G coverage.
Be recognised for Denmark's best mobile network.

2022 performance

- At end-year TDC NET passed 607k addresses in Denmark with fibre broadband. In total, 61% of the 2025 target has been achieved.
- 99% of Denmark is covered geographically by our 5G mobile network.
- Denmark's best mobile network.

SDG 9
Build resilient and sustainable infrastructure.
9.1 & 9.4

Climate action

Lead the race to achieve zero climate impact from our business

Targets

100% renewable energy in operations by 2028.
Net-zero CO_2 on Scopes 1 and 2 by 2028 and Scopes 1, 2 and 3 by 2030.

2022 performance

- 4 out of 4 solar parks in use, covering 60% of our energy consumption in 2023.
- 13% reduction in Scopes 1 and 2 emissions driven by investment in renewable energy.
- 11% reduction in Scope 3 emissions driven by decreased spend and increased inflation.

SDGs 7 & 13
Ensure affordable and clean energy & climate action.
7.2 & 7.3

Health and safety

Become one of the safest places to work by 2025

Targets

Reduce injuries by 50% in 2025 compared with 2019.
Aim for vision zero and the mindset that near-misses provide valuable learnings and that every injury can be prevented.

2022 performance

- Fewer registered lost time injuries – from 39 in 2021 to 28 in 2022.
- Increase in registered near-miss reports, up by 451% compared with 2021.
- 0 fatalities.

SDG 8
Promote a safe and secure working environment for all workers.
8.8

Diversity and inclusion

Ensure inclusive culture, equal opportunities and diverse workforce

Targets

Move towards a more balanced gender distribution, targeting a minimum of 30% women in leadership by 2025.

2022 performance

- 19% women in leadership positions, compared with 23% in 2021.
- Developed D&I strategy for roll-out in 2023.
- Entered partnerships to increase focus on women in technology.

SDG 5
Ensure equal opportunities for leadership at all levels.
5.5

Digital trust

Protect network integrity, personal data and the right to privacy

Targets

All employees complete a GDPR e-learning course.
Evaluate data requests in governance forum.

2022 performance

- 70% of employees completed a GDPR e-learning course.
- 74% of employees completed security training.

SDGs 12 & 16
Promote responsible consumption and justice in societies.

2022 results

Revenue and gross profit →

Operating expenses and EBITDA →

Capex, cash flow and profit for the year →

Guidance →

Revenue and gross profit

Revenue
Flat development in revenue of -0.5% and amounted to DKK 6,639m compared with DKK 6,674m in 2021. Excluding the impact of legacy products (e.g. landline, TV and DSL broadband), revenue increased by 6.1% against 2021. This was driven by sales from our high-speed broadband, as fibre grew by 36.5% or DKK 84m and coax grew by 8.1% or DKK 66m.

Internet and network
Revenue from internet and network increased by 1.3%, or DKK 32m, to DKK 2,576m in 2022. The increase was driven by price rises across all technologies. A shift in our customer mix towards fibre with a higher average revenue per user (ARPU) also contributed to a revenue increase. These effects more than offset our legacy customer base declining by 119k. However, this was partly countered by growth in high-speed broadband product offerings of 34k. Our broadband market share in 2022 decreased from 52% to 48% in line with the continued decline in our low-speed broadband customer base.

Mobility services
Revenue streams from mobility services totalled in DKK 2,748m in 2022, corresponding to an increase of 2.9% or DKK 78m year-over-year. The development was driven by higher revenue from electricity prices on mobile sites, as well as higher prices on the mobile network to cover the capacity expansions required for future traffic. The increase in prices was partly offset by lower revenue from other operators related to the National Roaming Agreement, as other Danish operators have developed infrastructure according to plan. The mobile network market share in 2022 remained stable at ~40%.

Landline voice
The revenue from landline voice decreased by 16.8%, or DKK 92m, to DKK 455m in 2022. The decline was driven mainly by fewer RGUs, following the market trend of recent years. In addition, the decline was driven by a lower ARPU caused by the shift in product mix from high to lower ARPU products, which was only partly offset by a PSTN price increase of 15%.

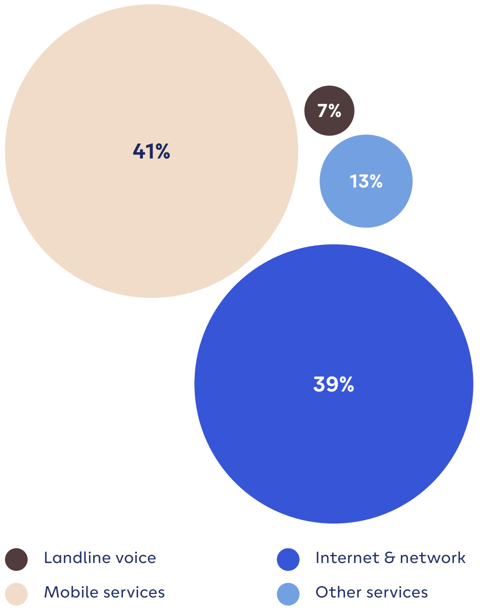
Other services
In 2022, revenue in other services decreased by 5.6%, or DKK 51m, to DKK 861m. The decrease was driven primarily by lower revenue streams from TV caused by the decreasing customer base and lower ARPU.

Gross profit
Gross profit was stable year-over-year corresponding to a development of 0.3%, or DKK 21m, to DKK 6,377m in 2022. The development was driven by a continued decline in landline voice and other services, offset by growth in high-speed broadband and mobility services. The gross profit margin increased to 96.1% in 2022 compared with 95.2% in 2021 due to a change in Internet and network product mix.

Revenue split in products
(DKKm)

6,639

total revenue 2022.



Operating expenses and EBITDA

We maintained a stable cost base compared to 2021 despite increasing electricity prices and the full-year effect on personnel numbers caused by the move of personnel from the former TDC Group to TDC NET.

Operating expenses
In 2022, our operating expenses were stable, corresponding to 0.1%, and amounted to DKK -1,857m. The development was driven by significantly higher electricity prices as well as an increase of FTE's. However, this was offset by cost optimisation programmes across the organisation with lower spending on external expenses.

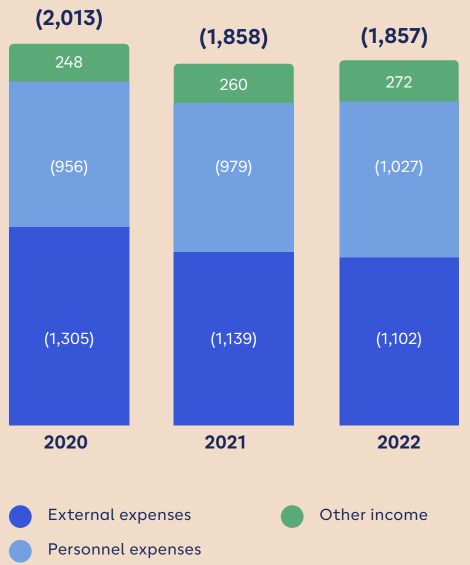
External expenses
External expenses improved by 3.2%, or DKK 37m, to DKK -1,102m, driven by synergies related to our separation from TDC Group, as well as reduced spending on service contracts and consultants. This was partly offset by significant increases in electricity prices. However, the higher electricity prices were partly accommodated through our Power Purchase Agreement (PPA) with Better Energy and establishment of four new solar parks – two on Funen and two in Jutland. All four solar parks now supply renewable energy to the network. When all four solar parks are in operation, we expect them to cover about 60% of our total energy consumption, thereby reducing future risk on furhter price increases.

Personnel expenses
Personnel expenses increased by 4.9%, or DKK 48m in 2022, driven by a full-year effect in 2022 from approximately 300 FTEs transferring from TDC Group to TDC NET in Q3 2021.

Other income
Other income increased by 4.6%, or DKK 12m year-over-year, driven mainly by services sold to holding companies. This was partly offset by reduced costs related to infrastructure services, sold equipment and enterprise activity.

EBITDA
In 2022, EBITDA increased by DKK 22m to DKK 4,520m, despite significant increases in electricity costs. This was attributable to stable operating expenses combined with the improved gross profit margin, resulting in an improved EBITDA margin of 0.7 percentage points year-over-year to 68.1% in 2022.

Operating expenses break-down
(DKKm)



Capex, cash flow and profit of the year

In 2022, our significant investments in futureproof product offerings fuelled the momentum of our fibre rollout, and we tested our 5G mobile network.

Capital expenditure
Capital expenditure totalled DKK 3,248m in 2022, corresponding to an increase of 3.6% or DKK 114m compared with 2021. The development was driven mainly by extra investments in fibre rollout and in internal IT systems as we continued our journey as a standalone company. In our other business areas, we followed our investment level from 2021, with a continued focus on fibre rollout as well as connecting more homes to our fibre platform. Lastly, we invested in our mobile network as we tested 5G slicing during Tour de France in Denmark. The test showed excellent results as it enabled high-speed media production as well as availability in an area where large crowds had gathered. The successful pilot project shows promising results for the future use of 5G.

Cash flow
Our total cash flow increased by DKK 2,226m to DKK 2,234m in 2022. Cash flow from operating activities in 2022 increased by DKK 234m to DKK 3,195m driven primarily by net working capital of DKK 831m due to the adjusted intragroup payment terms following the refinancing of the Group's debt, which affected 2021. The increased operating cash flow was partly offset by higher interest payments, DKK -301m, as well as higher income tax paid, DKK -241m in 2022, as a result of a one-off tax payment related to

Enabling a better experience for the Tour de France viewers

When Tour de France visited Denmark in summer 2022, TDC NET played a central role in getting TV viewers closer to the riders. In collaboration with the Danish broadcasting company TV 2, we tested our 5G network resilience to deliver high-quality, high-speed live feeds from areas where many people were using their private mobile devices to stream the Tour de France event. For such events, many people typically gather at small locations and since the network is extremely busy, users cannot expect high bandwidths.

How did we ensure a strong transmission?
In practice it meant up to 10% of the capacity on our mobile sites in the relevant places were always reserved for TV 2. This allowed TV 2 to transmit live images of a guaranteed quality. During the intervals when TV 2 was not using the bandwidth, it was available to other users.

Photo: © TV2

Capex, cash flow and profit for the year (continued)

previous year. Cash flow from investing activities increased by DKK 2,005m to DKK -5,478m, of which DKK 2,045m was attributed to a loan to TDC Holding. Remaining investments in fibre and mobile infrastructure remained stable with a minor decrease of DKK 40m. The net cash flows from operating and investing activities of DKK -2,283m were funded by excess net debt issuance of DKK 4,517m stemming from establishment of a long-term secured infrastructure financing platform.

Funding

In recent years, TDC NET has made significant strategic investments in development and expansion of the mobile network, upgrade of 5G as well as roll-out of fibre broadband. Strategic investments are and will be financed by reinvestment of cash from operations and by funding raised in debt markets. Continued access to funding markets is important to continue the strategic development of TDC NET.

In relation to the separation from TDC Group, we were funded by intra-group loans to TDC Holding. In 2022, we established a secured infrastructure financing platform that ring fences TDC NET from TDC Holding.

The instruments issued under the financing platform are rated BBB- (stable) by Fitch.

In January 2022, we engaged into two long-term term facilities totaling EUR 2,800m backed by multiple banks. The facilities have been used to refinance the debt in TDC Holding, to repay the debt in TDC Holding.

In the second half of 2022, we further signed long-term bilateral loans with 4 – 8 years maturity of a total of EUR 285m[1]. The interest rate spreads on the bilaterial loans have priced significantly lower than the traded bonds reflecting a challenging fixed income year in the capital markets.

As part of our long-term funding strategy, we target healthy liquidity with a balanced maturity profile and diversified investor base. Hence, we issued a EUR 500m Medium Term Note (EMTN) linked to our sustainability targets of becoming a net-zero carbon emission company across the full value chain (Scopes 1, 2 and 3) by 2030. In the beginning of 2023 we issued an additional EUR 500m EMTN, which have been used to prepay the original bank facilities, which per February 6th 2023 amounted to EUR 2,085m.

As a consequence of the new financing platform, the net interest-bearing debt (NIBD) increased from DKK 15,918m in 2021 to DKK 24,814m in 2022. This included spectrum[2] and lease liabilities, which had an almost stable development over the period. The average maturity on the total gross debt is 4.9 years and the debt is fully interest-rate hedged.

Profit for the year

Profit for the year increased by DKK 878m to DKK 1,918m. The increase was driven mainly by gains from positive market value development of the hedge positions in 2022, due to the higher interest rates.

Targeting annual emissions reductions

TDC NET's CO_2 reduction roadmap is aligned with its 2030 business plan, which includes spend and investment trajectory as well as a strong focus on energy efficiency, renewable energy, and supplier engagement.

As part of a debt refinancing in May 2022, TDC NET established a Sustainability-Linked Finance Framework and issued Sustainability-Linked Bonds, tied to our SBTi validated net-zero targets.

In addition to our long-term targets, we have committed to annual CO_2 reduction targets for our Scopes 1 and 2 , and Scope 3 emissions.

Learn more in our Sustainability report →

[1] For further description see note 4.2 Financial risks in the consolidated financial statements
[2] Spectrum defines TDC NETs overall mobile license portfolio

Guidance

2022 guidance achieved
Our performance was in line with our financial guidance. We achieved a relatively flat -0.5% development in revenue, driven primarily by a decline in revenue streams from legacy products. In terms of EBITDA, we delivered an increase of DKK 22m or 0.5%, accelerated by efficiency improvements, though these were more than offset by increasing electricity costs and inflation. During the year, we kept a strict focus on fibre rollout and securing the best mobile network alongside new initiatives, including new 5G solutions and preventive measures such as PPAs to minimise risk and ensure stable operations. This resulted in a similar investment level in 2022 compared with 2021. Hence, we can conclude a full-year result in line with expectations.

2023 guidance
In 2023, we expect a flat development in revenue, with continued growth in mobile and high-speed broadband products set to counterbalance the declining revenue from legacy products.

We strive to continue the declining trend for operating expenses from earlier years driven by stable cost savings from ongoing efficiency improvements. We believe the underlying risks related to declining operating costs will lie within macroeconomic effects e.g. inflation, wage increases and higher electricity prices. Nonetheless, the volatile electricity prices will be partly mitigated by increased sourcing of renewable energy from our PPAs. In total, our expectations for revenue and operating expenses will generate low single-digit growth in EBITDA. Lastly, we expect to follow the same investment level from 2022 in our core business activities, reflecting our focused prioritisation of continued investments in Danish infrastructure and efforts to keep improving our customer experience.

Governance

Corporate governance →

Board of Directors →

Executive Leadership Team →

Enterprise risk management →

Corporate governance

We work proactively with corporate governance, aiming to provide transparency for our stakeholders while ensuring long-term value creation.

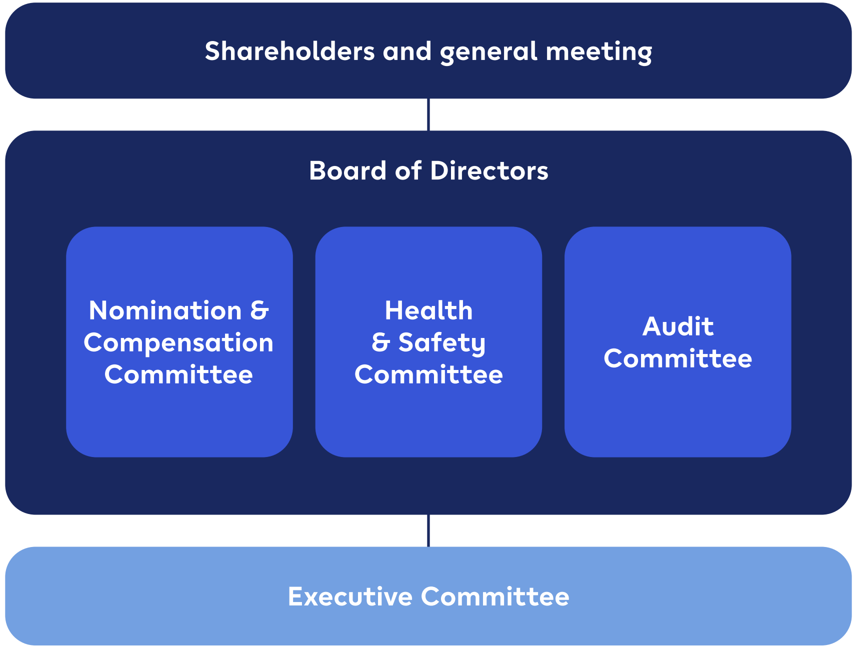
Governance model
We have a two-tier management structure comprised of a Board of Directors and an executive committee. The Board of Directors is responsible for the overall management of the company and for appointing a competent executive committee. The executive committee comprises the CEO and CFO, who are responsible for the day-to-day management of the company with the assistance of the executive leadership team. The responsibilities and duties between the Board of Directors and the executive committee are clearly outlined and described in the Rules of Procedure for the Board of Directors and the Rules of Procedure for the executive committee.

Our shareholders are the ultimate authority for the company and exercise their rights at the Annual General Meeting, which appoints the Board of Directors and the independent auditor. Rules on governance, including share capital, general meetings, shareholder decisions, Board meetings, election of members to the Board of Directors etc. are described in the Articles of Association, which are available via **this link. →**

The Board of Directors
Every year at the Annual General Meeting, up to six members are elected for the Board of Directors, who may be re-elected. In addition, our employees may elect members for the Board of Directors corresponding to half of the total number of board members elected by the general meeting pursuant to Danish mandatory rules. Employee elections are held every four years, and the next election will be held in 2024.

At present, the Board of Directors comprises nine members, of whom six are elected by the annual general meeting and three members are elected by the employees.

Our governance model



In 2022, the Board of Directors evaluated its performance with the purpose of identifying any improvement areas in relation to the Board's work and composition. The evaluation revealed that the Board is functioning efficiently and did not give rise to any substantial changes in the way the Board conducts its work.

Our Board of Directors believes that diversity in general strengthens the board and seeks to reflect this balance in the Board's composition. As part of the Board of Directors' annual evaluation, the Board also assesses whether its members have the required skills and experience or whether members' expertise should be updated in some respects.

Board committees
In addition to the statutory Audit Committee, the Board of Directors has established a Nomination & Compensation Committee and a Health & Safety Committee to supervise certain fields and prepare cases to be decided on subsequently by the Board of Directors.

See further information about the committees and their mandates and charters by following **this link.→**

Board member	Audit Committee	Nomination & Compensation Committee	Health & Safety Committee	Nationality	First elected	Re-elected	Term to expire	Dependency
Henrik Clausen	●	●	●	Danish	17 February 2020	28 April 2022	2023	Non-independent[1]
Frank Hyldmar		●	●	Danish	8 December 2021	28 April 2022	2023	Independent
Natalia Akst	●	●	●	German	28 April 2022	-	2023	Non-independent[2]
Martin Præstegaard	●			Danish	8 December 2021	28 April 2022	2023	Non-independent[2]
Geoffrey Shakespeare				Irish	8 December 2021	28 April 2022	2023	Independent
Gabriela Styf Sjöman	●			Swedish	8 December 2021	28 April 2022	2023	Independent
Ole Mølgaard Andersen				Danish	8 December 2021	-	2024	Employee elected
Svend Bank Andreasen				Danish	8 December 2021	-	2024	Employee elected
Kurt Nielsen				Danish	8 December 2021	-	2024	Employee elected

[1] As the member stepped down as CEO of TDC Holding A/S on 8 December 2021.
[2] As the board member is employed by a TDC A/S Consortium Investors

Whistleblower scheme
Lastly, we have adopted a separate whistleblower scheme for the company. Now, employees and partners can swiftly and confidentially – and if required, anonymously – use a special independent and autonomous channel to bring violations or potential violations to the attention of an independent, autonomous whistleblower unit.

Further information about the whistleblower scheme is available via **this link.→**

Recommendations from the Committee on Corporate Governance
As an advocate for transparency, we have chosen to publish a Corporate Governance Statement based on the recommendations in line with the "comply or explain" principle cf. section 107b of the Danish Financial Statements Act. The statement is based on the Committee for Corporate Governance's recommendations from December 2020.

Board of Directors

Henrik Clausen
Chairman of the Board
Born 1963

Education
MSc in Civil Engineering, Technical University of Denmark. BSc in International Economics, Copenhagen Business School MSc in Business Administration, INSEAD, Paris.

Management duties
Member of the Board of Directors of the Technical University of Denmark.

Frank Hyldmar
Vice Chairman of the Board
Born 1961

Education
MSc in Economics, Copenhagen Business School, Denmark.

Management duties
CEO of Currenta GmbH & Co. OHG and Member of the Board of Directors of YIT Oyj.

Gabriela Styf Sjöman
Born 1969

Education
MSc in Business Administration, University of Durham, United Kingdom.

Management duties
Member of the Board of Directors in Buy1Give Pte Ltd (B1G1), Member of the Board of Directors of Global Legal Entity Identifier Foundation (GLEIF)

Martin Præstegaard
Born 1976

Education
MSc in Political Science, University of Copenhagen, Denmark.

Management duties
CEO of ATP, Vice Chairman of the Board of Directors of Københavns Lufthavn A/S, Member of the Board of Directors of the Capital Association ATP Invest.

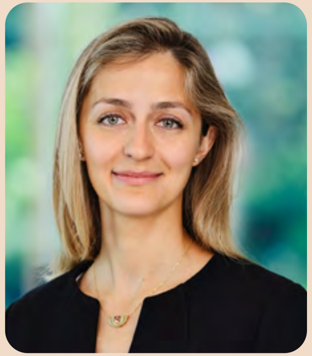
Board of Directors

Geoffrey Shakespeare

Born 1961

Education
BSc in Engineering, Fellow of the Institute of Engineers, Ireland.

Management duties
COO of National Broadband Ireland, Managing Director of Shakespeare Advisory Ltd and Shakespeare Telecommunication Ltd.
Member of the Board of Open Fiber S.p.A., eCar Ltd. and Open Fiber S.p.A.



Natalia Akst

Born 1988

Education
BSc, Economics, University of London, London, UK. MSc, Financial Economics, University of Oxford, Oxford, UK

Management duties
Managing Director at Macquarie Asset Management

Ole Mølgaard Andersen

Service Technician at TDC NET
Born 1965

Education
Blacksmith, Aalborg Technical School, Denmark.

Management duties
Deputy Chairman and Secretary of Dansk Metal Tele Vest

Svend Bank Andreasen

Senior Project Manager at TDC NET
Born 1959

Education
MSc in Fibre Optics and Electromagnetics, Technical University of Denmark, Denmark.

Management duties

Kurt Nielsen[1]

Project Manager at TDC NET
Born 1957

Education
Diploma in Commerce & Management and qualified Office Assistant.

Management duties

1 Pernille Bloch replaced Kurt Nielsen in the Board of Directors per March 27th 2023

Executive Leadership Team

Michel Jumeau
Chief Executive Officer
Born 1972
Appointed 2022

Education
MSc in Engineering, Télécom Paristech, France.

Management duties
Chairman of the Board of Directors of DKTV A/S.

Henrik Brandt
Chief Financial Officer
Born 1981
Appointed 2023

Education
BSc in Economics & Business administration, and MSc in Management Accounting and Information Technology, Aarhus University, Denmark.

Management duties
Member of the Board of Directors of DKTV A/S and Fiberkysten A/S.

Lika Thiesen
CHRO, Head of People & Culture
Born 1975
Appointed 2021

Education
BSc in Political Science, Aarhus University, Denmark. MSc in Public Administration and PhD in Political Science, Northern Illinois University.

Management duties
Member of the Board of Directors of ENIGMA – Museum for post, tele & kommunikation.

Robert Dogonowski
CCO, Head of Commercial & Partners
Born 1972
Appointed 2019

Education
BSc in Economics, Københavns Universitet. MSc in Economics, the London School of Economics, UK. MSc in Economics, Aarhus University, Denmark. PhD in Economics, Aarhus University.

Management duties
Member of the Board of Directors of DKTV A/S.

Jakob Dirksen
Chief Technology Officer
Born 1986
Appointed 2023

Education
BSc in Mathematical Modelling and Technology, and MSc in Industrial Mathematics, Danmarks Tekniske Universitet, Denmark.

Management duties
Member of the Boards of Directors of Fiberkysten A/S and Comply Cloud.

Executive Leadership Team

Thomas Helbo
Chief Transformation & Strategy Officer
Born 1972
Appointed 2023[1].

Education
BSc in International Marketing, MSc in Computer Science, Syddansk Universitet, Denmark.

Management duties

Joss Delissen
Chief Information Officer
Born 1963
Appointed 2021

Education
MBA in Business Economics, Erasmus University Rotterdam, the Netherlands.

Management duties

Torben Svejgaard
Head of Delivery & Field Service
Born 1964
Appointed 2023

Education
DBA, Business Administration & Leadership, The Wharton School & Copenhagen Business School.

Management duties
Member of the Board of Directors of DKTV A/S.

Christian Fröhlich
Head of Legal & Regulatory
Born 1973
Appointed 2022

Education
Diploma in management, Copenhagen Business Academy, Attorney appointment, MSc in law, University of Copenhagen, Denmark.

Management duties
Member of the Board of Directors of Hornbæk Fjernvarme

Jonas Sunn Torp
Head of Communicaton, Public Affairs & Sustainbility
Born 1972
Appointed 2023

Education
PBA in Journalism, Danmarks Journalist Højskole, Denmark.

Management duties

Karsten Brinkmann
Head of Security
Born 1976
Appointed 2021

Education
BSc in Software Engineering, Aalborg Universit, Denmark, MSc in IT Leadership and Management, IT Universitetet, Denmark.

Management duties
Member of the Board of Directors of TeleDCIS

[1] Thomas Helbo is appointed per April 1st 2023

Enterprise risk management

As a critical infrastructure provider, being exposed to risks and uncertainties is expected and a natural part of our business activities. At TDC NET, we work proactively with risk management as our risk exposure changes continuously. We aim to integrate risk management in our business operations and long-term planning, as well as mitigate the risks to an acceptable level that does not threaten our business or strategic objectives.

Risk management approach
The risk management framework deployed at TDC NET enables a consistent approach for identifying, assessing, documenting, and responding to risks. Risks are assessed based on their potential financial impact and probability of occurring and are captured in risk registers across the organisation.

Each business line has its own risk coordinator responsible for their risk register. In collaboration with risk owners, the risk coordinators ensure that risks are assessed, and mitigation strategies are established. A member of the leadership team is accountable for each risk register, and biannually, all risk registers are consolidated centrally and reviewed by the executive leadership team to secure alignment on key risks and ensure execution of mitigating plans.

The overall risk exposure and status of the mitigating activities are submitted and reviewed by the Audit Committee and Board of Directors biannually. The following section outlines the key risks facing TDC NET and the mitigating strategies deployed.

Top six business risks:

#1 Inflation & European energy crisis
#2 Commercial trends
#3 Cyber & information security
#4 Financial liquidity
#5 IT landscape and roadmap execution
#6 Legal compliance

Read more on the following pages →

Risk #1
Inflation & European energy crisis

Description
Together with the telecommunications industry, we are affected by the new macroeconomics era with high inflation and energy prices. Operations and expansion of our mobile and fixed networks are impacted by increasing supplier prices, the European energy crisis, and wage increases further driven by an overheated labour market and competition for talent.

Potential impact
Further increases in inflation on external spending (e.g. electricity, fossil fuels, materials and services) and pressure from the labour market would result in additional operating costs and/or the requirement for additional capital expenditure to maintain our current rollout plan for our fixed and mobile networks.

Mitigation action
We have a strong focus on driving efficiency throughout our business, and we work with our suppliers to mitigate rising prices on both local and global scales. For example, our PPAs for buying green energy from four solar parks across Denmark limit our exposure to the rising electricity prices and reduce our CO_2 footprint. We have also initiated project 'Green Fleet' to ensure a faster transition to electric vans and cars to limit our fossil fuel spending.

Risk #2
Commercial trends

Description
We have a strong commercial position, having created connections in Denmark for more than 140 years. As such, we own and operate a diverse portfolio of legacy technologies and products, some that we foresee will decrease in relevance over time as high-speed fibre and mobile networks are rolled out across Denmark.

Potential impact
If we are unsuccessful in anticipating and adapting to market demands, this exposes us to either extra operating costs for continuing the operation of legacy technologies, or to the loss of customers and existing business opportunities if we decommission faster than the market demands. In addition, if we fail to deliver on our customers' expectations, we risk losing our customers and damaging the reputation of our brand.

Mitigation action
We monitor the level of churn from legacy to newer technologies and commercial trends in the market to effectively anticipate and react to new technological developments and to match these trends in our services and product portfolio. We make a persistent effort to attract customers and to preserve a strong relationship with current customers by ensuring fast fixed connections and maintaining Denmark's best mobile network.

Risk #3
Cyber & information security

Description
We depend heavily on our information systems and technologies to support our daily operations. Breakdowns, interruptions, or other types of failures compromising circumstances resulting from unintentional, intentional, or coincidental events pose a significant risk.

Potential impact
The occurrence of one or more of these harmful events could impair our ability to adequately provide our services and may lead to financial losses, diversion of human resources, or reputational damage. Furthermore, as we provide critical, national telecommunications infrastructure, any occurrence of such harmful events could have broad implications on a national scale.

Mitigation action
We focus on network resilience through risk and incident management and continue enhancing our disaster recovery and business continuity plans. We work in a structured way to continuously improve our cyber resilience through the use of internationally recognised frameworks such as NIST and ISO. We also educate our employees through awareness to withstand potential threats and avoid harmful behaviour.

Risk #4
Financial liquidity

Description
We are a capital-intensive business where several investments and capital outlays are required to continue our fibre rollout plans, develop our mobile network, and update our IT and telecommunications systems to sustain our operations and future ambitions. The liquidity position for supporting our investments depends on our cash flow generation and capital expenditure as well as access to financing and credit facilities. Our liquidity position can be impacted through credit risks, liquidity risks, exchange rate risks, etc. arising from macroeconomic uncertainties and debt instruments.

Potential impact
Fluctuations in interest rates and exchange rates may adversely impact the financial stability of our business operations and our liquidity positions through our cash flow generation.

Mitigation action
We apply prudent treasury management to ensure stable financial risks. We regularly monitor our financial exposures and follow an active hedging strategy. Moreover, we plan our liquidity, leverage and cash flows with caution to ensure a sustainable financial position. On an ongoing basis, we optimise debt issuances depending on the funding needs of the business.

See also note 4.3 Financial risks in the consolidated financial statements

Risk #5
IT landscape and roadmap execution

Description
Our current IT landscape, consisting of over 500 applications, is heavily interconnected with Nuuday and forms a legacy system that poses a substantial risk of disrupting our network operations. Our IT transformation is underway to assure a fit-for-purpose IT landscape that will support TDC NET as a standalone business. However, we foresee several risks related to such a large IT transformation.

Potential impact
Our success depends largely on our ability to execute on our IT transformation ambitions and decommissioning journey. Besides being expensive to maintain and difficult to update, legacy applications require skilled resources to support and manage them. Until decommissioned, the legacy IT applications pose financial, operational and security risks. Moreover, our shared applications with Nuuday pose interdependencies with Nuuday's ability to manage and update the applications, leaving us with limited control of these shared applications.

Mitigation action
We are currently implementing and delivering on an IT transformation project to ensure transitioning to newer systems and technologies. This is a complex process but will ultimately bring benefits such as increased efficiency and a simplified IT landscape. We also invest in our network infrastructure by optimising processes, systems and security to ensure continuous service improvements and upgrades.

Risk #6
Legal compliance

Description
We must provide access for service providers on our broadband networks in areas of Denmark where we are considered to have a strong market position. As a provider of critical digital infrastructure, we are also subject to certain sector-specific regulations e.g. an obligation to handle emergency communications, broadcast emergency calls via our mobile network, and enforce security regulations, and we must comply with foreign direct investment regulations and the adopted sanctions against Russia and Belarus in accordance with EU and Danish legislation. Moreover, we must be compliant with the competition law restriction and applicable data privacy rules in accordance with the EU General Data Protection Regulation (GDPR) and the ePrivacy legislation.

Potential impact
The telecom authorities and the Consumer and Competition Authority can impose decisions against and fine TDC NET if we do not comply with relevant regulations. The Danish Business Authority can demand prior approval for certain transactions if these are deemed foreign direct investments, and this can affect our legal requirements for investors, suppliers and customers. Similarly, the Danish Centre for Cybersecurity can impose certain restrictions on agreements and arrangements in relation to our infrastructure, including prohibiting us from contracting with certain foreign suppliers.

Other legal disputes and possible reputational damage could arise if consumers find our data retention procedures incompatible with applicable data privacy rules, or if we are unable to comply with the sanctions against Russia and Belarus.

Mitigation action
In accordance with the Danish competition law restrictions and Telecom Act, we have implemented a compliance programme by e.g. training selected employees and conducting regulatory checks of prices, products and agreements. In addition, we monitor the political and legal developments in the markets and maintain proactive and continuous close dialogues with politicians, regulators and market stakeholders.

To comply with EU and Danish legislative sanctions against Russia and Belarus, we regularly conduct desktop studies of contractual relations that may be subject to sanctions, and we investigate owner relations in connection with sanction rules.

To avoid complaints regarding handling of personal data and to avoid security breaches, we have implemented security and data protection measures cf. the GDPR and Danish security regulation (e.g. all employees receive training in security and privacy awareness policies).

Financial statements

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Income statement

(DKKm)	Note	2022	2021
Revenue	2.1	6,639	6,674
Cost of sales	2.2	(262)	(318)
Gross profit		6,377	6,356
External expenses	2.3	(1,102)	(1,139)
Personnel expenses	2.4	(1,027)	(979)
Other income	2.1	272	260
Operating profit before depreciation, amortisation and special items (EBITDA)		4,520	4,498
Depreciation, amortisation and impairment losses	2.5	(2,491)	(2,366)
Special items	2.6	(50)	(96)
Operating profit (EBIT)		1,979	2,036
Financial income and expenses	4.4	411	(652)
Profit before income taxes		2,390	1,384
Income taxes	2.7	(472)	(344)
Profit for the year		**1,918**	**1,040**
Attributable to:			
Shareholders		1,918	1,040
Profit for the year		**1,918**	**1,040**

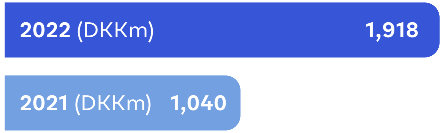
Statement of comprehensive income

(DKKm)	Note	2022	2021
Profit for the year		1,918	1,040
Other comprehensive income		-	-
Total comprehensive income		**1,918**	**1,040**

Profit for the year

(Development)

84%



Balance sheet

Assets (DKKm)	Note	2022	2021
Non-current assets			
Intangible assets	3.1	11,726	11,599
Property, plant and equipment	3.2	16,242	15,521
Lease assets	3.3	1,227	1,218
Joint ventures and associates		2	2
Amounts owed by group companies		2,114	-
Other receivables		27	26
Prepaid expenses		30	-
Total non-current assets		**31,368**	**28,366**
Current assets			
Inventories		33	43
Trade receivables	3.4	365	396
Other receivables		37	5
Contract assets	3.5	57	52
Amounts owed by group companies		1,008	1,238
Derivative financial instruments		1,174	-
Prepaid expenses		138	132
Cash		2,240	12
Total current assets		**5,052**	**1,878**
Total assets		**36,420**	**30,244**

Equity and liabilities (DKKm)	Note	2022	2021
Equity			
Share capital	4.1	0	0
Retained earnings		2,964	9,796
Total equity		**2,964**	**9,796**
Non-current liabilities			
Deferred tax liabilities	2.7	451	354
Provisions	3.6	309	344
Loans	4.2,4.5	22,275	10,526
Spectrum licence fee liabilities	4.5	1,636	1,774
Lease liabilities	3.3	1,036	1,027
Other payables		141	140
Total non-current liabilities		**25,848**	**14,165**
Current liabilities			
Loans	4.2,4.5	3,583	2,186
Spectrum licence fee liabilities	4.5	190	190
Lease liabilities	3.3	296	286
Trade payables		1,941	2,086
Other payables		530	343
Contract liabilities	3.5	473	477
Amounts owed to group companies		253	525
Income tax payable	2.7	147	174
Derivative financial instruments		176	-
Provisions	3.6	19	16
Total current liabilities		**7,608**	**6,283**
Total liabilities		**33,456**	**20,448**
Total equity and liabilities		**36,420**	**30,244**

Statement of cash flows

(DKKm)	Note	2022	2021
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		4,520	4,498
Adjustment for non-cash items		(1)	68
Payments related to provisions	3.6	(7)	(8)
Special items	2.6	(89)	(80)
Change in working capital	5.1	56	(775)
Interest received		140	1
Interest paid		(1,022)	(582)
Income tax paid	2.7	(402)	(161)
Total cash flow from operating activities		**3,195**	**2,961**
Investing activities			
Investment in enterprises	5.2	(126)	-
Investment in property, plant and equipment	3.2	(2,579)	(2,985)
Investment in intangible assets	3.1	(728)	(489)
Investments in other non-current assets		(1)	(1)
Sale of property, plant and equipment		1	2
Loans to parent		(2,045)	-
Total cash flow from investing activities		**(5,478)**	**(3,473)**

(DKKm)	Note	2022	2021
Financing activities			
Proceeds from long-term loans	4.2	25,982	-
Repayments of long-term debt	4.2	(12,633)	-
Settlement of derivatives related to long-term loans		181	-
Costs relating to long-term loans		(45)	-
Lease payments		(277)	(255)
Change in interest-bearing receivables and payables		59	775
Dividend paid		(8,750)	-
Total cash flow from financing activities		**4,517**	**520**
Total cash flow		**2,234**	**8**
Cash and cash equivalents at 1 January		12	4
Effect of exchange rate changes on cash and cash equivalents		(6)	-
Cash and cash equivalents at 31 December		**2,240**	**12**

Total cash flow

(DKKm)

2,234

An increase from DKK 8m in 2021 as a result of two bank facilities were established in the beginning of 2022

Statement of changes in equity

(DKKm)	Share capital	Retained earnings[1]	Total
Equity at 1 January 2021	0	8,756	8,756
Profit for the year	-	1,040	1,040
Total comprehensive income	-	1,040	1,040
Total transactions with shareholders	-	-	-
Equity at 31 December 2021	**0**	**9,796**	**9,796**
Profit for the year	-	1,918	1,918
Total comprehensive income	-	1,918	1,918
Distributed dividends	-	(8,750)	(8,750)
Total transactions with shareholders	-	(8,750)	(8,750)
Equity at 31 December 2022	**0**	**2,964**	**2,964**

[1] See also note 4.1 for an explanation of distributable reserves and dividend.

Notes to consolidated financial statements

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Section 1

Basis of preparation

This section sets out the basis of preparation, which relates to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. Similarly, critical sources of estimation uncertainty are described in the notes to which they relate.

1.1	Accounting policies	38
1.2	Critical accounting estimates and judgements	39
1.3	New accounting standards	39

1.1 | Accounting policies

Throughout the financial statements “the group” refers to TDC NET group and “parent” refers to TDC NET A/S. All figures in the consolidated financial statements are consolidated figures for TDC NET group and figures in the parent company financial statements are figures for TDC NET A/S.

The group’s financial statements for 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

The consolidated financial statements are based on the historical cost convention, except for financial assets and liabilities that are initially measured at fair value adjusted for transaction costs if they are not subsequently measured at fair value through the income statement. Trade receivables are measured at their transaction price.

When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered critical to the preparation of the consolidated financial statements are shown in note 1.2.

The accounting policies are unchanged compared with the policies applied in the Annual Report 2021.

Consolidation policies
The consolidated financial statements include the financial statements of the parent company and subsidiaries of which the parent has direct or indirect control. Joint ventures of which the Group has joint control and associates of which the Group has significant influence are recognised using the equity method.

The consolidated financial statements have been prepared on the basis of the financial statements of the parent and its consolidated companies, which have been restated to group accounting policies, combining items of a uniform nature.

On consolidation, intra-group income and expenses; shareholdings, dividends, internal balances; and realised and unrealised profits and losses on transactions between the consolidated companies have been eliminated.

1.2 | Critical accounting estimates and judgements

The preparation of the group's annual report requires Management to exercise judgement in applying the group's accounting policies. It also requires the use of estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised during the period in which the estimates are revised and during any future periods affected.

The following areas involve a higher degree of estimates or complexity and are outlined in more detail in the related notes:

Notes		**Critical accounting estimates and judgements**	**Estimates /judgements**
2.1	Revenue	Assessment of contracts involving sale of complex products and services	Estimate /Judgement
2.6	Special items	Assessment of special events or transactions	Judgement
3.1	Intangible assets	Assumptions for useful lives	Estimate
		Assumptions used for impairment testing	Estimate /Judgement
3.2	Property, plant and equipment	Assumptions for useful lives	Estimate

1.3 | New accounting standards

The group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2022. None of the changes have affected recognition or measurement in the financial statements, nor are they expected to have any future impact.

IASB has approved a number of new accounting standards and changes to standards that are not yet effective. The group has evaluated the standards and as none of them are expected to be relevant to the group, they are not expected to impact on the financial statements.

Section 2

Profit for the year

This section focuses on disclosures of details of the TDC NET Group's results for the year including segment reporting, special items and taxation.

2.1	Revenue	41
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Revenue
(Development)

(0.5)%

YoY due to a decline in legacy products

2022:
6,639m

2021:
6,674m

Operational expenses
(Development)

(0.1)%

Compared with 2021 despite increased electricity prices

2022:
1,857m

2021:
1,858m

2.1 | Revenue

Specification of revenue from products (DKKm)	2022	2021
Landline voice	455	547
Mobile services	2,748	2,670
Internet & network	2,576	2,544
TV	258	293
Other services	602	620
Total	**6,639**	**6,674**

Comments

The group derives the vast majority of its revenue from contracts with Nuuday A/S. In 2020 the group entered into a contract with Nuuday A/S under which end-to-end mobile services are provided. The contract has an initial term of eight years, including an additional seven years phaseout period if the contract is not extended. See also note 6.2.

TDC NET Group is an open-access connectivity provider of digital infrastructure, which is the Group's single business (operating) segment. The business segment reflects the way in which Management makes decisions and assesses the business performance.

Revenue streams from Internet & Network
(Development)

1.3%

YoY due to shifts in our RGU bases towards fibre with a higher ARPU

2022 (DKKm) **2,576**

2021 (DKKm) **2,544**

Critical accounting estimates and judgements

Revenue recognition for a telecom operator is a complex area of accounting that requires management estimates and judgements.

Recognition of revenue depends on whether the Group acts as a principal in a transaction or an agent representing another company. Whether the Group is considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When the Group acts as the principal, revenue is recognised at the agreed value, whereas when the

Group acts as an agent, revenue is recognised as the commission the Group receives for arranging the agreement.

Judgements of whether the Group acts as a principal or as an agent impact on the amounts of recognised revenue and operating expenses, but do not impact on net profit for the year or cash flows. Judgements of whether the Group acts as a principal are used primarily in transactions covering content.

When the Group concludes contracts involving the sale of complex products and services, management judgements are required to determine whether complex products or services shall be recognised together or as separate products and services.

Management estimates are also used for allocating the transaction price to the individual elements based on their respective fair values, if judged to be recognised separately. For example, business customer contracts can comprise several elements related to subscriptions, leases, etc.

2.1 | Revenue (continued)

§ Accounting policies

Revenue is measured at the fair value of the consideration receivable after deducting sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Services include traffic and subscription fees, interconnection fees, fees for leased lines, network services, TV distribution as well as connection and installation fees.

The group delivers services from plain access to full-service packages to service providers, which are partly regulated.

The significant sources of revenue are recognised in the income statements as follows:

- revenues from subscription fees and flat-rate services are recognised over the subscription period
- revenues from telephony are recognised at the time the calls are made
- sales related to prepaid products are deferred, and revenues are recognised at the time of use
- revenues from leased lines are recognised over the rental period
- revenues from the sale of equipment are recognised on delivery. Revenues from the equipment maintenance are recognised over the contract period.

Revenue arrangements with multiple deliverables are recognised as separate units of accounting, independent of any contingent element related to the delivery of additional items or other performance conditions.

The transaction price in revenue arrangements with multiple deliverables is allocated to each performance obligation based on the standalone selling price. Where the selling price is not directly observable, it is estimated based on expected cost plus a margin. Discounts on bundled sales are allocated to each element in the contract.

Contracts with similar characteristics have been evaluated using a portfolio approach due to the large number of similar contracts.

In case of contracts for longer periods, and if the payment exceeds the services rendered, contract liabilities are recognised, see note 3.5.

The percentage-of-completion method is used to recognise revenue from contract work in progress based on an assessment of the stage of completion. Contract work in progress includes installation of telephone and IT systems, systems integration and other business solutions.

Non-refundable up-front connection fees are included in the total transaction price for the contract with the customer and thereby allocated to the identified performance obligations (services).

The period between the transfer of the service to the customer and the payment by the customer is not of an extent that gives reason to adjust the transaction prices for the time value of money.

Other income
Other income comprises mainly accounting items of a secondary nature compared with the company's principal activities.

2.2 | Cost of sales

(DKKm)	2022	2021
Landline voice	(56)	(59)
Internet & network	(96)	(123)
TV	(8)	(4)
Other services	(102)	(132)
Total	**(262)**	**(318)**

§ Accounting policies

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and landline networks and leased transmission capacity as well as interconnection and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material.

2.3 | External expenses

(DKKm)	2022	2021
Properties and cars	(534)	(409)
IT and equipment re service contracts	(295)	(295)
Contractors and consultants	(117)	(97)
Temps and personnel-related expenses	(90)	(78)
Other[1]	(66)	(260)
Total	**(1,102)**	**(1,139)**

[1] Including administrative services from TDC Holding A/S in 2021.

§ Accounting policies

External expenses include expenses related to marketing and advertising, IT, property, expenses related to staff, capacity maintenance, service contracts, etc.

2.4 | Personnel expenses

(DKKm)	2022	2021
Wages and salaries (including short-term and long-term bonuses)	(1,631)	(1,500)
Pensions (defined contribution plans)	(186)	(179)
Social security	(35)	(29)
Total	**(1,852)**	**(1,708)**
Of which capitalised as tangible and intangible assets	825	729
Total personnel expenses recognised in the income statement	**(1,027)**	**(979)**

Remuneration for the Executive Committee[2] and the Board of Directors (DKKm)	2022	2021
Base salary (incl. benefits)	6.7	5.6
Cash bonus	2.4	3.4
Retention allowance[1]		-
Pensions	1.1	0.9
Long-term incentive programme	1.4	1.3
Management incentive programme	4.0	0.5
	15.6	11.7
Redundancy compensation	2.5	-
Key management in total	18.1	11.7
Fee to the Board of Directors	6.7	0.3
Total	**24.8**	**12.0**

[1] In addition to the retention element, the allowance is linked to reaching a number of strategic targets in the execution of the strategy.
[2] During 2022, the remuneration to the Executive Committee comprised 2.0 members on average (2021: 2.0 members).

Comments

In 2022, the average number of full-time employee equivalents was 2,808 (2021: 2,694).

Incentive programmes
See note 6.1.

§ Accounting policies

Wages, salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the year in which the employee renders the related services.

2.5 | Depreciation, amortisation and impairment losses

(DKKm)	2022	2021
Amortisation of intangible assets, cf. note 3.1	(534)	(485)
Depreciation of property, plant and equipment, cf. note 3.2	(1,679)	(1,607)
Depreciation of lease assets, cf. note 3.3	(286)	(277)
Impairment losses, cf. notes 3.1 and 3.2	(11)	(16)
Of which capitalised as tangible and intangible assets	19	19
Total	**(2,491)**	**(2,366)**

2.6 | Special items

(DKKm)	2022	2021
Costs related to redundancy programmes	(43)	(33)
Other restructuring costs, etc.	(7)	(63)
Special items before income taxes	**(50)**	**(96)**
Income taxes related to special items	11	21
Total special items	**(39)**	**(75)**

Cash flow from special items (DKKm)	2022	2021
Redundancy programmes	(45)	(44)
Other	(44)	(36)
Total	**(89)**	**(80)**

Critical accounting judgements

In the income statement, special items are presented as a separate item. Special items include income or costs that in Management's judgement shall be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is special, Management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence of the transaction or event, including whether the event or transaction is recurring. This is consistent with the way that financial performance is measured by Management and reported to the Board of Directors and facilitates meaningful analysis of the operating results of the group.

§ Accounting policies

Special items are significant amounts that Management considers are not attributable to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment. Special items also include gains and losses related to divestment of enterprises, as well as transaction costs and adjustments of purchase prices relating to the acquisition of enterprises. Special items consist of both recurring and non-recurring items.

Special items are disclosed on the face of the income statement. Items of a similar nature in joint ventures and associates are recognised in profit from joint ventures and associates.

2.7 | Income taxes

Income taxes (DKKm)	2022 Income taxes expensed	2022 Income tax payable/ (receivable)	2022 Deferred tax liabilities/ (assets)	2021 Income taxes expensed	2021 Income tax payable/ (receivable)	2021 Deferred tax liabilities/ (assets)
At 1 January		174	354		110	235
Income taxes for the year	(489)	390	99	(342)	222	120
Adjustment of tax for previous years	17	(15)	(2)	(2)	3	(1)
Income tax paid		(402)			(161)	
Total	**(472)**	**147**	**451**	**(344)**	**174**	**354**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities		147	451		174	354
Tax receivable/deferred tax assets						
Total					**174**	**354**
Income taxes are specified as follows:						
Income excluding special items	(483)			(365)		
Special items	11			21		
Total	**(472)**			**(344)**		

2.7 | Income taxes (continued)

Deferred tax (DKKm)	2022 Deferred tax assets	2022 Deferred tax liabilities	2022 Total[1]	2021
Other	(5)	-	(5)	(5)
Current	**(5)**	**-**	**(5)**	**(5)**
Intangible assets	-	726	726	671
Property, plant and equipment	(194)	-	(194)	(242)
Lease assets and liabilities	(24)	-	(24)	(21)
Other	(52)	-	(52)	(49)
Non-current	**(270)**	**726**	**456**	**359**
Deferred tax at 31 December	**(275)**	**726**	**451**	**354**

[1] The total net deferred tax is recognised as a liability in the balance sheet.

Comments

The parent and all its Danish subsidiaries participate in joint taxation with DKT Holdings ApS, which is the ultimate owner of the group and management company in the joint taxation. The jointly taxed companies are jointly and severally liable for the total income taxes, taxes paid on account and outstanding residual tax (with additional payments and interest) relating to the joint taxation.

2.7 | Income taxes (continued)

Effective tax rate (DKKm)	2022 DKKm	2022 %	2021 DKKm	2021 %
Danish corporate income tax rate	(536)	22.0	(326)	22.0
Limitation on the tax deductibility of interest expenses	24	(1.0)	(37)	2.5
Adjustment of tax for previous years	17	(0.7)	(2)	0.1
Other	12	(0.5)	-	-
Effective tax excluding special items	**(483)**	**19.8**	**(365)**	**24.6**
Special items	11	(0.1)	21	0.3
Effective tax including special items	**(472)**	**19.7**	**(344)**	**24.9**

Comments

The effective tax rate in 2022 is lower than the statutory tax rate, which is due mainly to a positive effect from the limitation on the tax deductibility of interest expenses. Due to capital gains on financial instruments in 2022 combined with the possibility to carry forward certain capital losses from previous years, there is a positive effect from the interest limitation rules for the group. Furthermore, there is a smaller positive impact of adjustment of tax for previous years.

§ Accounting policies

Tax for the year comprises current income tax, changes in deferred tax and adjustments from prior years and is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income.

Current income tax liabilities and current income tax receivables are recognised in the balance sheet as income tax payable or income tax receivable.

Deferred tax is measured under the balance-sheet liability method on the basis of all temporary differences between the carrying amounts and the tax bases of assets and liabilities at the balance sheet date. However, deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit/loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is adjusted concerning elimination of unrealised intra-group profit and losses.

Deferred tax is measured on the basis of the tax rules and tax rates effective under the legislation in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current income tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement except for the effect of items recognised directly in other comprehensive income.

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the group has a legally enforceable right to offset them, and the deferred tax assets and liabilities relate to the same legal tax entity.

Section 3

Operating assets and liabilities

This section shows the assets used to generate TDC NET's performance and the resulting liabilities incurred. Assets and liabilities relating to TDC NET's financing activities are addressed in Section 4. Deferred tax assets and liabilities are shown in note 2.7.

3.1	Intangible assets	50
3.2	Property, plant and equipment	54
3.3	Lease assets and liabilities	56
3.4	Trade receivables	58
3.5	Contract assets and liabilities	59
3.6	Provisions	59

Intangible assets
(Development)

1.1%

2022:
11,726m

2021:
11,599m

Property, plant and equipment
(Development)

4.6%

2022:
16,242m

2022:
15,521m

3.1 | Intangible assets

(DKKm)	2022 Goodwill	2022 Brands	2022 Licences	2022 Other rights, software, etc.	2022 Total	2021 Goodwill	2021 Brands	2021 Licences	2021 Other rights, software, etc.	2021 Total
Cost at 1 January	6,980	1,287	4,423	3,798	16,488	6,980	1,287	3,751	3,565	15,583
Transfers to/(from) other items	-	-	-	-		-	-	1	(1)	-
Additions	-	-	-	536	536	-	-	671	372	1,043
Additions related to acquisition of activities	-	-	-	126	126	-	-	-	-	-
Assets disposed of or fully amortised	-	-	(482)	(123)	(605)	-	-	-	(138)	(138)
Cost at 31 December	**6,980**	**1,287**	**3,941**	**4,337**	**16,545**	**6,980**	**1,287**	**4,423**	**3,798**	**16,488**
Amortisation and impairment losses at 1 January	-	-	(1,840)	(3,049)	(4,889)	-	-	(1,690)	(2,846)	(4,536)
Transfers to/(from) other items	-	-	-	-	-	-	-	(1)	1	-
Amortisation	-	-	(147)	(387)	(534)	-	-	(149)	(336)	(485)
Impairment	-	-	-	(1)	(1)	-	-	-	(5)	(5)
Assets disposed of or fully amortised	-	-	482	123	605	-	-	-	137	137
Amortisation and impairment losses at 31 December	**-**	**-**	**(1,505)**	**(3,314)**	**(4,819)**	**-**	**-**	**(1,840)**	**(3,049)**	**(4,889)**
Carrying amount at 31 December	**6,980**	**1,287**	**2,436**	**1,023**	**11,726**	**6,980**	**1,287**	**2,583**	**749**	**11,599**

Cash flow (DKKm)	2022	2021
Additions, cf. table on previous page	(536)	(1,043)
Instalments regarding mobile licences	(192)	(109)
Non-cash part of acquisition of mobile licences	-	663
Cash flow from investment in intangible assets	**(728)**	**(489)**

3.1 | Intangible assets (continued)

Comments

Assets with indefinite useful lives other than goodwill related to the TDC brand were unchanged at DKK 1,287m compared with 2021.

The carrying amount of software amounted to DKK 1,023 (2021: DKK 747m). The addition of internally developed software totalled DKK 139m (2021: DKK 99m).

Software in progress amounted to DKK 348m (2021 DKK 133m)

The carrying amount of Danish spectrum mobile licences amounted to DKK 2,436m (2021: DKK 2,583m) and is shown in the next table. Of this, DKK 228m relates to licences not yet in use (2021: DKK 400m).

Spectrum licences

Spectrum (MHz)	**Bandwidth (MHz)**	**Licence expiry**
700	2 x 15 + 1 x 20	2040
800	2 x 20	2034
900	2 x 10	2034
1500	45	2042
1800	2 x 20	2032
2100	2 x 20	2042
2300	100	2041
2600	2 x 20	2030
3500	130	2042
26000	1250	2042

3.1 | Intangible assets (continued)

§ Critical accounting estimates and judgements

Useful lives
Management estimates useful lives for intangible assets based on periodic studies of customer churn or actual useful lives and the intended use for those assets. Such studies are completed or updated when new events occur that may have the potential to impact the determination of the useful life of the asset, i.e. when events or circumstances occur that indicate that the carrying amount of the asset may not be recoverable and should therefore be tested for impairment. Any change in customer churn or the expected useful lives of these assets is recognised in the financial statements, as soon as any such change has been ascertained, as a change of a critical accounting estimate.

Impairment testing of intangible assets
Intangible assets comprise a significant portion of the group's total assets. The measurement of the recoverable amount of intangible assets is a complex process that requires significant Management judgements in determining various assumptions to be used in the calculation of cash-flow projections, discount rates and terminal growth rates. Management has identified cost drivers, etc. in the activity-based costing model that is used for calculating the carrying amount and value in use of the cash-generating unit. Management has identified one cash-generating unit, since the cash flow is not generated independently from the other part of the businesses.

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of intangible assets. The assumptions used for the impairment testing of goodwill are shown in the section Impairment testing of goodwill and intangible assets with indefinite useful lives.

Impairment testing of goodwill and intangible assets with indefinite useful lives
The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out on 1 October 2022 and on 1 October 2021, respectively.

Impairment testing is an integral part of the group's budget and planning process, which is based on long-term business plans with projection until 2030 to reflect the long-term investments in fibre infrastructure. The discount rate applied reflect specific risk relating to the cash-generating unit. The recoverable amount is based on the value in use determined on expected cash flows based on long-term business plans approved by Management.

Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the telecoms industry in Denmark..

The long-term business plans are based on current trends. The budget period includes cash flow effects from completed restructurings combined with effects of strategic initiatives aimed at improving or maintaining trend lines.

For the impairment testing of goodwill, the group uses a pre-tax discount rate for the cash-generating unit.

The assumptions for calculating the value in use for the goodwill are given below.

Key assumptions for calculating the value in use for the significant goodwill amounts (DKKm)	TDC NET
Carrying amount of goodwill at 31 December 2022 (DKKm)	6,980
Carrying amount of goodwill at 31 December 2021 (DKKm)	6,980
Market-based growth rate applied at 1 October 2022 to extrapolated projected future cash flows for the period following 2030	2.3%
Market-based growth rate applied at 1 October 2021 to extrapolated projected future cash flows for the period following 2030	1.0%
Applied pre-tax discount rate at 1 October 2022	8.5%
Applied pre-tax discount rate at 1 October 2021	5.3%

3.1 | Intangible assets (continued)

Assumptions regarding recoverable amounts and projected earnings

The impairment test is sensitive to possible changes in the key assumptions, which may result in future impairments. If the WACC applied as discounting factor in the calculations increases/ decreases by 1.0% and all other things being equal, the value in use would decrease/increase by DKK 9.7bn and 15.5bn, respectively. Under the same assumptions, a 1.0% decrease/increase in the market-based growth rate would the value in use decrease/increase by DKK 7.3bn and 11.7bn, respectively. A 10% increase/decrease in EBITDA would change the value in use by DKK 9.6bn. All the above-mentioned changes in key assumptions would not cause the carrying amount of goodwill to exceed the recoverable value. With the present relation between WACC and growth rate the WACC can increase to approximately 13.6% (pre-tax) with a growth rate at 3.6% before the carrying amount of goodwill will exceed the recoverable value. The impairment test has been prepared on the basis that the company continues to operate with the current set-up.

Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value. Projections show steady EBITDA growth and an increasing EBITDA margin in the long-term business plan based on the following assumptions:

- Steady growth in mobility services gross profit
- Increased gross profit from highspeed broadband, stemming from the group's growing fibre footprint, continued large coax customer base, and increased ARPU from higher average speed on products
- Customer base for legacy products such as landline, TV and DSL assumed to decrease at higher rates than historically
- Savings driven by initiatives generated in an extensive savings programme with reductions of both external and personnel expenses
- Decrease in capital expenditure from 2021 level, due to cost optimisation of the fibre rollout, as well as optimization of ongoing investments to maintain capacity, quality etc. in the networks.

§ Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated write-downs for impairment. The carrying amounts of goodwill and brands with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable and are subsequently written down to the recoverable amounts in the income statement if exceeded by the carrying amounts. Write-downs of goodwill are not reversed.

Brands with finite useful lives, proprietary rights, etc. are measured at cost less accumulated amortisation and impairment losses and are amortised on a straight-line basis over their estimated useful lives.

Development projects, including costs of computer software purchased or developed for internal use, are recognised as intangible assets if the cost can be calculated reliably and if they are expected to generate future financial benefits. Costs of development projects include wages, external charges, depreciation and amortisation that are directly attributable to the development activities as well as interest expenses in the production period.

Development projects that do not meet the criteria for recognition in the balance sheet are expensed as incurred in the income statement.

The main amortisation periods are as follows:

Mobile licences	16-22 years
Other rights, software, etc	3-5 years

Development projects in process and intangible assets of indefinite useful lives are tested for impairment at least annually and written down to recoverable amounts in the income statement if exceeded by the carrying amount.

Intangible assets are recorded at the lower of recoverable amount and carrying amount.

Impairment tests on goodwill and other intangible assets with indefinite lives are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying amounts may not be recoverable.

3.2 | Property, plant and equipment

(DKKm)	2022 Land and buildings	2022 Network infra-structure	2022 Equipment	2022 Assets under construction	2022 Total	2021 Land and buildings	2021 Network infra-structure	2021 Equipment	2021 Assets under construction	2021 Total
Cost at 1 January	495	41,625	1,185	715	44,020	496	39,138	1,057	884	41,575
Transfers (to)/from other items	2	482	12	(496)	-	-	544	43	(587)	-
Transfers from leased assets	-	-	-	-	-	-	7	-	-	7
Additions	5	1,861	98	447	2,411	-	2,029	135	418	2,582
Assets disposed of	-	(70)	(24)	-	(94)	(1)	(93)	(50)	-	(144)
Cost at 31 December	**502**	**43,898**	**1,271**	**666**	**46,337**	**495**	**41,625**	**1,185**	**715**	**44,020**
Depreciation and impairment losses at 1 January	(158)	(27,167)	(837)	(337)	(28,499)	(152)	(25,811)	(718)	(335)	(27,016)
Transfers (to)/from other items	-	-	-	-	-	-	31	(31)	-	-
Transfers from leased assets	-	-	-	-	-	-	(7)	-	-	(7)
Depreciation	(6)	(1,531)	(142)	-	(1,679)	(6)	(1,465)	(136)	-	(1,607)
Impairment	-	(9)	-	(2)	(11)	-	(8)	(1)	(2)	(11)
Assets disposed of	-	70	24	-	94	-	93	49	-	142
Depreciation and impairment losses at 31 December	**(164)**	**(28,637)**	**(955)**	**(339)**	**(30,095)**	**(158)**	**(27,167)**	**(837)**	**(337)**	**(28,499)**
Carrying amount at 31 December	**338**	**15,261**	**316**	**327**	**16,242**	**337**	**14,458**	**348**	**378**	**15,521**

Cash flow (DKKm)	2022	2021
Additions, cf. table above	(2,411)	(2,582)
Non-cash additions/deductions regarding decommissioning obligations	(35)	7
Change in additions not yet paid	(152)	(429)
Capitalised depreciations cf. note 2.5	19	19
Cash flow from investment in property, plant and equipment	**(2,579)**	**(2,985)**

3.2 | Property, plant and equipment (continued)

§ Critical accounting estimates

Depreciation are based on management's estimates of residual value, depreciation method and the useful lives of property, plant and equipment. Estimates may change due to technological developments, changes in market conditions and other factors and may result in changes in the estimated useful lives and in the depreciation charges. Technological developments are difficult to predict and the Group's views on the trends and pace of development may change over time. The impact of expected developments in technology and markets are critical estimates in the evaluation of useful lives. The useful lives are reviewed at least annually taking into consideration the factors mentioned above and all other important relevant factors. A change in estimated useful lives is a change in accounting estimate, and depreciation plans are adjusted prospectively

§ Accounting policies

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

Cost comprises purchase price and costs directly attributable to the acquisition until the date on which the asset is ready for use. The cost of self-constructed assets includes directly attributable payroll costs, materials, depreciation, parts purchased and services rendered by sub-suppliers or contractors as well as interest expenses in the construction period. Cost also includes estimated decommissioning costs if the related obligation meets the conditions for recognition as a provision.

Directly attributable costs comprise personnel expenses together with other external expenses calculated in terms of time spent on self-constructed assets.

The depreciation base is measured at cost less residual value and any impairment. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The main depreciation periods are as shown in the next table.

Buildings	20 years
Network infrastructure:	
mobile networks	20 years
copper	20 years
coax	20 years
fibre	30 years
exchange equipment	3-15 years
other network equipment	3-20 years
Equipment (computers, tools and office equipment)	3-15 years

The useful lives and residual values of the assets are reviewed regularly. If the residual value exceeds the carrying amount of an asset, depreciation is discontinued.

Property, plant and equipment that have been disposed of or scrapped are eliminated from accumulated cost and accumulated depreciation. Gains and losses arising from sale of property, plant and equipment are measured as the difference between the sales price less selling expenses and the carrying amount at the time of sale. The resulting gain or loss is recognised in the income statement under other income or other expenses.

Software that is an integral part of telephone exchange installations, for example, is presented together with the related assets. Useful lives are estimated individually.

Installation materials to be used in the construction of assets are measured at the lower of weighted average cost and recoverable amount.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2022				2021			
	Land and buildings	Network infrastructure	Vehicles and equipment	Total	Land and buildings	Network infrastructure	Vehicles and equipment	Total
Carrying amount at 1 January	1,065	12	141	1,218	1,205	15	105	1,325
Additions	181	-	119	300	85	-	94	179
Disposals	(1)	-	(4)	(5)	(6)	-	(3)	(9)
Depreciation	(223)	(3)	(60)	(286)	(219)	(3)	(55)	(277)
Carrying amount at 31 December	**1,022**	**9**	**196**	**1,227**	**1,065**	**12**	**141**	**1,218**

Lease liabilities (DKKm)	2022	2021
Recognised in the balance sheet at present value:		
External lease liabilities	487	435
Lease liabilities due to group companies	845	878
Total	**1,332**	**1,313**
Of which presented as current	(296)	(286)
Total non-current	**1,036**	**1,027**
Maturing between 1 and 3 years	488	445
Maturing between 3 and 5 years	374	347
Maturing between 5 and 10 years	114	190
Maturing between 10 and 20 years	60	45
Total non-current	**1,036**	**1,027**

Amounts recognised in the income statement (DKKm)	2022	2021
Expense relating to short-term leases	(58)	(50)
Expense relating to leases of low-value assets	(1)	(1)
Depreciation charge of lease assets, cf. above	(286)	(277)
Interest expense (included in financing costs)	(36)	(37)

Comments

The total cash outflow for leases in 2022 amounted to DKK 313m (2021: DKK 292m). The amount is excluding short-term leases and leases of low-value assets.

3.3 | Lease assets and liabilities (continued)

Reconciliation of lease liabilities (DKKm)	2022	2021
Carrying amount at 1 January	1,313	1,401
Lease payments	(277)	(255)
New lease contracts	300	180
Other non-cash movements	(4)	(13)
Carrying amount at 31 December	**1,332**	**1,313**

Comments

The Group leases various offices, exchanges, mobile sites, retail stores, vehicles and equipment. Rental contracts are typically made for fixed periods of 3 to 15 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

§ Accounting policies

Assets and liabilities arising from leases are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the lease asset in a similar economic environment with similar terms, security and conditions.

The incremental borrowing rates are based on our existing credit facilities and observable market data.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the lease asset.

Lease payments are allocated between instalment and financing costs. The financing costs are charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease assets are measured at cost less accumulated depreciation and impairment losses. Cost comprises the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- decommissioning costs.

Lease assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the lease asset is depreciated over the underlying asset's useful life cf. note 3.2.

Impairment tests on lease assets are performed annually and, if necessary, when circumstances indicate their carrying amounts may not be recoverable. Impairment of lease assets related to vacant tenancies is based on expectations concerning timing and scope, future cost level, etc. Write-downs comprises rent and operating costs for the contract period minus the expected rental income from subleases.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are expensed as incurred. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

3.4 | Trade receivables

(DKKm)	2022	2021
Trade receivables	382	415
Expected credit losses	(17)	(19)
Trade receivables, net	**365**	**396**
Expected credit losses at 1 January	(19)	(22)
Expected credit losses recognised	(10)	(11)
Realised credit losses	2	5
Reversed expected credit losses	10	9
Expected credit losses at 31 December	**(17)**	**(19)**

Comments

The carrying amount of the balance's approximated fair value is due to the short maturity of amounts receivable.

As at 1 January 2021, trade receivables from contracts with customers amounted to DKK 532m (net of loss allowance of DKK 22m).

Trade receivables (DKKm)	Not yet due	Less than 1 month past due	More than 1 month past due	More than 3 months past due	More than 6 months past due	Total
2022						
Expected loss rate	0%	0%	0%	50%	64%	4%
Gross carrying amount	334	19	2	2	25	382
Expected credit losses	-	-	-	(1)	(16)	(17)
2021						
Expected loss rate	0%	10%	0%	14%	76%	5%
Gross carrying amount	355	20	11	7	22	415
Expected credit losses	-	(2)	-	(1)	(16)	(19)

§ Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The group operates with standard customer payment terms where customer subscriptions are billed and paid in advance of the subscription period, while usage and one-off services are billed and paid after the subscription period. The receivables are generally due for settlement within 20-30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The group applies the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables, contract assets and lease receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.5 | Contract assets and liabilities

(DKKm)	2022	2021	1 January 2021
Work in progress for the account of third parties	57	52	58
Total contract assets	**57**	**52**	**58**
Deferred subscription income	193	184	170
Deferred subscription income from contracts with group companies	269	280	-
Other deferred income	11	13	12
Total contract liabilities	**473**	**477**	**182**

Comments

Revenue recognised in 2022 that was included in deferred subscription income at the beginning of the period amounted to DKK 464m (2021: DKK 170m).

§ Accounting policies

Deferred subscription income recognised as a liability comprises payments received from customers covering income in subsequent years.

3.6 | Provisions

(DKKm)	2022 Decommissioning obligations	2022 Restructuring obligations	2022 Other provisions	2022 Total	2021
Provisions at 1 January	303	22	35	360	350
Provisions made	7	34	1	42	49
Change in present value	(31)	-	-	(31)	(2)
Provisions used (payments)	(3)	(33)	-	(36)	(37)
Unused provision reversed	(1)	-	(6)	(7)	-
Provisions at 31 December	**275**	**23**	**30**	**328**	**360**
Of which recognised through special items in the income statement	**-**	**19**	**-**	**19**	**18**
Recognised as follows in the balance sheet:					
Non-current liabilities	275	4	30	309	344
Current liabilities	-	19	-	19	16
Total	**275**	**23**	**30**	**328**	**360**

Specification of how payments regarding provisions are recognised in the statements of cash flow (DKKm)	2022	2021
Payments related to provisions	(7)	(8)
Cash flow related to special items	(29)	(29)
Total	**(36)**	**(37)**

3.6 | Provisions (continued)

Comments

Provisions for decommissioning obligations related to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties related primarily to the timing of the related cash outflows. The majority of these obligations are not expected to result in cash outflow within the next five years.

Provisions for restructuring obligations related primarily to redundancy programmes. The majority of the provisions for redundancy programmes are expected to result in cash outflows in the next five years. The uncertainties related primarily to the estimated amounts and the timing of the related cash outflows.

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Other provisions related mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are not expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts related to both timing and estimated amounts. The uncertainties regarding jubilee benefits related to both salary and the number of employees included.

The Group's total redundancy costs included wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, social security contributions and outplacement costs.

§ Accounting policies

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is probable that economic benefits must be sacrificed to settle it, and the amount can be estimated reliably.

Provisions for restructuring, etc. are recognised when a final decision thereon has been made before or on the balance sheet date and has been announced to the parties involved, provided that the amount can be measured reliably. Provisions for restructuring are based on a defined plan, which means that the restructuring commences immediately after the decision has been made.

When the Group is under an obligation to demolish an asset or re-establish the site where the asset was used, a liability corresponding to the present value of estimated future costs is recognised and an equal amount is capitalised as part of the initial carrying amount of the asset. Subsequent changes in such a decommissioning liability that results from a change in the current best estimate of cash flows required to settle the obligation or from a change in the discount rate are added to (or deducted from) the amount recognised for the related asset. However, to the extent that such a treatment would result in a negative asset, the effect of the change is recognised as profit or loss for the year.

Provisions are measured at Management's best estimate of the amount at which the liability is expected to be settled. Provisions are discounted if the effect is material to the measurement of the liability.

Section 4

Capital structure and financing costs

This section includes disclosures related to TDC NET's capital structure and related financing costs as well as finance-related risks and how these are managed.

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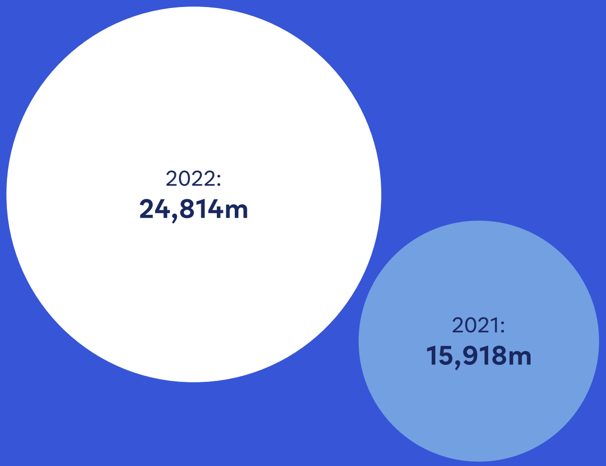
Net Interest Bearing Debt
(Development)

55.9%



4.1 | Equity

Comments

The total authorised number of shares is 500,000 with a par value of DKK 1 per share. All issued shares are fully paid up.

During 2022, total equity decreased by DKK 6,832m due to dividend distribution DKK 8,750m offset by profit for the year DKK 1,918m.

During 2021, total equity increased by DKK 1,040m due to the profit for the year.

The parent company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 2,946m at 31 December 2022 before dividend distribution (2021: DKK 9,190m).

§ Accounting policies

Dividends
Dividends expected to be distributed for the year are recognised in a separate item in equity. Dividends and interim dividends are recognised as a liability at the time of adoption by the Annual General Meeting and the meeting of the Board of Directors, respectively.

4.2 | Loans

Comments

The group is financed through the European bond market (EMTN), bilateral term loans and the market for syndicated senior secured bank loans (Senior Term Facilities - STF). In addition, the group holds a shareholder loan, which comprises TDC Holding A/S' financing from the European bond market. The group also has a Revolving Credit Facility to support its daily liquidity management.

The GBP 426m loan from TDC Holding A/S matured in February 2023.

The group's outstanding loan from TDC Holding A/S have been issued in GBP with fixed interest rates. The loan was swapped to fixed EUR nominal value and interest rate.

The group's term loan facilities have all been issued in EUR mainly with floating interest rates, which were swapped to fixed interest rates due to the hedge requirements set by the Common Terms Agreement defined along with establishing the new financing platform.

Derivatives are used for hedging interest and exchange-rate exposure only.

4.2 | Loans (continued)

2022	2023	2024	2026	2027	2028	2029	2030	Total
Maturity	Feb 2023	Feb 2024	Jun 2026	Feb 2027	May 2028	Jun 2029	Oct 2030	
Fixed/floating rate[1]	Fixed	Floating	Floating	Floating	Fixed	Floating	Fixed	
Coupon	6.875%	Margin + floored Euribor[2]	Margin + floored Euribor[2]	Margin + floored Euribor[2]	5.056%	Margin + floored Euribor[2]	5.870%	
Margin (bps)	-	150	190	150	-	190	-	
Currency	GBP	EUR	EUR	EUR	EUR	EUR	EUR	
Type	Loan from TDC Holding A/S	STF loan	STF loan	STF loan	EMTN Bond	STF loan	STF loan	
Nominal value (currency)	426	1,400	50	900	500	50	110	
Nominal value (DKKm)	3,583	10,410	372	6,692	3,718	372	818	25,965

1 EMTNs and STF loans are in or swapped to nominal EUR and fixed EUR interest rates.
2 STF loans have a 0% Euribor floor.
EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.
Additionally, the group has entered into EUR 250m notional interest rate swaps to fix the interest rate regarding the upcoming EMTN 2023 refinancing.
As at 31 December 2022 there were no drawings on Revolving Credit Facilities (RCF). That is, undrawn RCFs amount to: the group: EUR 350m, maturing February 2027

2021

Loan from TDC Holding A/S[1]	2022	2023	2025	Total
Maturity	Mar 2022	Feb 2023	Jun 2025	
Fixed/floating rate	Fixed	Fixed	Floating	
Coupon	5%	6.47%	Margin + floored Euribor[2]	
Currency	DKK	DKK	DKK	
Nominal value (DKKm)	2,186	2,221	8,305	12,712

1 Corresponding intragroup balances have been established between TDC Holding A/S and the parent company on conditions similar to TDC Holding A/S's external loans, however with the exception that the intragroup loans are all in DKK.
2 The floating 2025 loans have a Euribor floor at zero and a margin of 3.0% as at 31 December 2021.

4.2 | Loans (continued)

Net interest-bearing debt (DKKm)	2022	2021
EMTN loans incl. short-term part	3,637	-
Senior term facilities incl. short-term part	18,638	-
Loans from TDC Holding A/S	3,583	12,712
Debt regarding leasing incl. short-term part	1,332	1,313
Spectrum licences fee liabilities	1,826	1,964
Derivatives	152	-
Interest-bearing receivables and investments	(2,114)	(59)
Cash	(2,240)	(12)
Total	**24,814**	**15,918**

Reconciliation of loans (DKKm)	2022			2021
	Loan from TDC Holding A/S	Loans	Total	Total
Carrying amount at 1 January	12,712	-	12,712	12,712
Proceeds from new loans	-	25,982	25,982	-
Repayment of loans	(8,913)	(3,720)	(12,633)	-
Other non-cash movements[1]	(216)	13	(203)	-
Carrying amount at 31 December	**3,583**	**22,275**	**25,858**	**12,712**
Recognised as follows in the balance sheet:				
Non-current liabilities	-	22,275	22,275	10,526
Current liabilities	3,583	-	3,583	2,186
Total	**3,583**	**22,275**	**25,858**	**12,712**

§ Accounting policies

Loans
Loans are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, loans are measured at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other financial liabilities are measured at amortised cost.

Financial instruments
On initial recognition, financial derivatives are recognised in the balance sheet at fair value and subsequently remeasured at fair value in the balance sheet and in the income statement. Depending on the type of instrument, different recognised measurement methods are applied for derivative financial instruments.

The group does not apply hedge accounting.

Comments

Events after the balance sheet date:

- On 19 January 2023, the group signed a new Senior Term Facility of EUR 75m with availability period until refinancing of the shareholder loan, 23 February 2023. Proceeds were used for repayment of loan from TDC Holding A/S only.
- On 6 February 2023, the group issued new EMTN EUR 500m bond. Proceeds will be used for repayment of the loan from TDC Holding A/S and partial repayment of the Senior Term Facility.

4.2 | Loans (continued)

Net interest-bearing debt (DKKm)

2022	At 1 January 2022	Included in cash flows from: Financing activities	Non-cash changes: Acquisition/ disposal	Non-cash changes: Debt from new licences and leases	Non-cash changes: Currency translation adjustment	Non-cash changes: Other[2]	At 31 December 2022
Loans incl. short-term part	12,712	13,349	-	-	(231)	28	25,858
Lease liabilities incl. short-term part	1,313	(277)	-	296	-	-	1,332
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	0	181	-	-	274	(303)	152
Interest-bearing receivables and payables	(59)	59	-	-	-	-	0
Spectrum licence fee liabilities incl. short-term part	1,964						1,826
Amounts owed by group companies	0						(2,114)
Cash	(12)						(2,240)
Net interest-bearing debt	**15,918**						**24,814**

2021	At 1 January 2021	Included in cash flows from: Financing activities	Non-cash changes: Acquisition/ disposal	Non-cash changes: Debt from new licences and leases	Non-cash changes: Currency translation adjustment	Non-cash changes: Other[2]	At 31 December 2021
Loans incl. short-term part	12,712	-	-	-	-	-	12,712
Lease liabilities incl. short-term part	1,401	(255)	-	167	-	-	1,313
Interest-bearing receivables and payables	(834)	775	-	-	-	-	(59)
Spectrum licence fee liabilities incl. short-term part	1,361						1,964
Cash	(4)						(12)
Net interest-bearing debt	**14,636**						**15,918**

1 Currency and fair value adjustment effect from derivatives that hedge long-term loans.
2 Includes amortisation of borrowing costs, lease reassessment and fair value adjustments.

4.3 | Financial risks

Comments

The group handles financial risks specific to the provision of mobile network and landline connections. The general responsibility of identifying, monitoring and managing these risks in the group is handled by the Treasury team.

Interest-rate risks

The group is exposed to interest-rate risks in the euro area, as 100% of the nominal gross debt is denominated in or swapped to EUR.

Throughout 2022, the group monitored and managed its interest-rate risks using several variables in line with the group's financial policy targets.

In the beginning of 2022, the group hedged all floating rate loans by use of EUR interest rate swaps. As interest rates have increased during 2022 the interest derivatives have a significant mark-to-market value by end of 2022.

Exchange-rate risks

The group has limited operational exchange-rate risks related to payables from equipment suppliers. These risks are monitored and hedged by the Treasury team.

The group has no exchange-rate risk in relation to its loan portfolio or RCF commitment, which are all issued or swapped to EUR.

Credit risks

The group has limited credit risk as a provider of mobile network and landline connections in Denmark, where most of its revenue stems from large, well-established service providers. The group handles the credit risk emanating from providing services to these customers, while the credit risks in relation to financial contracts are handled by the Treasury team. At 31st December 2022, the group only had positive counterparty exposures towards either global or domestic systemically important financial institutions.

Liquidity risks

At year-end 2022, the group had a short-term refinancing risk as the shareholder loan from TDC Holding A/S matured in February 2023. The refinancing risk has partly been mitigated during 2022 by obtaining committed long term bank facilities totalling to EUR 210m, while the remaining refinancing risk has been mitigated in January 2023 by an additional EUR 75m committed long term bank facility and a EUR 500m EMTN issuance in the group.

As of 31st December 2022, the group holds a Revolving Credit Facility (RCF) of EUR 350m to service its daily operations. In addition, the company also has a Debt Service Reserve (DSR) Liquidity Facility Agreement of EUR 155m and an Operational and Capex Reserve (O&C) Liquidity Facility Agreement of EUR 75m

Undrawn credit lines

At year-end 2022, the group had undrawn committed credit lines totalling EUR 580m under the SFA. This includes the RCF, DSR and O&C facilities.

Credit rating

Along with the 2022 refinancing of the group, the company has been externally rated by Fitch.

TDC NET company ratings at 31 December 2022	Fitch	
	Company	Instrument
TDC NET	BB	BBB-

4.4 | Financial income and expenses

(DKKm)	2022	2021
Interest income	75	1
Interest expenses	(1,032)	(652)
Net interest	**(957)**	**(651)**
Currency translation adjustments	224	(1)
Fair value adjustments	1,144	-
Total	**411**	**(652)**

In the group's internal reporting, currency translation adjustments and interest from derivatives are reported as such, as specified in the adjacent table.

(DKKm)	Net interest	Currency translation adjustments	Fair value adjustments	Total
2022				
Senior Term Facilities (STF) loans	(510)	12	(7)	(505)
Loans group companies	(194)	1	-	(193)
Euro Medium Term Notes (EMTNs)	(108)	2	28	(78)
Hedge of Senior Term Facilities/future debt issuance	(162)	-	1,488	1,326
Lease liabilities	(36)	-	-	(36)
Other	(97)	(8)	2	(103)
Total	**(1,107)**	**7**	**1,511**	**411**

(DKKm)	Net interest	Currency translation adjustments	Fair value adjustments	Total
2021				
Loans Group companies	(503)	-	-	(503)
Lease liabilities	(37)	-	-	(37)
Other	(111)	(1)	-	(112)
Total	**(651)**	**(1)**	**-**	**(652)**

Interest, currency translation adjustments and fair value adjustments represented an income of DKK 411m in 2022. The improvement of DKK 1,190m compared with 2021 was driven primarily by a favourable development in fair value adjustments that were offset by higher interest expense:

- Interest: Following the refinancing in Q1 2022, the group entered committed Senior Term Facilities of EUR 3.01bn, of which EUR 0.5bn have been refinanced with an EMTN bond. This resulted in a higher interest rate due primarily to the higher level of long-term loans.
- Fair value adjustments: the group has hedged its Senior Term Facilities (and future debt issuances) from floating interest rates to fixed interest rates (nominal EUR 2.4bns) and additionally hedged the up-coming EMTN '23 refinancing to fixed EUR interest rates (EUR 0.25bn), As interest rates have increased this has resulted in a gain in 2022.

4.5 | Maturity profiles of financial instruments

Maturity profiles of expected cash flows[1] (DKKm)	2022 < 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Financial assets and liabilities measured at fair value through profit or loss							
Assets[2]:							
Derivatives							
Inflow	1,244	748	584	106	2,682		
Outflow	(996)	(158)	(180)	(62)	(1,396)		
Total derivatives assets	248	590	404	44	1,286	1,174	1,174
Liabilities:							
Derivatives							
Inflow	2,984	-	-	-	2,984		
Outflow	(3,151)	-	-	-	(3,151)		
Total derivatives liabilities	(167)	-	-	-	(167)	(176)	(176)
Total derivatives	81	590	404	44	1,119	998	998
Financial liabilities measured at amortised cost							
Senior Term Facilities (STF) loan	-	(10,410)	(7,064)	(1,190)	(18,664)	(18,664)	(18,637)
Euro Medium Term Notes (EMTNs)	-	-	-	(3,718)	(3,718)	(3,668)	(3,638)
Loan from TDC Holding A/S	(3,583)	-	-	-	(3,583)	(3,583)	(3,583)
Total loans	(3,583)	(10,410)	(7,064)	(4,908)	(25,965)	(25,915)	(25,858)
Spectrum licence liabilities	(192)	(513)	(483)	(883)	(2,071)	(1,826)	(1,826)
Lease liability	(292)	(516)	(418)	(226)	(1,452)	(1,332)	(1,332)
STF and EMTN, interest[3]	(1,017)	(1,314)	(902)	(362)	(3,595)	(209)	(209)
Loan from TDC Holding A/S, interest[3]	(232)	-	-	-	(232)	(198)	(198)
Amounts owed to group companies	(55)	-	-	-	(55)	(55)	(55)
Trade and other payables[4]	(813)	-	-	-	(813)	(813)	(813)
Total financial liabilities measured at amortised cost	(6,184)	(12,753)	(8,867)	(6,379)	(34,183)	(30,348)	(30,291)
Total	**(6,103)**	**(12,163)**	**(8,463)**	**(6,335)**	**(33,064)**	**(29,350)**	**(29,293)**

Maturity profiles
The maturity analyses of financial assets and liabilities are disclosed by category and class and are allocated according to maturity period. All interest payments and repayments of financial liabilities are based on contractual agreements. Interest payments on floating-rate instruments are determined using forward rates.

4.5 | Maturity profiles of financial instruments (continued)

Maturity profiles of expected cash flows[1] (DKKm)	2021 < 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Financial liabilities measured at amortised cost							
Loan from TDC Holding A/S	(2,186)	(2,221)	(8,305)	-	(12,712)	(12,712)	(12,712)
Loan from TDC Holding A/S, interest[3]	(502)	(642)	(249)	-	(1,393)	(326)	(326)
Spectrum licence liabilities	(192)	(463)	(483)	(1,125)	(2,263)	(1,964)	(1,964)
Lease liability	(294)	(465)	(390)	(292)	(1,441)	(1,313)	(1,313)
Amounts owed to group companies	(199)	-	-	-	(199)	(199)	(199)
Trade and other payables[4]	(875)	-	-	-	(875)	(875)	(875)
Total	**(4,248)**	**(3,791)**	**(9,427)**	**(1,417)**	**(18,883)**	**(17,389)**	**(17,389)**

[1] All cash flows are undiscounted. The table reflects only the cash flow from financial liabilities and derivatives recognised as financial assets. Other cash flow from financial assets is not disclosed.
[2] Both assets and liabilities measured at fair value through profit or loss are disclosed in the above table because some of the derivatives are used for hedging financial liabilities measured at amortised cost, see table.
[3] Fair value and carrying amount value consist of accrued interest on STF loan, EMTNs and loans from TDC Holding A/S at 31 December.
[4] As not all trade and other payables recognised in the balance sheet are financial instruments (e.g., unbilled payables do not constitute a financial liability), the amount differs from the amount disclosed in the balance sheet.

Section 5

Cash flow

This section provides information on TDC NET's cash flow. More information on development in the cash flow items is included in note 2.6 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, note 3.6 Provisions as well as note 4.4 Financial income and expenses.

5.1 Change in working capital 71
5.2 Investment in enterprises 71

§ Accounting policies

Cash flow from operating activities is presented using the indirect method and is based on profit before interest, taxes, depreciation, amortisation and special items adjusted for non-cash operating items, cash flow related to special items, changes in working capital, interest received and paid as well as income taxes paid.

Cash flow from investing activities comprises acquisitions and divestments of enterprises, purchases and sales of intangible assets, property, plant and equipment as well as other non-current assets. Cash flow from acquired enterprises are recognised from the time of acquisition, while cash flows from enterprises divested are recognised up to the time of divestment.

Cash flow from financing activities comprises changes in interest-bearing debt, lease instalments and dividends to shareholders.

Cash and cash equivalents cover cash and marketable securities with a remaining life not exceeding three months at the time of acquisition, and with an insignificant risk of changes in value.

The cash flow statement cannot be derived solely from information presented in the financial statements.

5.1 | Change in working capital

(DKKm)	2022	2021
Change in receivables	54	(879)
Change in contract assets	(5)	6
Change in trade payables	19	(140)
Change in contract liabilities	(3)	295
Change in prepaid expenses	(1)	(46)
Change in other items, net	(8)	(11)
Total	**56**	**(775)**

5.2 | Investment in enterprises

In 2022, the group insourced IT- and other activities from the parent company TDC Holding A/S. The net cash outflow on the acquisition amounted to DKK 126m.

The acquisition had no significant impact on the income statement for 2022.

Section 6

Other disclosures

This section contains statutory notes or notes that are presumed to be less important for understanding the Group's financial performance.

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6.1 | Incentive programmes

In order to support the delivery of short- and long-term financial results, the Group has both short- and long-term incentive programmes for executives and managers.

Short-term incentive programmes (STI)
The short-term bonus programmes are closely linked to our strategy. The performance measures are focused on EBITDA, capex, fibre connection performance and dividend capacity.

Bonus payments are calculated as the individual employee's basic salary multiplied by the bonus percentage multiplied by the degree of target fulfilment.

The bonus percentage for members of the Executive Committee is usually 25%-50%. For other managers, the bonus percentage varies within a range of 10%–33%. The target fulfilment can be maximum 200%.

Long-Term Incentive programme (LTI)
The LTI programme is cash based and its objectives are linked to the long-term strategy. The programme is revolving with grants given each year but with a 3-year vesting period, as the goals are principally set for a 3-year period. The objectives are related to EBITDA, Homes passed and connected with fibre, Health & Safety as well as dividend capacity. The expenses are recognised over the 3-year vesting period.

Bonus payments are calculated as the individual employee's basic salary multiplied by an LTI percentage multiplied by the degree of target fulfilment.

The LTI percentage usually varies within a range of 12%–36%. The target fulfilment can be maximum 200%.

Management Incentive Programme (MIP)
In July 2020, the parent company TDC Holding A/S established a new cash-based incentive programme which includes the Executive Committee and certain key managers of the group. In total 13 managers are participating the MIP programme. Under the MIP, the participants are required to place a deposit to TDC Holding A/S to qualify for a return. The payback amounts are based on the development in certain financial performance measures of the TDC Holding group as well as certain business and Health & Safety KPIs over the period until 2023. The investment programme covers the time period 2019-2023. The participants have 40% of the deposits at risk of being lost in downside scenarios and the expected range of payouts are at 2x–4x the participants' deposit.

The group participants' total deposits amount to DKK 20m and the expenses for 2022 relating to the programme amounted to DKK 14m (2021: DKK 1m). At 31 December 2022 the total liabilities related to the management incentive programme amounted to DKK 38m (2021: DKK 20m).

6.2 | Related parties

Name of related party	Nature of relationship	Domicile
DKT Holdings ApS	Indirect ownership – ultimate parent	Copenhagen, Denmark
DKT Finance ApS	Indirect ownership	Copenhagen, Denmark
DK Telekommunikation ApS	Indirect ownership	Copenhagen, Denmark
TDC Holding A/S	Indirect ownership	Copenhagen, Denmark
TDC NET Holding A/S	Ownership - parent	Copenhagen, Denmark
Nuuday A/S	Subsidiary of TDC Holding A/S	Copenhagen, Denmark
TDC Pensionskasse	Pension fund	Copenhagen, Denmark

Related parties also include the group's joint ventures and associates shown in note 6.7.

Remuneration for the Board of Directors and the Executive Committee is specified in note 2.4.

Loans from the parent company TDC Holding A/S are specified in note 4.2.

Purchase commitments towards group companies are shown in note 6.4.

All transactions with related parties are made on market terms. The most significant related party is Nuuday A/S, see also note 2.1

The group has the following additional transactions and outstanding balances with related parties:

Related parties (DKKm)	2022	2021
TDC Holding A/S		
Income	328	78
Expenses, lease payments and capital expenditure	(818)	(1,244)
Receivables	-	186
Payables	(742)	(1,403)
Loans receivables	2,114	-
Loans payables	(3,583)	(12,712)
Joint ventures and associates		
Income	1	5
Expenses	(4)	(3)
Other related parties		
Income	5,397	5,392
Expenses and capital expenditure	(103)	(96)
Receivables	1,008	1,052
Payables	(269)	(280)

6.3 | Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2022	2021
Statutory audit	**2**	**2**
Other assurance engagements	2	-
Tax advisory services	-	-
Other services	2	-
Total non-statutory audit services	**4**	**-**
Total	**6**	**2**

6.4 | Other financial commitments

(DKKm)	2022	2021
Lease commitments for short-term and low-value leases		
Short-term leases	41	31
Leases of low-value assets	2	2
Total	**43**	**33**
Capital and purchase commitments		
Commitments related to IT and administrative services from group companies	-	40
Investments in intangible assets	103	215
Investments in property, plant and equipment	99	415
Commitments related to outsourcing agreements	107	145
Other purchase commitments	307	-

Comments

Except for short-term leases and leases of low-value assets, leases are recognised as a lease asset and a corresponding liability at the date at which the leased asset is available for use by the Group, cf. note 3.3.

6.5 | Pledges and contingencies

Pledges
Receivables from group companies with a carrying amount of DKK 2,114xm, cash with a carrying amount of DKK 2,164m, receivables DKK 321m and Spectrum Licence with a carrying amount of DKK 2,436m are pledged as security for the long-term loans in TDC NET A/S.

Contingent liabilities
The group is party to certain pending lawsuits and cases pending with public authorities and complaints boards. Based on a legal assessment of the possible outcome of each of these lawsuits and cases, Management is of the opinion that these will have no significant adverse effect on the group's financial position.

Until 31 December 2022, the parent was jointly registered for Danish VAT with the parent company TDC Holding A/S and the majority of its Danish subsidiaries and is jointly and severally liable for payment of VAT.

The parent is liable for obligations attributable to the activities, assets and liabilities of TDC Holding A/S that existed at the demerger on 11 June 2019. The joint and several liabilities of TDC NET A/S and TDC Holding A/S respectively cannot exceed an amount corresponding to the net value of the assets and liabilities.

6.6 | Events after the balance sheet date

On 19 January 2023, the group signed a new Senior Term Facility of EUR 75m with availability period until refinancing of the shareholder loan, 23 February 2023. Proceeds were used for repayment of loan from TDC Holding A/S only.

On 6 February 2023, the group issued new EMTN EUR 500m bond. Proceeds will be used for repayment of the loan from TDC Holding A/S and partial repayment of the Senior Term Facility. There have been no other events that materially affect the assessment of this Annual Report 2022 after the balance sheet date and up to today.

6.7 | Overview of group companies at 31 December 2022

Company name	Domicile	Currency	Ownership share (%)
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100
DKTV Anlæg ApS	Vemmelev, Denmark	DKK	100
Fiberkysten A/S	Gilleleje, Denmark	DKK	60
OCH A/S[1]	Copenhagen, Denmark	DKK	25
TDC NET Finance B.V.[2]	Amsterdam, the Netherlands	EUR	100

[1] The enterprise is included under the equity method.
[2] TDC Net Finance B.V. was established in connection with the refinancing of the TDC Net group with the purpose of potentially issuing EUR denominated debt instruments that are eligible for financing at ECB. The company is however currently without activities and there are no immediate plans for the use of the company. The company will be taxable in Denmark under the rules of *Place of Effective Management* and as such part of the Danish joint taxation.

Parent company financial statements

Income statement

(DKKm)	Note	2022	2021
Revenue	2.1	6,318	6,335
Cost of goods sold		(200)	(260)
External expenses		(1,101)	(1,138)
Personnel expenses	2.2	(932)	(869)
Other income		325	311
Operating profit before depreciation, amortisation and special items (EBITDA)		4,410	4,379
Depreciation, amortisation and impairment losses		(2,465)	(2,337)
Special items	2.3	(46)	(95)
Operating profit (EBIT)		1,899	1,947
Profit from subsidiaries	3.4	60	68
Financial income and expenses	4.3	415	(650)
Profit before income taxes		2,374	1,365
Income taxes	2.4	(456)	(325)
Profit for the year		**1,918**	**1,040**

Statement of comprehensive income

(DKKm)	Note	2022	2021
Profit for the year		1,918	1,040
Other comprehensive income		-	-
Total comprehensive income		**1,918**	**1,040**

Balance sheet

Assets (DKKm)	Note	2022	2021
Non-current assets			
Intangible assets	3.1	11,665	11,538
Property, plant and equipment	3.2	16,434	15,700
Lease assets	3.3	1,164	1,166
Investments in subsidiaries	3.4	538	478
Investments in associates and joint ventures		2	2
Amounts owed by group companies		2,114	-
Other receivables		26	27
Prepaid expenses		30	-
Total non-current assets		**31,973**	**28,911**
Current assets			
Inventories		24	34
Trade receivables	3.5	321	347
Receivables from group companies		1,149	1,027
Other receivables		34	5
Derivative financial instruments		1,174	-
Prepaid expenses		126	121
Cash		2,240	-
Total current assets		**5,068**	**1,534**
Total assets		**37,041**	**30,445**

Equity and liabilities (DKKm)	Note	2022	2021
Equity			
Share capital	4.1	-	-
Other reserves		897	606
Retained earnings		2,067	9,190
Total equity		**2,964**	**9,796**
Non-current liabilities			
Deferred tax liabilities	2.4	496	398
Provisions		307	343
Loans	4.2	22,275	10,526
Spectrum licence fee liabilities		1,636	1,774
Lease liabilities	3.3	999	999
Other payables		124	122
Total non-current liabilities		**25,837**	**14,162**
Current liabilities			
Loans		3,583	2,186
Spectrum licence fee liabilities		190	190
Lease liabilities	3.3	274	264
Trade payables		1,881	2,013
Contact liabilities	3.6	449	450
Payables to group companies		1,048	936
Income tax payable	2.4	128	149
Other payables		492	283
Derivative financial instruments		176	-
Provisions		19	16
Total current liabilities		**8,240**	**6,487**
Total liabilities		**34,077**	**20,649**
Total equity and liabilities		**37,041**	**30,445**

Statement of cash flows

(DKKm)	Note	2022	2021
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		4,410	4,379
Adjustment for non-cash items		1	67
Payments related to provisions		(7)	(8)
Special items		(86)	(78)
Change in working capital	5.1	231	(857)
Interest received		138	1
Interest paid		(1,017)	(580)
Income tax paid	2.4	(379)	(141)
Total cash flow from operating activities		**3,291**	**2,783**
Investing activities			
Investment in activities		(126)	-
Investment in property, plant and equipment		(2,601)	(3,018)
Investment in intangible assets		(714)	(473)
Investment in other non-current assets		(1)	(1)
Sale of other non-current assets		-	1
Loan to parent company		(2,045)	-
Total cash flow from investing activities		**(5,487)**	**(3,491)**

(DKKm)	Note	2022	2021
Financing activities			
Proceeds from long-term loans		25,982	-
Repayment of long-term loans		(12,633)	
Lease payments		(253)	(231)
Settlement of derivatives related to long-term loans		181	-
Cost related to short-term credit facilities		(45)	-
Change in interest-bearing receivables and payables		(40)	939
Dividends paid		(8,750)	-
Total cash flow from financing activities		**4,442**	**708**
Total cash flow		**2,246**	**-**
Cash and cash equivalents at 1 January		-	-
Effect of exchange-rate changes on cash and cash equivalents		(6)	-
Cash and cash equivalents at 31 December		**2,240**	**-**

Statement of changes in equity

(DKKm)	Share capital	Reserve for net revaluation under the equity method	Reserve for capitalised development projects	Retained earnings	Total
Equity at 1 January 2021	-	-	437	8,319	8,756
Profit for the year	-	61	108	871	1,040
Total comprehensive income	-	61	108	871	1,040
Total transactions with owners	-	-	-	-	-
Equity at 31 December 2021	**-**	**61**	**545**	**9,190**	**9,796**
Profit for the year	-	60	231	1,627	1,918
Total comprehensive income	-	60	231	1,627	1,918
Distributed dividends	-	-	-	(8,750)	(8,750)
Total transactions with owners	-	-	-	(8,750)	(8,750)
Equity at 31 December 2022	**-**	**121**	**776**	**2,067**	**2,964**

Notes to parent company financial statements

1 | Accounting policies

The Financial statements 2021 of the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act (reporting class D).

The accounting policies are unchanged from last year.

The parent company accounting policies are the same as those applied to the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the Group's accounting policies. The accounting policies are unchanged com-pared with the policies applied in the Annual Report 2021.

Supplementary accounting policies for the parent company

Investments in subsidiaries, joint ventures and associates
The equity method is used for measuring investments in subsidiaries, joint ventures and associates. Under the equity method, investments in subsidiaries, joint ventures or associates are recognised on initial recognition at cost, and the carrying amount is increased or decreased to recognise the parent company's share of the profit or loss of the investment after the date of acquisition. The parent company's share of profit or loss is recognised in the parent company's profit or loss. Dividends received from investments in subsidiaries, joint ventures and associates reduce the carrying amount of the investment. The parent company's share of other comprehensive income arising from the investment is recognised in other comprehensive income of the parent company.

Reserve for capitalised development projects
In accordance with the Danish Financial Statements Act, the parent company has established a non-distributable reserve in equity regarding development projects capitalised in 2016 and later. This reserve will be reversed as the development projects are amortised or impaired.

1.2 | Critical accounting estimates and judgements

For information on critical accounting estimates and judgements, see note 1.2 to the consolidated financial statements.

1.3 | New accounting standards

For information on new accounting standards for the Group, see note 1.3 to the consolidated financial statements.

2.1 | Revenue

(DKKm)	2022	2021
Sales of goods recognised at a point in time	-	-
Sales of services recognised over time	6,318	6,335
Total	**6,318**	**6,335**

Specification of revenue from products (DKKm)	2022	2021
Landline voice	450	542
Mobility services	2,748	2,670
Internet & network	2,434	2,396
TV	258	293
Other services	428	434
Total	**6,318**	**6,335**

2.2 | Personnel expenses

(DKKm)	2022	2021
Wages and salaries (including short-term and long-term bonuses)	(1,377)	(1,249)
Pensions	(165)	(159)
Social security	(28)	(23)
Total	**(1,570)**	**(1,431)**
Of which capitalised as non-current assets	638	562
Total	**(932)**	**(869)**
Average number of full-time employee equivalents[1]	2,288	2,151

[1] Denotes the average number of full-time employee equivalents including permanent employees and trainees.

Remuneration for the Board of Directors and the Executive Committee is described in note 2.4 to the consolidated financial statements.

2.3 | Special items

(DKKm)	2022	2021
Costs related to redundancy programmes	(40)	(32)
Other restructuring costs, etc.	(6)	(63)
Special items before income taxes	**(46)**	**(95)**
Income taxes related to special items	10	21
Total special items	**(36)**	**(74)**

2.4 | Income taxes

(DKKm)	2022 Income taxes cf. the income statement	2022 Income tax payable/ (receivable)	2022 Deferred tax liabilities/ (assets)	2021 Income taxes cf. the income statement	2021 Income tax payable/ (receivable)	2021 Deferred tax liabilities/ (assets)
At 1 January		149	398		81	282
Income taxes	(473)	372	101	(323)	198	125
Adjustment of tax for previous years	17	(14)	(3)	(2)	11	(9)
Income tax paid		(379)			(141)	
Total	**(456)**	**128**	**496**	**(325)**	**149**	**398**
Income taxes are specified as follows:						
Income excluding special items	(466)			(346)		
Special items	10			21		
Total	**(456)**			**(325)**		

Effective tax rate (%)	2022	2021
Danish corporate income tax rate	22.0	22.0
Profit from subsidiaries, joint ventures and associates	(0.5)	(0.9)
Adjustment of tax for previous years	(0.7)	0.1
Limitation on the tax deductibility of interest expenses	(1.0)	2.5
Other	(0.5)	-
Effective tax rate excluding special items	**19.3**	**23.7**
Special items	(0.1)	0.1
Effective tax rate including special items	**19.2**	**23.8**

Deferred tax (DKKm)	2022	2021
Other	(5)	(5)
Current	**(5)**	**(5)**
Intangible assets	720	667
Property, plant and equipment	(143)	(194)
Lease assets and liabilities	(24)	(21)
Other	(52)	(49)
Non-current	**501**	**403**
Deferred tax at 31 December	**496**	**398**

3.1 | Intangible assets

	2022					2021				
(DKKm)	Goodwill	Brands	Licenses	Other rights, software, etc.	Total	Goodwill	Brands	Licenses	Other rights, software, etc.	Total
Cost at 1 January	6,948	1,287	4,417	3,637	16,289	6,948	1,287	3,746	3,420	15,401
Additions	-	-	-	522	522	-	-	671	356	1,027
Additions related to acquisition of activities	-	-	-	126	126	-	-	-	-	-
Assets disposed of or fully amortised	-	-	(482)	(115)	(597)	-	-	-	(139)	(139)
Cost at 31 December	**6,948**	**1,287**	**3,935**	**4,170**	**16,340**	**6,948**	**1,287**	**4,417**	**3,637**	**16,289**
Amortisation and impairment losses at 1 January	-	-	(1,834)	(2,917)	(4,751)	-	-	(1,685)	(2,725)	(4,410)
Amortisation	-	-	(147)	(373)	(520)	-	-	(149)	(326)	(475)
Impairment losses	-	-	-	(1)	(1)	-	-	-	(5)	(5)
Assets disposed of or fully amortised	-	-	482	115	597	-	-	-	139	139
Amortisation and impairment losses at 31 December	**-**	**-**	**(1,499)**	**(3,176)**	**(4,675)**	**-**	**-**	**(1,834)**	**(2,917)**	**(4,751)**
Carrying amount at 31 December	**6,948**	**1,287**	**2,436**	**994**	**11,665**	**6,948**	**1,287**	**2,583**	**720**	**11,538**

3.2 | Property, plant and equipment

(DKKm)	2022 Land and buildings	2022 Network infra-structure	2022 Equipment	2022 Assets under construction	2022 Total	2021 Land and buildings	2021 Network infra-structure	2021 Equipment	2021 Assets under construction	2021 Total
Cost at 1 January	494	41,910	1,155	714	44,273	495	39,390	1,027	883	41,795
Transfers (to)/from other items	2	482	12	(496)	-	-	544	43	(587)	-
Transfers from leased assets	-	-	-	-	-	-	7	-	-	7
Additions	5	1,886	96	447	2,434	-	2,062	132	418	2,612
Assets disposed of	-	(94)	(21)	-	(115)	(1)	(93)	(47)	-	(141)
Cost at 31 December	**501**	**44,184**	**1,242**	**665**	**46,592**	**494**	**41,910**	**1,155**	**714**	**44,273**
Depreciation and impairment losses at 1 January	(158)	(27,263)	(816)	(336)	(28,573)	(152)	(25,901)	(700)	(334)	(27,087)
Transfers (to)/from other items	-	-	-	-	-	-	31	(31)	-	-
Transfers from leased assets	-	-	-	-	-	-	(7)	-	-	(7)
Depreciation	(6)	(1,545)	(138)	-	(1,689)	(6)	(1,471)	(132)	-	(1,609)
Impairment losses	-	(9)	-	(2)	(11)	-	(8)	-	(2)	(10)
Assets disposed of	-	94	21	-	115	-	93	47	-	140
Depreciation and impairment losses at 31 December	**(164)**	**(28,723)**	**(933)**	**(338)**	**(30,158)**	**(158)**	**(27,263)**	**(816)**	**(336)**	**(28,573)**
Carrying amount at 31 December	**337**	**15,461**	**309**	**327**	**16,434**	**336**	**14,647**	**339**	**378**	**15,700**

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2022 Land and buildings	2022 Network infrastructure	2022 Vehicles and equipment	2022 Total	2021 Land and buildings	2021 Network infrastructure	2021 Vehicles and equipment	2021 Total
Carrying amount at 1 January	1,059	12	95	1,166	1,192	15	74	1,281
Additions	170	-	97	267	85	-	64	149
Disposals	(1)	-	(4)	(5)	(6)	-	(3)	(9)
Depreciation	(217)	(3)	(44)	(264)	(212)	(3)	(40)	(255)
Carrying amount at 31 December	**1,011**	**9**	**144**	**1,164**	**1,059**	**12**	**95**	**1,166**

Lease liabilities (DKKm)	2022	2021
Recognised in the balance sheet at present value:		
Current	274	264
Non-current	999	999
Total	1,273	**1,263**
Maturing within 1 year	274	264
Maturing between 1 and 3 years	463	427
Maturing between 3 and 5 years	362	339
Maturing after 5 years	174	233
Total	**1,273**	**1,263**

The total cash outflow for leases in 2022 was DKK 288m (2021: DKK 267m), of which DKK 35m (2021: DKK 36m) related to interest payments on lease liabilities.

Amounts recognised in the statement of profit and loss (DKKm)	2022	2021
Expense relating to short-term leases	(58)	(50)
Expense relating to leases of low-value assets	(1)	(1)
Depreciation charge of lease assets, cf. above	(264)	(255)
Interest expense (included in finance cost)	(35)	(36)

3.4 | Investments in subsidiaries

(DKKm)	2022	2021
Cost at 1 January	417	417
Additions	-	-
Cost at 31 December	**417**	**417**
Value adjustments at 1 January	61	(7)
Share of profit/(loss)	60	68
Value adjustments at 31 December	**121**	**61**
Carrying amount at 31 December	**538**	**478**

Overview of subsidiaries at 31 December 2021

Company name	Domicile	Currency	Ownership share (%)
Subsidiaries:			
Dansk Kabel TV A/S	Copenhagen, Denmark	DKK	100
Fiberkysten A/S	Gilleleje, Denmark	DKK	60
TDC NET Finance B.V.[1]	Amsterdam, the Netherlands	EUR	100

[1] TDC Net Finance B.V. was established in connection with the refinancing of the TDC Net group with the purpose of potentially issuing EUR denominated debt instruments that are eligible for financing at ECB. The company is however currently without activities and there are no immediate plans for the use of the company. The company will be taxable in Denmark under the rules of *Place of Effective Management* and as such part of the Danish joint taxation.

3.5 | Trade receivables

(DKKm)	2022	2021
Trade receivables	336	364
Expected credit loss	(15)	(17)
Trade receivables, net	**321**	**347**
Expected credit losses at 1 January	(17)	(20)
Expected credit losses recognised	(9)	(11)
Realised credit losses	2	5
Reversed expected credit losses	9	9
Expected credit losses at 31 December	**(15)**	**(17)**

Trade receivables (DKKm)	Not yet due	Less than 1 month past due	More than 1 month past due	More than 3 months past due	More than 6 months past due	Total
2022						
Expected loss rate	0%	0%	0%	50%	70%	4%
Gross carrying amount	298	15	1	2	20	336
Expected credit losses	-	-	-	(1)	(14)	(15)
2021						
Expected loss rate	0%	17%	0%	25%	82%	5%
Gross carrying amount	321	12	10	4	17	364
Expected credit losses	-	(2)	-	(1)	(14)	(17)

3.6 | Contract liabilities

(DKKm)	2022	2021
Deferred subscription income	180	170
Deferred subscription income from contracts with Group companies	269	280
Total contract liabilities	**449**	**450**

4.1 | Equity

For information on share capital, see note 4.1 to the consolidated financial statements.

4.2 | Loans

For a reconciliation between loans and cash flows from financing activities, see note 4.2 to the consolidated financial statements.

4.3 | Financial income and expenses

(DKKm)	2022	2021
Interest income	5	1
Interest expenses	(764)	(100)
Interest income from group companies	69	-
Interest expenses to group companies	(263)	(550)
Net interest	**(953)**	**(649)**
Currency translation adjustments	224	(1)
Fair value adjustments	1,144	-
Total	**415**	**(650)**

5.1 | Change in working capital

(DKKm)	2022	2021
Change in receivables	22	(943)
Change in trade payables	191	(157)
Change in contract liabilities	(1)	293
Change in prepaid expenses	4	(44)
Change in other items, net	15	(6)
Total	**231**	**(857)**

6.1 | Related parties

For information about the related parties of the Group, see note 6.2 to the consolidated financial statements. The parent company has the following transactions and outstanding balances with its subsidiaries (cf. the overview of subsidiaries in note 3.4):

Subsidiaries (DKKm)	2022	2021
Income	82	68
Expenses	(578)	(594)
Receivables	149	-
Debt	(795)	(412)

Remuneration for the Board of Directors and the Executive Committee is described in note 2.4 and incentive programmes in note 6.1 to the consolidated financial statements.

Interest expenses to group companies are shown in note 4.3.

All transactions with related parties are made on market terms.

TDC NET A/S is included in the consolidated financial statements of TDC NET Holding A/S and of the ultimate parent company DKT Holdings ApS. The consolidated financial statements can be downloaded from tdcgroup.com/en/investor-relations.

6.2 | Fees to auditors elected by the Annual General Meeting

(DKKm)	2022	2021
Statutory audit	**1**	**1**
Other assurance engagements	2	-
Tax advisory services	-	-
Other services	2	-
Total non-statutory audit services	**4**	**-**
Total	**5**	**1**

6.3 | Other financial commitments

For information on other financial commitments, see note 6.4 to the consolidated financial statements.

6.4 | Pledges and contingencies

Receivables from group companies with a carrying amount of DKK 2,114xm, cash with a carrying amount of DKK 2,164m, receivables DKK 321m, Spectrum Licence with a carrying amount of DKK 2,436m and shares in subsidiaries with a carrying amount of DKK 538m are pledged as security for the long-term loans in TDC NET A/S.

For information on pending lawsuits, see note 6.5 to the consolidated financial statements.

Until 31 December 2022, TDC NET A/S was jointly registered for Danish VAT with the parent company TDC Holding A/S and the majority of its Danish subsidiaries and is jointly and severally liable for payment of VAT.

TDC NET A/S is liable for obligations attributable to the activities, assets and liabilities of TDC Holding A/S that existed at the demerger on 11 June 2019. The joint and several liabilities of TDC NET A/S and TDC Holding A/S respectively cannot exceed an amount corresponding to the net value of the assets and liabilities.

6.5 | Events after the balance sheet date

For information on events after the balance sheet date, see note 6.6 to the consolidated financial statements.

Statements

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Management statement

Today, the Board of Directors and the Executive Committee considered and approved the annual report of TDC NET A/S for 2022.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the financial position at 31 December 2022 of the Group and the parent company and of the results of the Group and parent company operations and cash flows for 2022.

In our opinion, the management's review includes a true and fair account of the developments in the operations and financial circumstances of the Group and the parent company, of the results for the year and of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

In our opinion, the Supplementary Report on ESG data represents a reasonable, fair, and balanced representation of the Group's ESG data and is prepared in accordance with the stated reporting policies.

In our opinion, the annual report of the TDC NET group and the parent company for the financial year January 1 to December 31, 2022, with the file name 549300SH2G3R15Y3FX20-2022-12-31-en.zip, is prepared in all material respects, in accordance with the ESEF Regulation.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 31 March 2023

Executive Committee

Michel Daniel Roger Jumeau
Chief Executive Officer

Henrik Nørgaard Brandt
Chief Financial Officer

Board of Directors

Henrik Clausen
Chair

Frank Hyldmar
Vice Chair

Natalia Axt

Martin Dollaris Præstegaard

Geoffrey David Shakespeare

Gabriela Alejandra Styf Sjöman

Ole Mølgaard Andersen

Svend Bank Andreasen

Pernille Bloch

Independent auditor's report

To the shareholder of TDC NET A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of TDC NET A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022, and of the results of their operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2022 - 31.12.2022. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for revenue contracts containing multiple items	
Refer to note 2.1 and 3.5 in the consolidated financial statements. Revenue recognition of contracts containing multiple elements require judgements made by Management to evaluate recognition of contract items as a bundle or separately. We focus on this area since TDC NET A/S has numerous application systems handling revenue contracts with multiple elements and performing the same function such as mediation, rating and billing, depending on their product offerings and revenue streams, which adds complexity to the revenue recognition process. We have tested internal controls, including system application controls that address the accounting for revenue contracts containing multiple elements and tested the appropriateness of accounting treatment of such contracts in accordance with IFRS 15, including:	• tested samples of revenue contracts containing multiple elements • assessed reasonableness of the performed judgements by having discussions with Management in order to understand how they allocate revenue to the multiple elements in the contracts • corroborated the information obtained for the selected contracts in order to assess the appropriateness of accounting treatment in accordance with IFRS 15 • tested interfaces between relevant systems • performed testing on manual postings related to revenue contracts containing multiple elements • carried out audit procedures related to the model calculating contract assets and the system calculating the contract liabilities and further performed substantive analytical procedures to assess the values

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, safeguards put in place and measures taken to eliminate threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of TDC NET A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2022- 31.12.2022, with the file name 549300SH2G3R15Y3FX20-2022-12-31-en.zip, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited consolidated financial statements.

In our opinion, the annual report of TDC NET A/S for the financial year 01.01.2022 - 31.12.2022, with the file name 549300SH2G3R15Y3FX20-2022-12-31-en.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 31 March 2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Lars Siggaard Hansen

State Authorised Public Accountant

Identification No (MNE) mne32208

Christian Sanderhage

State Authorised Public Accountant

Identification No (MNE) mne23347

Forward-looking statements

Forward-looking statements
This report may include statements about the group's expectations, beliefs, plans, objectives, assumptions or future events or performance that are not historical facts and may be forward-looking. These statements are often, but not always, formulated using words or phrases such as "are likely to result", "are expected to", "will continue", "believe", "is anticipated", "estimated", "intends", "expects", "plans", "seeks", "projection" and "outlook" or similar expressions or negatives thereof. These statements involve known and unknown risks, estimates, assumptions and uncertainties that could cause actual results, performance or achievements or industry results to differ materially from those expressed or implied by such forward-looking statements.

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on the group's results include: the competitive environment and the industry in which the group operates; contractual obligations in the group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including the group's responses to change and new technologies; introduction of and demand for new services and products; developments in demand, product mix and prices in the mobile and multimedia services market; research regarding the impact of mobile phones on health; chang-es in applicable legislation, including but not limited to tax and telecommunications legislation and anti-terror measures; decisions made by the Danish Business Authority; the possibility of being awarded licences; increased interest rates; the status of important intellectual property rights; exchange-rate fluctuations; global and local economic conditions; investments in and divestment of domestic and foreign companies; and supplier relationships.

As the risk factors referred to in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Report, undue reliance is not to be placed on any of these forward-looking statements.

New factors will emerge in the future that the group cannot predict. In addition, the group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

tdc net

TDC NET
Teglholmsgade 1
0900 København C
Denmark

www.tdcnet.dk
CVR-nr. 40075267

Design and production: **Noted**