DKT Holdings ApS

Annual report 2022

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DKTH group in brief

About DKTH

DKT Holdings ApS (DKTH) was established 22 December 2017 with the purpose of running an investment business through its 100% owned subsidiaries, DKT Finance ApS (DKTF) and DK Telekommunikation ApS (DKT). DKTH is owned by a consortium comprising:

- DKTUK Limited (50%), managed by Macquarie Infrastructure and Real Assets Europe Limited (MIRA)
- Arbejdsmarkedets Tillægspension (ATP) (16.7%)
- PFA Ophelia InvestCo I 2018 K/S (16.7%), managed by PFA Asset Management A/S
- PKA Ophelia Holding K/S (16.7%), managed by AIP Management P/S.

The business

All core activities relate to TDC Holding group (TDCH group, formerly TDC Group), and are operated through two legally and operationally individual subsidiaries, TDC NET and Nuuday, with the purpose of establishing two market leaders within their individual sectors.

TDCH group's mission is to build and support an innovative, open model to ensure all of Denmark connects to the new digital opportunities.

TDC NET is Denmark's largest mobile network and broadband provider focused on building Denmark's future digital infrastructure. Nuuday is Denmark's largest connectivity, communication, and entertainment service provider, consisting of nine leading brands, delivering innovative digital solutions to a variety of customer segments.

For further information, please see the Annual Report for TDC Holding group for 2022.

Legal structure of DKTH group

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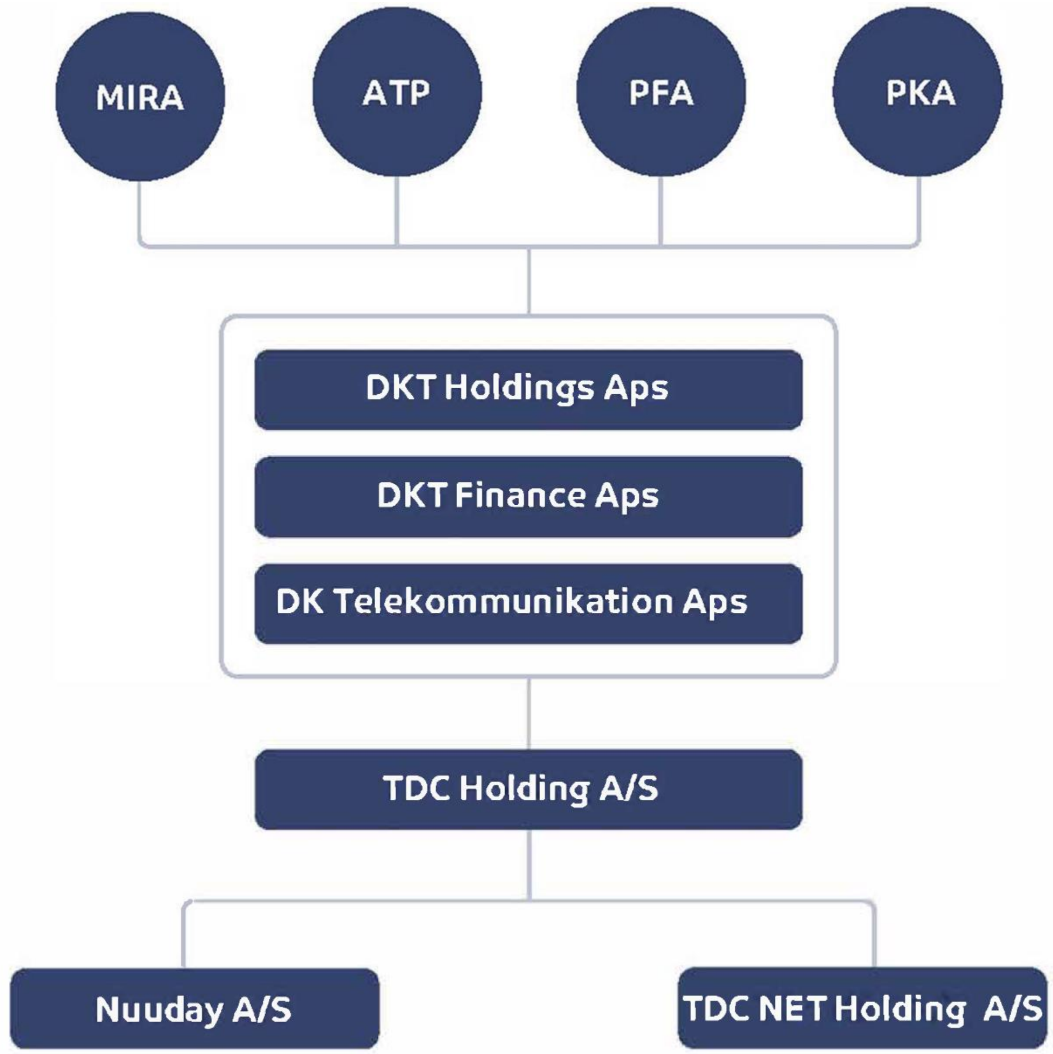
TDC Holding A/S (formerly TDC A/S) was legally separated on 11 June 2019. From the legal separation, two new business units emerged; Nuuday A/S and TDC Net A/S, which are subsidiaries 100% owned by TDC Holding A/S.

On 3 February 2022, TDC Holding transferred its shares in TDC NET to its newly established 100% owned subsidiary, TDC NET Holding, whereby TDC NET Holding became the direct parent company of TDC NET. All figures for and references to TDC NET in this Annual Report are for TDC NET Holding group.



Key events

TDCH group

On 10 February 2023 the refinancing of the group was completed. During 2022 and 2023 the loans in the TDCH group, i.e. the Term Loan B, the revolving credit facilities and the EMTN bonds have been repaid. The loans were replaced by loans issued in TDC NET and Nuuday, respectively.

TDC NET established a new secured infrastructure financing platform in 2022 and is now financed through the European bond market (EMTN), bilateral term loans and the market for syndicated senior secured bank loans (Senior Term Facilities - STF). TDC NET also has a revolving credit facility to support its daily liquidity management. The former intercompany loan from TDC Holding has been repaid.

Nuuday is now financed through a term loan and a revolving credit facility. The former intercompany loan from TDC Holding has been partially repaid and the remaining outstanding loan including accrued interests has been converted into equity in December 2022.

TDC NET

In 2022 Michel Jumeau was appointed as new CEO and Henrik Brandt joined as new CFO. They succeeded Andreas Pfisterer and Ulrik Laudrup Bølling, respectively.

TDC NET announced that they 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. According to a survey by Telepristjek, Danish customers are generally most satisfied with the service providers that are using TDC NET's network.

In continuation of the power purchase agreement (PPA) entered into with Better Energy in 2021 we activated all four solar parks during 2022, and expect to be able to supply 140 GWh of green electricity in 2023, covering at least 60% of TDC NET's total energy consumption.

TDC NET 5G network brought TV viewers closer to the Tour de France riders. Together with TV 2, TDC NET dedicated 10% of the 5G network so that TV 2 could broadcast live. That was a major milestone, highlighting TDC NET's position as a supplier of critical infrastructure in Denmark.

Nuuday

On 1 August 2022, Henrik Christiansen was appointed as new CFO of Nuuday. He succeeded Peter Charles.

Nuuday is now live on all major utility networks. YouSee, TDC Erhverv and Hiper continued to launch broadband and TV offerings on new utility fibre networks, notably Energi Fyn, Fibia and Thy-Mors fibre networks. This way Nuuday now has a genuine nationwide fibre footprint

Nuuday signed a contract with Netcracker to replace the complex legacy systems with a new modern IT stack and to become a best-in-class digital service provider.

Nuuday's mobile voice customers have access to Denmark's best network for the 8th consecutive year – now with 5G access for customers of eesy and TDC Erhverv one+.

Nuuday strengthened the entertainment universe by adding SkyShowtime, Disney+ and more streaming services to Telmore Play and YouSee, making Nuuday the only provider of all streaming channels under one roof.

Financial review

This financial report includes the consolidated financial statements for DKTH. The operating activities of the DKTH group relate to activities in TDCH group (TDC Holding group).

The acquisition of TDC Holding has resulted in a number of accounting adjustments to DKTH's financial statements, including purchase price allocation adjustments which have increased consolidated non-cash expenses and contributed to the consolidated net loss.

DKTH group's EBITDA

DKTH group revenue, cost of sales, external expenses, personnel expenses and other income, i.e. EBITDA (Operating profit before depreciation, amortisation and special items), largely corresponds to TDCH group's similar items. EBITDA for DKTH group amounted to DKK 6,290m. Hereof DKK 6,294m stems from TDC. The remaining negative EBITDA of DKK 4m is primarily related to consultant fees.

Key figures (DKKm)		**2022**	**2021**	**2020**	**2019**	**2018** [1]
Income statements	DKKm					
Revenue		16,042	16,002	16,089	17,044	11,581
Gross profit		11,067	11,088	11,463	12,099	8,266
EBITDA		6,290	6,419	6,412	6,512	4,342
Net financial expenses		(2,504)	(3,525)	(3,208)	(3,041)	(3,350)
Loss for the year from continuing operations excluding special items		(1,245)	(2,391)	(2,885)	(3,088)	(2,934)
Loss for the year		(1,440)	(2,707)	(3,028)	(3,244)	(2,951)
Capital expenditure		(4,589)	(4,399)	(5,547)	(4,801)	(2,443)
Mobile licences		-	(671)	-	(1,349)	-
Total assets		74,906	70,079	67,889	70,319	65,872
Total equity		(4,787)	(4,577)	(4,141)	(1,753)	893
Cash flow						
Total cash flow from operating activities		4,394	4,714	4,573	4,456	2,737
Total cash flow from investing activities		(4,637)	(4,474)	(4,714)	(5,130)	(39,154)
Total cash flow from financing activities		3,636	173	(1,005)	(29)	21,250
Total cash flow from continuing operations		3,393	413	(1,146)	(703)	(15,167)
Total cash flow from discontinued operations		-	-	-	(3)	17,581
Total cash flow		3,393	413	(1,146)	(706)	2,414
Key financial ratios						
Gross margin	%	69.0	69.3	71.2	71.0	71.4
EBITDA margin	%	39.2	40.1	39.9	38.2	37.5
Adjusted net interest-bearing debt (NIBD)[2]	DKKm	(32,207)	(31,797)	(31,596)	(31,389)	(30,138)
Net interest-bearing debt (NIBD)	DKKm	(60,691)	(58,653)	(56,347)	(55,579)	(46,902)
NIBD/EBITDA	x	9.6	9.1	8.8	8.5	7.0
Adjusted NIBD[2]/EBITDA	x	5.5	5.3	5.3	5.1	4.5

[1] As TDC was acquired by DKT as of 4 May 2018, the figures for the DKTH Group for 2018 do not include the operations of TDC for the full year.
[2] Excl. shareholder loans, impact from IFRS 16 and spectrum licence liabilities

DKTH group's financial performance 2022 vs. 2021

Revenue

In 2022, DKTH group's revenue increased by 0.2% or DKK 40m to DKK 16,042m compared with 2021. The increase was driven mainly by growth in mobility services.

Gross profit

DKTH group's gross profit decreased by 0.2% or DKK 21m to DKK 11,067m in 2022. The decline was driven primarily by ongoing migration from DSL to fibre and increase in third party network and content costs.

Operating expenses

In 2022, operating expenses increased by 2.3% or DKK 108m to DKK 4,777m. The higher operating expenses are mainly related to higher power costs.

EBITDA

In 2022, EBITDA decreased by 2.0% or DKK 129m to DKK 6,290m. The development is primarily affected by higher power costs and the ongoing migration from DSL to fibre.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses are all related to the TDCH group and amounted to DKK 4,946m. Hereof DKK 862m was depreciation and amortisation of assets recognised in connection with the purchase price allocation performed in connection with the acquisition of TDC Holding. This included primarily amortisation of customer relationships, brands and software, recognised as separate assets as part of the purchase price allocation performed in connection with the acquisition of TDC Holding.

The customer relationships are amortised over the estimated useful lives of such relationships. Brands with finite useful lives are amortised over the useful livers of such brands. The useful life of the TDC brand is deemed indefinite and consequently, DKTH does not amortise the value of this brand.

The depreciation and amortisation decreased in 2022 by 0.6% or DKK 121m.

Special items

The total special items, representing a net expense of DKK 205m before tax, all related to costs in the TDCH group.

Financial income and expenses

Financial income and expenses represented a net expense of DKK 2,504m. Hereof DKK 2,770m related to DKT, DKTF and DKTH. These financial expenses related primarily to interest expenses on senior notes and shareholder loans. All other financial income and expenses related to the TDCH group.

The net expense decreased by DKK 1,070m compared with 2021. The decrease was primarily due to fair value adjustments of hedges related to debt in TDCH group. See also note 4.5 to the financial statements.

Income taxes

DKTH group income taxes relate primarily to the profit before income taxes in TDC Holding as well as the impact from purchase price allocation adjustments. The taxes are also affected by the Danish rules on limitation on the tax deductibility of interest expenses. DKTH group's net financial expenses are effectively not tax deductible due to the limitations and furthermore, DKTF and DKTH are impacted by the rules regarding thin capitalisation applicable for the joint taxation.

Loss for the year

The loss for the year of DKK 1,440m comprised a profit for TDCH group of DKK 1,199m and a combined loss in DKT, DKTF and DKTH of DKK 2,639m related primarily to the net financial expenses.

Net interest-bearing debt

In 2022, net interest-bearing debt excluding shareholder loans, impact from IFRS 16 and spectrum licence liabilities increased by DKK 410m. The increase was due primarily to the net negative cash flows from operating and investing activities as well as lease repayments and Settlement of derivatives related to long-term loans.

Guidance 2022 follow-up

2022 guidance assumed a slightly lower to flat EBITDA.

DKTH group delivered on the guided parameter as EBITDA developed slightly lower in 2022 with a decrease of 2.0% YoY.

Guidance 2023

2023 guidance assumes flat development in revenue and slightly lower to flat EBITDA.

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 Power Purchase Agreements.

Risk management

DKTH group faces both internal and external risks in the short, medium and long term. Risk management is an integrated, structured, and dynamic aspect of Nuuday and TDC NET's business operations and planning. The most essential risks and uncertainties that impact DKTH group's operations are described in the following pages.

DKTH has assessed that potential ESG risks for the full group, including the topics of human rights, anti-corruption, climate and environment and employee matters, are related primarily to the business activities of TDC Net and Nuuday. Therefore, separate detailed sections on ESG risks for these companies are included in the following pages.

Internal control and risk management system for financial reporting[1]

Introduction

DKTH group's internal control and risk management systems for financial reporting are planned to provide assurance that internal and external financial statements are prepared in accordance with the international Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act, and assurance that true and fair financial statements without material misstatements and irregularities are presented.

Internal control and risk management systems are updated regularly and are designed to detect and eliminate errors and inconsistencies in the financial statements. Due to an inherent risk of misappropriation of assets, unexpected losses, etc., the established internal control and risk management systems provide only reasonable and not absolute assurance that material misstatements and irregularities in the financial reporting will be detected and corrected.

Control environment

The Board of Directors has set up an Audit Committee mainly to assist the Board of Directors in monitoring financial reporting and the efficiency of DKTH group's internal control and risk management systems.

The Audit Committee has a supervising responsibility and reports to the entire Board of Directors.

The Executive Committee is responsible for keeping efficient internal control and risk management systems in connection with financial reporting. Powers and responsibilities are defined in policies and procedures.

The Board of Directors and the Executive Committee define policies and procedures in significant areas concerning the financial reporting process. Relevant responsible functions define other guidelines and control, and supervise that policies and procedures are applied, including required separation of incompatible functions.

Based on recommendation from the Audit Committee, the Board of Directors has assessed and concluded that the existing control environment within DKTH group is adequate and that there is no basis for establishing an internal audit.

Risk assessment

The Board of Directors and the Executive Committee continuously assess the risks incumbent on DKTH group, including risks that affect financial reporting. The risk of errors for items in the financial statements based on estimates and complex processes is relatively higher than for other items.

The section 'Critical accounting estimates and judgements' in the Consolidated Financial Statements includes a description of the most significant identified risks concerning financial reporting. Such matters are subject to specific review and evaluation by the Audit Committee and the Board of Directors.

Control activities

Control activities are based on risk assessments. The purpose of the activities is to ensure that policies, procedures, guidelines, manuals, etc. are complied with, and that any errors and in-consistencies are prevented, detected and corrected on a timely basis. The control activities are an integral part of DKTH group's accounting and financial reporting procedure and cover, e.g. authorisation, approval, reconciliation, performance analyses, performance assessment and fulfilment of agreed targets (Key Performance Indicators, etc.), control of IT applications and general IT control.

Information and communication

DKTH group keeps and maintains information and communication systems to ensure correct financial reporting. The accounting manual and other reporting instructions, including budgeting and monthly closing procedures, are updated regularly and when required. These and other policies, procedures and descriptions of business procedures concerning financial reporting are available for relevant employees. Changes in procedures, etc. are reported and explained to the business lines in the relevant forums.

Information systems are designed to regularly identify, collect and communicate relevant in-formation at relevant levels in compliance with the prescribed confidentiality for listed companies.

Surveillance

DKTH group uses an extensive financial control system to monitor performance, which facilitates detection and correction of any errors and irregularities in the financial reporting at an early stage, including weaknesses found in the internal

[1] Statutory reporting on corporate governance in accordance with Section 107 b of the Danish Financial Statements Act.

control system and non-compliance with policies and procedures.

The Group reporting process covers budget reporting and monthly reporting of actual results, including variance reports with regular estimates for the year. In addition to the Income Statements, Balance Sheets and Statements of Cash Flow, notes and supplementary financial and operational data and analyses are also part of the financial reporting.

The detailed reports from all Group companies are analysed and monitored at Group and business line levels as well as at relevant management levels in the organisation. The auditors elected by the Annual General Meeting report any significant weaknesses in the internal control systems in long-form audit reports to the Board of Directors in connection with the financial reporting process. Less material matters are reported in management letters to the Executive Committee. The Audit Committee follows up on weaknesses in internal controls detected and reported by the auditors elected by the Annual General Meeting to assure that such are corrected.

Risk management – Nuuday

Risk management governance

Nuuday involves all layers of the organisation in its risk management approach. From enterprise risks affecting Nuuday's overarching strategic goals to operational or technical risks affecting our IT landscape, we use risk management to weigh options and support informed decision making. Based on internationally recognised standards such as ISO 31000, COSO ERM, and FAIR, our policy framework is underpinned by procedures and guidance, thus creating a strong foundation for our risk management governance.

While Nuuday's Board of Directors is ultimately accountable for risk management and compliance, we work with a three-lines of defence model. The first line comprises our business units, each of which are responsible for effective risk management (identification, assessment, mitigation, etc.). The second line consists of our nine domains, each with risk and compliance specialists:

- Security & Fraud
- Human Resources
- Legal & Compliance
- Image, PR & Public Affairs
- Operations
- Finance
- Health & Safety
- Commercial
- Transformation Execution

Establishing these domains ensures that Nuuday follows the standardised risk management lifecycle and receives centrally aligned risk and compliance support across all business units from subject matter experts. The second line assists the first line with assessments and offers guidance regarding mitigation plans. Our third line is an audit function responsible for independently reviewing the risk and compliance design and its effectiveness.

Risk appetite

Pursuing our business objectives involves taking risks, with a potential for risks affecting the outcome of these objectives. We have defined a risk appetite for each of the nine domain areas, approved by the executive management team and the Board of Directors.Nuuday's risk appetite reflects a desire to balance risk exposure and risk reluctance, thus avoiding both excessive risk taking and excessive caution.

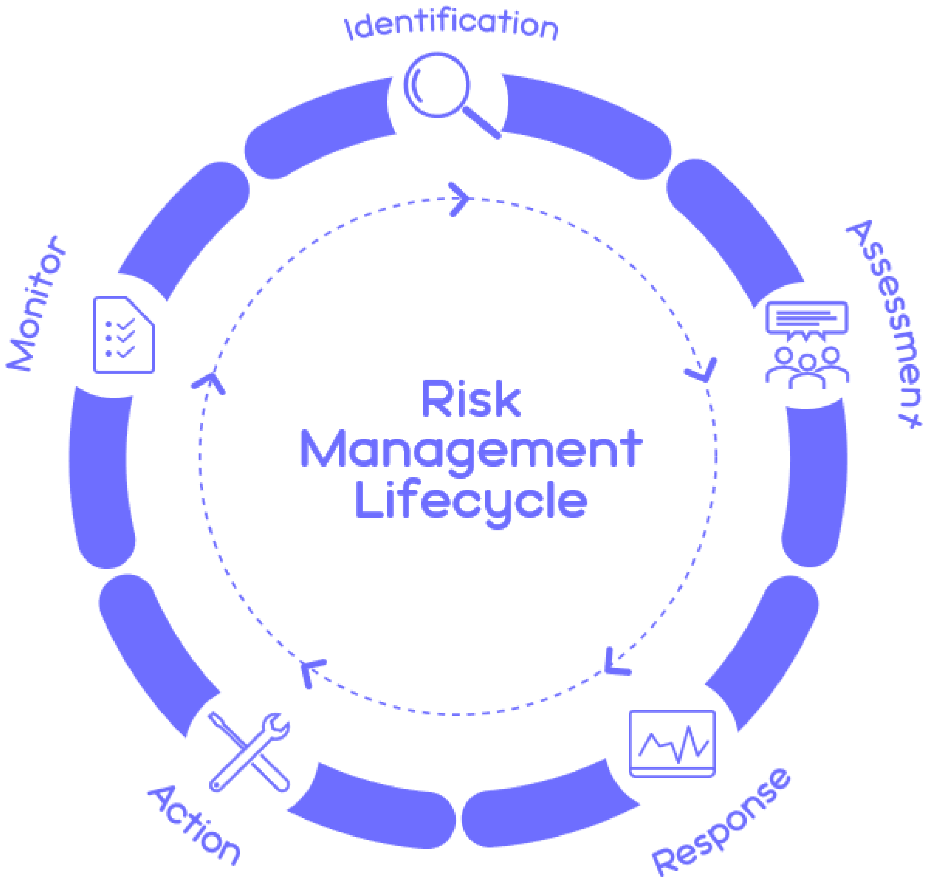
Risk management lifecycle

Identification

Risks are identified in various ways, including via targeted surveys, audit findings, management meetings, or ad-hoc. Identified risks are reported through defined channels, dependent on the type of risk.

Assessment

Risk assessments take various forms but have the same goal: to measure the likelihood and impact of an identified risk being realised.



Response

Based on the risk assessment, one or multiple responses are appropriate. A response might be to “Treat,” “Tolerate,” “Transfer,” “Terminate,” or “Take no action.” Taking no action when facing a risk is an acceptable solution only if the risk assessment score indicates the risk is within the approved risk appetite.

Action

Here we fulfil the action determined as the appropriate response. This step also involves reviewing the strategy to ascertain the efficacy of the response and determine whether another response activity is required.

Monitor

The risk picture, including relevant vulnerabilities or threats that could affect the treatment or realisation of a given risk, is monitored after actions have been completed. Continuously, a mini picture changes significantly, the risk returns to the Assessment stage of the Risk Management Process.

Documentation

To ensure accountability, the identification, assessment, response to and treatment of risks is documented in adequate detail. The documentation can be made available to internal and external stakeholders on a need-to-know basis unless there are concerns of confidentiality. In such cases, management approval is required.

Integrated risk management & reporting

Transparency is a key aspect of Nuuday’s risk management. This is achieved by ensuring that appropriate stakeholders are aware of risks. Risks associated with e.g. incidents, changes, or system operations are handled as an integrated part of the given process to ensure that their potential impact on the organisation is documented and a plan is in place in case the risk materialises.

Risks associated with programmes and projects are handled by the steering groups, with project/programme managers receiving assistance from the domain risk managers when necessary.

Third-party risks are handled in collaboration with the suppliers, i.e. we stipulate controls for the suppliers, depending on the service provided. We

mitigate any identified risks before entering contracts, and where this is not possible, remaining risks are documented and handled systematically.

Strategic risks identified in other contexts, including management meetings, are discussed and documented, so appropriate response tasks can be established in the relevant organisational areas.

For each risk identified, responsibilities are assigned, and progress is monitored and evaluated.

Risks identified are consolidated and presented to Nuuday's executive management on a quarterly basis. Any risks falling outside the defined appetite are presented for approval.

The Nuuday Audit Committee receives a consolidated risk overview and status as well as information about the most critical risks on a quarterly basis.

On the following pages, we describe some of the main risks that Nuuday faces, with information about the risk's trend, impact and mitigation initiatives.

Risk & trend	Risk domain	Details & impact	Mitigation initiatives
New or current competitors taking market share Stable	Commercial	Denmark has a competitive telecommunications landscape. Increased competition and continuing price pressure affect Nuuday's ability to establish sustainable pricing in B2C and B2B markets.	• Improve customer experience through fully digital customer journeys • Retain best network status • Continue to provide high-quality services and improve NPS • New attractive product releases
Forced price increases from suppliers Stable	Commercial	Nuuday relies on a number of suppliers for support in delivering products and services. Increases in prices from key suppliers can erode profit margins and negatively affect Nuuday brands' competitiveness.	• Improving contractual terms • Reduce costs on major expenses (i.e. move to own IP core)
Consumer savings – "downspin" Increasing	Commercial	We are seeing inflation, pressure on salaries, with a trend of people generally spending less money. Consequently, people are choosing to save on, for example, mobile phone subscriptions by choosing cheaper packages, thus lowering the Average Revenue Per Unit. This could potentially spread into TV and/broadband segments.	• Monitoring market tendencies • Continue to strengthen areas of differentiation (network quality and 5G) • Offer highly competitive and attractive propositions across all consumer brands • Address the entirety of the consumer and business mobile market
Entertainment content: price increases and taxation Increasing	Commercial	Content producers continue to raise their prices for entertainment, which particularly affects the YouSee & Telmore brands. On TV, increasing price pressure from streaming providers coupled with increasing content costs (especially related to premium sports) could further accelerate existing downward trends, with customers 'shaving' or 'cutting' the cord on their TV subscriptions. Additionally, the Government has suggested to submit a proposal to the Danish Parliament to add a value-added tax on copyrighted material. This would have a heavy impact on the viability of existing business models.	• Optimise products and pricing to ensure that TV packages remain relevant for as many customers as possible • Invest in developing attractive next-generation entertainment products to cater for the rapidly growing combi-viewer segment that values both streaming and TV channel content • Pursue a full household strategy and incentivise purchasing multiple services and products

Risk & trend	Risk domain	Details & impact	Mitigation initiatives
Cyber attacks Stable	Security & Fraud	The Centre for Cyber Security's latest report on threats against the Danish telecommunication sector indicates that the threat of cyber crime is "Very High." Depending on the nature of the cyber attack, the processing, confidentiality, integrity, availability, stability, capacity, performance, continuity and/or the resilience of the information technologies Nuuday uses can be impacted.	• Investing in security and operations of network infrastructure • Focused efforts on network resilience through risk and incident management • Continued dialogue with Danish authorities and customers to ensure data protection and confidentiality
Ransomware on core systems Increasing	Security & Fraud / Operations	With increased threats of cyber crime, the risk of ransomware also increases. Depending on the attack vector and affected systems, ransomware could have a high impact on Nuuday's ability to continue its business.	• Establishing new ways to improve resilience • Crisis management exercises
Network infrastructure downtime Stable	Operations	Nuuday's business relies on functioning telecommunication infrastructure (mobile network, coaxial, fibre, etc.). When network providers face downtime, Nuuday's customers may be unable to make telephone calls, use the internet, or consume entertainment. Events that do not fulfil customer expectations for security and quality can negatively impact retention.	• Working with infrastructure providers to ensure speedy recovery • Review and testing of business continuity plans
Regulatory privacy Stable	Legal & Compliance	European and national laws stipulate how Nuuday can process personal information. The current legislative landscape regarding transferring personal data to non-EU countries has been in focus. A general compliance risk relates to customer data being processed in breach of relevant privacy laws and regulations, potentially resulting in large fines or negative references in public arenas	• Data protection network with Data Privacy Managers anchored in each of Nuuday's organisational areas • Integration of Data Processing Agreements & Transfer Impact Assessments into the procurement process • Dedicated resources to support with data subject requests • Privacy by Design principles integrated into software development & project lifecycles

Risk & trend	Risk domain	Details & impact	Mitigation initiatives
IT & business transformation Stable	Transformation Execution / Human Resources	Nuuday is progressing with its transformation, which is key in engaging customers, increasing productivity, and guaranteeing high-quality services in the future. A number of risks are associated with this transformation, such as employee engagement, human resource management, technical integrations and de-coupling of legacy IT. The materialisation of risks affecting the transformation of Nuuday's IT stack and business is in focus, and the identified risks are being broken down at programme and project level to prioritise appropriate mitigation efforts before the risks are realised.	• Management reiteration of transformation plan and Nuuday's strategic objectives at town hall meetings to inspire confidence in direction and journey • Handle programme risks in collaboration with risk domains and steering groups to find suitable solutions • Seconding of workforce supporting legacy IT systems to calm employee concerns • Use feedback from employee surveys to strengthen satisfaction, motivation, loyalty and culture • Ensure targets and expectations are clear to all employees • Reinforce a culture of ongoing feedback, and focus on continuous development
Political & legal changes Stable	Image, PR & Public Affairs	EU and national governmental changes often lead to new political objectives. With these new objectives, we often see political decisions or new legislation. Depending on the magnitude, these changes can profoundly affect Nuuday's ability to carry out its business and/or fulfil operational targets.	• Nuuday participation in industry groups and discussions on proposed legislation • Continued dialogue with authorities, politicians and municipalities
Financial risks	Finance	See Financial Statements – Section 4.3 "Financial Risks" for details	• N/A
Human rights Stable	Image, PR & Public Affairs / Legal & Compliance	Nuuday has responsibility for our direct employees, the employees of partners and companies in our supply chain, including the risk of forced labour, discrimination or harassment and misuse or loss of personal data, or data breaches. If Nuuday or Nuuday partners violate fundamental human rights, this may lead to legal action as well as bad publicity and customer reactions negatively impacting Nuuday.	• Procedures and policies & partner code of conduct • Based on a thorough risk assessment, we conduct audits at our suppliers each year, particularly screening for adherence to the UN Global Compact Assessment • Industry collaboration through JAC – the Joint Alliance for CSR

Risk & trend	Risk domain	Details & impact	Mitigation initiatives
Anti-corruption and bribery Stable	Image, PR & Public Affairs / Legal & Compliance	Nuuday is a large employer in Denmark with suppliers across the globe. With multiple contract relationships there is always a risk that bribery or corrupt practices could occur, influencing business decisions. If corruption or bribery occurs, it may lead to legal action as well as bad publicity and customer reactions negatively impacting Nuuday.	• Anti-corruption policy commits Nuuday to complying with the UN Convention against corruption • Raising awareness and putting in place resources and training for employees • Whistleblower policy that allows for the anonymous reporting of suspected wrongdoings at the company • Partner Code of Conduct for suppliers, partner organisations and employees
Environment and climate Stable	Image, PR & Public Affairs / Legal & Compliance	Several potential environmental and climate risks may be linked to our operations and supply chain. Nuuday has a responsibility to try to reduce our own resource consumption, emissions and waste in production and to influence partners and suppliers to act equally responsibly. If Nuuday does not show credible action on environment and climate matters, it may generate bad publicity and customer reactions negatively impacting Nuuday.	• Nuuday has set ambitious carbon emissions reduction targets for Scopes 1, 2 & 3 • ISO 14001 certification covering our whole operation • Detailed ESG reporting on climate and environment metrics • Nuuday has embarked on a revised sustainability strategy with sustainable procurement and products as a key pillar • Nuuday aims to retain an Ecovadis platinum rating as a token of recognition that Nuuday is a leader in sustainability
Social and employees Stable	Human Resources / Health & Safety	Nuuday focuses on retaining the services of its key personnel and invests in attracting suitable and qualified talents to ensure a good working environment e.g., with no accidents or stress incidents. Nuuday's success depends largely on our ability to attract and retain key personnel. The competition for qualified personnel is intense and with limited availability of candidates with the required knowledge of the telecoms industry and relevant experience in Denmark.	• 88% of employees are covered by collective agreements • Occupational health and safety policy and certification to ISO 45001 standard • Flexible working conditions • Quarterly employee engagement surveys • Diversity, equity, inclusion & belonging (DEIB) Policy

Risk management – TDC NET

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 longterm 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 Management 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

Top seven ESG risks:
#1 European energy crisis
#2 Electricity supply disruption
#3 Flooding of mobile equipment
#4 Inflation impacting salaries
#5 Security compliance
#6 Legal compliance
#7 Supply chain

Read more on the following pages.

Business 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 CO2 footprint. We have also initiated project 'Green Fleet' to ensure a faster transition to electric vans and cars to limit our fossil fuel spending.

Business 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.

Business 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

Business 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

Business 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.

Business 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).

ESG Risk #1
European energy crisis

Description
Operation and expansion of our mobile and fixed networks depend on a large amount of electricity, which is compromised by the European energy crisis.

Potential impact
The operational costs related to running our mobile network will be affected by increasing electricity prices.

Mitigation action
We have entered a Power Purchase Agreement (PPA) with Better Energy on renewable electricity from four solar parks, covering 60% of our total energy consumption. The four solar parks across Denmark help limit our exposure to the rising electricity prices and reduce our CO2 footprint.

ESG Risk #2
Electricity supply disruption

Description
As a result of the European energy crisis the Danish authorities have announced potential brownouts for up to two hours a day in times of energy scarcity. The controlled power disruption is a method to reduce overall usage and avoid uncontrolled blackouts. Hence, we must comply while operating the mobile network in case of blackouts.

Potential impact
As brownouts can impact our critical infrastructure and thereby our service providers and end users, we risk reputational damage to our brand.

Mitigation action
Following the announcement of possible brownouts, we have reviewed our entre mobile network to detect mobile sites that failed to meet our requirements. The sites have been upgraded and are now supported by at least two hours of battery back-up. We have also increased our diesel stocks to strengthen our back up resilience nationally – enabling us to run on emergency reserves.

ESG Risk #3
Flooding of mobile equipment

Description
The global climate change increases the risk of potential weather-related disasters. The effects of extreme weather include heavy downpours causing flooding and landslides.

Potential impact
The extreme weather events can result in business disruption due to broken pipes on our facilities or flooding of our equipment and mobile sites resulting in potential short circuiting.

Mitigation action
To mitigate eventual short circuits we have ensured that our mobile network operation is based on three physical locations with full redundancy policies. We can therefore continue operating if one location is flooded as the failover datacentres will compensate.

ESG Risk #4
Inflation impacting salaries

Description
TDC NET is depending on its ability to retain and attract a skilled workforce. Increased inflation causes massive pressure on our salary budgets. If increased salary expenses cannot be related to increased earnings, it can lead to a cap on our salary budget.

Potential impact
If TDC NET is not able to meet the salary expectations of existing and potential employees, it may impact our ability to retain and attract skilled workforce. It can impact general employee satisfaction and lead to higher employee turnover.

Mitigation action
We have prepared for salary-negotiations in March/April 2023 and are awaiting the cost level of the central collective agreement negotiations for the entire Danish labour market during spring 2023.

ESG Risk #5
Security compliance

Description
In an increasingly digital world, we rely heavily on our information systems, which increases the impact of potential cyber attacks. Breakdowns, interruptions, and other types of failures can come from unintentional, intentional, or coincidental events and can pose a significant risk. As a result, it is crucial that employees are aware of security policies and company standards to minimise the risk of security breaches.

Potential impact
Such harmful events could impair our ability to adequately provide our services and may lead to financial losses and reputational damage.

Mitigation action
We work systematiccaly on continuously improving 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.

ESG Risk #6
Legal Compliance

Description
As we provide access to critical digital infrastructure, we are subject to certain sector-specific regulations e.g. obligations to handle emergency communications, broadcast emergency calls via our mobile network. Moreover, we must comply 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
We are obligated to provide a reliable and secure network, hence reputational damage could arise, if end users cannot call in case of an emergency or if we are non-compliant with restrictions and regulations.

Mitigation action
We have decicated and specialised team that ensures compliance to serve the sector specific and competition law regulations. We have implemented data protection measures to avoid complaints regarding handling of personal data cf. the GDPR, as all employees receive training in privacy awareness policies.

ESG Risk #7
Supply chain

Description
TDC NET relies on a vast international network of suppliers/sub-suppliers, who operate across legislative jurisdictions and have varying levels of maturity regarding sustainability practices, including environment, health & safety, labour & human rights, and anti-corruption.

Potential impact
A supplier/sub-supplier of TDC NET could be found to be non-compliant with environmental and social legislation or best practices. Such cases can have a direct negative impact on TDC NET's integrity and reputation, which may result in legal disputes and supply chain disruptions.

Mitigation action
Our supplier due diligence process applies a risk-based category management approach that determines which suppliers are in focus for environment, health & safety, labour & human rights and business ethics related risks. Medium and high-risk suppliers are eligible for sustainability assessments through EcoVadis. High-risk suppliers are eligible for on-site audits through JAC. In addition, our whistleblower system makes it possible for our employees and partners to report misconduct and violations.

ESG

The DKTH group's mission is to build and support an innovative, open model to ensure all of Denmark connects to the new digital opportunities (see also 'DKTH group in brief').

Following the separation of the group into the two stand-alone companies, Nuuday and TDC NET, there are no longer ESG (human rights, employee matters, environment/climate, anti-corruption) policies at group level. However, the management of TDC Holding A/S oversees the two companies' sustainability ambitions and ethical values in relation to the matters mentioned above.

As the group's activities take place in the two subsidiaries, Nuuday and TDC NET, this is where ESG policies, practices and performance have an impact. In addition, the most significant ESG risks are identified and managed in Nuuday and TDC NET. See also the 'Risk management' section.

The following pages comprise a summary of ESG in Nuuday and TDC NET,
respectively.

Statement on the underrepresented gender in management

DKTH has set a target to have one representative of the underrepresented gender on the Board of Directors by 2023. The target has been achieved as two of six members of the Board of Directors are women. DKTH thereby have an equal gender split on the Board of Directors according to the definition in the law.

There are separate targets for the relevant subsidiaries that are reported in the respective ESG reports.

Due to the separation of the group, and that TDC Holding A/S has less than 50 employees, there is no longer a policy on gender balance in the management at group level. However, separate policies on gender balance in management exist in the relevant subsidiaries that are reported in the respective ESG reports.

Statement on data ethics policy

Due to the separation of the group, there is no longer a data ethics policy at group level in force. However, Nuuday and TDC NET have taken the previous TDC Group data ethics policy and implemented it into the respective organisations to fit the specific business activities and use of data in the two companies. This is described in the respective sustainability reports, cf. below.

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Income statement

(DKKm)	Note	2022	2021
Revenue	2.1,2.2	16,042	16,002
Cost of sales	2.3	(4,975)	(4,914)
Gross profit		**11,067**	**11,088**
External expenses	2.4	(2,158)	(1,891)
Personnel expenses	2.5	(2,833)	(2,959)
Other income	2.2	214	181
Operating profit before depreciation, amortisation and special items (EBITDA)		**6,290**	**6,419**
Depreciation, amortisation and impairment losses	2.6	(4,946)	(5,067)
Special items	2.7	(205)	(424)
Operating profit (EBIT)		**1,139**	**928**
Financial income and expenses	4.5	(2,504)	(3,525)
Loss before income taxes		**(1,365)**	**(2,597)**
Income taxes	2.8	(75)	(110)
Loss for the year		**(1,440)**	**(2,707)**

Statement of comprehensive income

(DKKm)	Note	2022	2021
Profit/(loss) for the year		(1,440)	(2,707)
Items that may subsequently be reclassified to the income statement:			
Change in fair value adjustments of cash flow hedges transferred to financial expenses	4.5	4	4
Items that cannot subsequently be reclassified to the income statement:			
Remeasurement of defined benefit pension plans	3.7	1,573	2,907
Income tax relating to remeasurement of defined benefit pension plans	2.8	(346)	(640)
Other comprehensive income/(loss)		1,231	2,271
Total comprehensive income/(loss)		**(209)**	**(436)**

Balance sheet

Assets (DKKm)	Note	2022	2021
Non-current assets			
Intangible assets	3.1	33,906	34,961
Property, plant and equipment	3.2	18,336	17,590
Lease assets	3.3	3,094	3,195
Joint ventures, associates and other investments		8	8
Pension assets	3.7	10,893	10,562
Other receivables		42	43
Prepaid expenses		36	18
Total non-current assets		**66,315**	**66,377**
Current assets			
Inventories		277	252
Trade receivables	3.4	1,497	1,444
Other receivables		18	20
Contract assets	3.5	491	395
Derivative financial instruments		1,479	133
Prepaid expenses		515	540
Cash		4,314	918
Total current assets		**8,591**	**3,702**
Total assets		**74,906**	**70,079**

Equity and liabilities (DKKm)	Note	2022	2021
Equity			
Share capital	4.1	0	0
Other reserves		(1)	(4)
Retained earnings		(4,786)	(4,573)
Total equity		**(4,787)**	**(4,577)**
Non-current liabilities			
Deferred tax liabilities	2.8	4,242	4,298
Provisions	3.6	362	415
Loans	4.2,4.6	44,912	49,210
Spectrum licence fee liabilities	4.6	1,636	1,774
Lease liabilities	3.3	3,585	3,657
Other payables		387	383
Total non-current liabilities		**55,124**	**59,737**
Current liabilities			
Loans	4.2,4.3,4.4	14,213	3,734
Spectrum licence fee liabilities	4.6	190	190
Lease liabilities	3.3	489	475
Short-term bank loans	4.2	-	570
Trade payables		3,837	4,046
Other payables		2,998	3,144
Contract liabilities		2,419	2,382
Income tax payable		87	132
Derivative financial instruments		187	50
Provisions	3.6	149	196
Total current liabilities		**24,569**	**14,919**
Total liabilities		**79,693**	**74,656**
Total equity and liabilities		**74,906**	**70,079**

Statement of cash flows

(DKKm)	Note	2022	2021
Operating activities			
EBITDA		6,290	6,419
Adjustment for non-cash items	5.1	94	143
Pension contributions	3.7	1,154	270
Payments related to provisions	3.6	(21)	(22)
Special items	2.7	(181)	(216)
Change in working capital	5.2	(307)	(63)
Interest received	4.5	407	576
Interest paid	4.5	(2,520)	(2,421)
Income tax paid	2.8	(522)	28
Total cash flow from operating activities		**4,394**	**4,714**
Investing activities			
Investment in enterprises			-
Investment in property, plant and equipment	3.2	(3,031)	(3,390)
Investment in intangible assets	3.1	(1,618)	(1,341)
Investment in other non-current assets		(1)	(5)
Divestment of joint ventures and associates		-	97
Sale of other non-current assets		13	8
Payment received regarding settlement of loan to TDC Pensionskasse		-	149
Change of loans to joint ventures and associates		-	8
Total cash flow from investing activities		**(4,637)**	**(4,474)**

(DKKm)	Note	2022	2021
Financing activities			
Proceeds from long-term loans	4.4	25,982	-
Repayment of long-term loans	4.4	(21,602)	(24)
Settlement of derivatives related to long-term loans		196	-
Cost related to long-term loans		(31)	(51)
Lease repayments		(339)	(317)
Change in short-term bank loans	4.4	(570)	565
Total cash flow from financing activities		**3,636**	**173**
Total cash flow		**3,393**	**413**
Cash and cash equivalents (beginning of period)		918	508
Effect of exchange-rate changes on cash and cash equivalents		3	(3)
Cash and cash equivalents at 31 December		**4,314**	**918**

Statement of changes in equity

(DKKm)	Share capital	Reserve for cash flow hedges	Retained earnings	Total
Equity at 1 January 2021	0	(8)	(4,133)	(4,141)
Profit/(loss) for the year	-	-	(2,707)	(2,707)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	4	-	4
Remeasurement effects of defined benefit pension plans	-	-	2,907	2,907
Income tax relating to remeasurement effects of defined benefit pension plans	-	-	(640)	(640)
Total comprehensive income	-	4	(440)	(436)
Total transactions with shareholders	-	-	-	-
Equity at 31 December 2021	**0**	**(4)**	**(4,573)**	**(4,577)**
Profit/(loss) for the year	-	-	(1,440)	(1,440)
Change in fair value adjustments of cash flow hedges transferred to financial expenses	-	3	-	3
Remeasurement effects related to defined benefit pension plans	-	-	1,573	1,573
Income tax relating to remeasurement effects from defined benefit pension plans	-	-	(346)	(346)
Total comprehensive income	-	3	(213)	(210)
Total transactions with shareholders	-	-	-	-
Equity at 31 December 2022	**0**	**(1)**	**(4,786)**	**(4,787)**

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

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.

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1.1 | Accounting policies

DKTH Group's consolidated 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 subsequent 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 in which DKT Holdings ApS has direct or indirect control. Joint ventures in which the Group has joint control and associates in 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 DKT Holdings ApS 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 enterprises have been eliminated.

1.2 | Critical accounting estimates and judgements

The preparation of DKTH 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 and judgements or complexity and are outlined in more detail in the related notes:

Notes		Critical accounting estimates and judgements	Estimates /judgements
2.2	Revenue	Assessment of principal or agent	Judgement
		Assessment of contracts involving complex sale of goods and services	Estimate/ Judgement
2.7	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
3.3	Lease assets	Assumptions related to write-down of lease assets re. vacant tenancies	Estimate
		Assumptions related to extension options	Judgement
3.4	Trade receivables	Assessment of expected losses	Estimate
3.7	Defined benefit plans	Assumptions for discount rates, wage inflation and mortality	Estimate

1.3 | New accounting standards

DKTH 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. DKTH 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/(loss) for the year

This section focuses on disclosures of details of the DKTH Group's results for the year, including segment reporting, special items and taxation. A detailed review of revenue, EBITDA and profit for the year is provided in the section 'Financial review' in the Management's review.

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2.1 | Segment reporting

Worth noting

DKTH Group consists of the three operating segments Nuuday, TDC NET and Group Functions.

Nuuday develops and markets the best communications and entertainment services, including the development of new innovative products and digital solutions.

TDC NET designs, builds, and runs Denmark's best broadband and mobile networks and delivers highly qualified technical support to customers and the networks.

Group Functions governs, advises and delivers shared services to the business units including management and property services.

Accounting policies

Operating segments are reported in a manner consistent with the internal management and reporting structure.

Profit before depreciation, amortisation and special items (EBITDA) represents the profit earned by each segment. The operating segments are managed primarily on the basis of EBITDA.

Segment results are accounted for in the same way as in the consolidated financial statements.

Segment income and segment expenses are those items that, in our internal management reporting, are directly attributable to individual segments. Intersegment transactions are conducted on market terms.

2.1 | Segment reporting (continued)

Activities (DKKm)	Nuuday		TDC NET		Group functions	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
External revenue	14,635	14,597	1,407	1,401	-	4
Revenue across segments	39	60	5,232	5,273	-	-
Total revenue	**14,674**	**14,657**	**6,639**	**6,674**	**-**	**4**
Cost of sales	(9,827)	(9,664)	(262)	(318)	-	-
Gross profit	**4,847**	**4,993**	**6,377**	**6,356**	**-**	**4**
Operating expenses	(3,201)	(3,226)	(2,129)	(2,118)	(492)	(750)
Other income and expenses	63	56	272	260	882	1,198
EBITDA	**1,709**	**1,823**	**4,520**	**4,498**	**393**	**452**

	Eliminations		Total	
	2022	**2021**	**2022**	**2021**
External revenue	-	-	16,042	16,002
Revenue across segments	(5,271)	(5,333)	-	-
Total revenue	**(5,271)**	**(5,333)**	**16,042**	**16,002**
Cost of sales	5,114	5,068	(4,975)	(4,914)
Gross profit	**(157)**	**(265)**	**11,067**	**11,088**
Operating expenses	831	1,244	(4,991)	(4,850)
Other income and expenses	(1,003)	(1,333)	214	181
EBITDA	**(332)**	**(354)**	**6,290**	**6,419**

Reconciliation of EBITDA to profit/(loss) before income taxes (DKKm)	**2022**	**2021**
Total EBITDA from reportable segments	6,290	6,419
Unallocated:		
Depreciation, amortisation and impairment losses	(4,946)	(5,067)
Special items	(205)	(424)
Financial income and expenses	(2,504)	(3,525)
Consolidated profit/(loss) before income taxes	**(1,365)**	**(2,597)**

2.2 | Revenue

	Nuuday							
	Consumer		Business		Other		Nuuday total	
External revenue specified by services (DKKm)	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Landline voice	311	363	430	432	3	4	744	799
Mobile services	3,217	3,107	1,151	1,169	704	619	5,072	4,895
Internet & network	2,397	2,399	1,055	1,066	-	2	3,452	3,467
TV	3,400	3,368	18	20	28	43	3,446	3,431
Other services	757	852	1,159	1,150	5	3	1,921	2,005
External revenue, total	**10,082**	**10,089**	**3,813**	**3,837**	**740**	**671**	**14,635**	**14,597**

	TDC NET		Group functions		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Landline voice	106	116	-	-	850	915
Mobile services	56	80	-	-	5,128	4,975
Internet & network	883	875	-	-	4,335	4,342
TV	-	-	-	-	3,446	3,431
Other services	362	330		4	2,283	2,339
External revenue, total	**1,407**	**1,401**		**4**	**16,042**	**16,002**

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2.2 | Revenue (continued)

(DKKm)	2022	2021
Sales of goods recognised at a point in time	1,392	1,356
Sales of services recognised over time	14,650	14,646
Total	**16,042**	**16,002**

The revenue is from domestic operations.

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 complex sale of goods and services, management judgements are required to determine whether goods and services shall be recognised together or as separate goods 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 mobile phones, subscriptions, leases, etc.

2.2 | Revenue (continued)

Accounting policies

Revenue is measured at the fair value of the consideration receivable after deduction of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

Consumer sells to households and the contracts are primarily perpetual, with the same service provided until the customer terminates the contract. Some of the contracts include a non-cancellation period of 6 months. Consumer also has contracts with antenna associations for longer periods.

Business sells digital solutions to enterprises and public segments. Business offers modular solutions for small and medium-sized enterprises, as well as customised solutions for public and large enterprises. Modular self-service contracts are perpetual, and contracts with customised solutions are for longer periods, i.e. 3-5 years.

Wholesale delivers services from plain access to full service packages to service providers. Wholesale revenue is 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 services 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 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. Such revenues include the sale of equipment located at customer premises, e.g. switchboards and handsets.

The transaction price in revenue arrangements with multiple deliverables, such as handsets and subscriptions, are allocated to each performance obligation based on the stand-alone 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.

Revenues are recognised gross when DKTH Group acts as the principal in a transaction. For content-based services and the resale of services from content providers where DKTH Group acts as the agent, revenues are recognised net of direct costs.

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 are 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 rental income, compensation for cable breakages, investment advisory fees from the related pension funds as well as profit relating to divestment of property, plant and equipment.

2.3 | Cost of sales

(DKKm)	2022	2021
Mobile services	(815)	(740)
Landline voice	(75)	(74)
Internet & network	(329)	(280)
TV	(1,954)	(1,974)
Other services	(1,802)	(1,846)
Total	**(4,975)**	**(4,914)**

§ 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 as well as TV-programme rights and other content costs.

2.4 | External expenses

(DKKm)	2022	2021
Marketing and advertising	(219)	(226)
Subscriber acquisition and retention, cf. note 3.5	(168)	(163)
Properties	(597)	(422)
IT	(402)	(332)
Temps and personnel-related expenses	(143)	(119)
Other	(629)	(629)
Total	**(2,158)**	**(1,891)**

§ Accounting policies

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

2.5 | Personnel expenses

(DKKm)	2022	2021
Wages and salaries (including short-term and long-term bonuses)	(3,696)	(3,773)
Pensions:		
• defined benefit plans	(83)	(82)
• defined contribution plans	(287)	(293)
Social security	(77)	(80)
Total	**(4,143)**	**(4,228)**
Of which capitalised as tangible and intangible assets	1,310	1,269
Total personnel expenses recognised in the income statement	**(2,833)**	**(2,959)**

[1] Primarily software and network infrastructure.

Remuneration for the key management of TDCH and the Board of Directors of TDCH[2] (DKKm)	2022	2021
Base salary (incl. benefits)	13.9	20.2
Cash bonus	6.4	15.4
Pensions	2.2	3.7
Long-term incentive programme	2.7	3.3
Management incentive programme (cf. note 6.1)	4.9	2.1
	30.1	44,7
Redundancy compensation[1]	6.4	33.9
Key management in total	36.5	78.6
Fee to the Board of Directors	14.3	5.8
Total	**50.8**	**84.4**

[1] Redundancy compensation in 2022 comprised the CFO of Nuuday A/S, who retired in Q1 2022, and the CFO of TDC NET A/S, who will retire in Q1 2023. The Redundancy compensations are in accordance with the employment contracts.
[2] During 2022, the remuneration to the key management (excluding redundancy compensation) comprised 3.6 members on average (2021: 4.7 members). Management in DK Telekommunikation, DKT Finance and DKT Holdings receive no remuneration.

Number of full-time employee equivalents[1]	2022	2021
1 January	6,659	7,032
Redundancy programmes	(166)	(324)
Insourcing	9	92
Hirings and resignations	(69)	(141)
31 December	**6,433**	**6,659**
Former Danish civil servants	51	56
Employees entitled to pension from TDC Group's pension fund	598	677
Other employees	5,784	5,926
31 December	**6,433**	**6,659**
Average number of full-time employee equivalents, DKTH Group[2]	**6,477**	**6,759**

[1] The reported number of full-time employees does not include students, graduates, employees in 'flexible job' or job rotation (173 in 2022 and 200 in 2021).
[2] The average number of full-time employee equivalents seconded to external parties in connection with outsourcing of tasks or divestment of operations and entitled to pensions on conditions similar to those provided for Danish civil servants is not included in the reported figures (16 in 2022 and 44 in 2021).

Comments

Key management consists of the Executive Committee of TDCH as well as the CEOs and CFOs of Nuuday and TDC NET. The member of the Executive Committee in TDCH does not receive remuneration.

In 2021 the remuneration for the Executive Committee amounted to DKK 54.4m of which DKK 2.5m constitutes pensions and DKK 3.6m comprises other long-term benefits.

2.5 | Personnel expenses (continued)

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.

Pension costs

See note 3.7.

Full-time employee equivalents

The number of full-time employee equivalents includes permanent employees and trainees.

Employees who are entitled to pensions on conditions similar to those provided for Danish civil servants and who are seconded to external parties in connection with outsourcing of tasks or divestment of operations are not included in the reported numbers.

Employees in acquired enterprises are included as the average number of full-time employee equivalents from the time of acquisition until 31 December. Employees in divested enterprises are included as the average number of full-time employee equivalents from 1 January until the time of divestment.

Employees in discontinued operations are not included in the number of full-time employee equivalents. The total number of full-time employee equivalents including discontinued operations is disclosed in a footnote.

2.6 | Depreciation, amortisation and impairment losses

(DKKm)	2022	2021
Amortisation of intangible assets, cf. note 3.1	(2,457)	(2,613)
Depreciation of property, plant and equipment, cf. note 3.2	(2,107)	(2,055)
Depreciation of lease assets, cf. note 3.3	(381)	(380)
Impairment losses, cf. notes 3.1 and 3.2	(30)	(47)
Of which capitalised as tangible or intangible assets	29	28
Total	**(4,946)**	**(5,067)**

Comments

The decrease in amortisation from 2021 to 2022 is due primarily to lower customer and software amortisation in 2022.

2.7 | Special items

(DKKm)	2022	2021
Costs related to redundancy programmes	(88)	(179)
Other restructuring costs, etc.	(21)	(76)
Distribution of excess capital from TDC Pension Fund to its members	(94)	(44)
Profit/(loss) on sale of enterprises	-	(103)
Loss from rulings	(2)	(16)
Costs related to acquisition of enterprises	-	(6)
Special items before income taxes	**(205)**	**(424)**
Income taxes related to special items	10	59
Special items related to joint ventures and associates	-	49
Total special items	**(195)**	**(316)**

Cash flow from special items (DKKm)	2022	2021
Redundancy programmes	(122)	(146)
Rulings	(1)	(15)
Other	(58)	(55)
Total	**(181)**	**(216)**

Worth noting

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.

Critical accounting judgements

In the Group's 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 a meaningful analysis of the operating results of the Group.

Accounting policies

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

2.8 | Income taxes

Worth noting

A large part of DKTH Group's deferred tax liabilities relates to assets that are not expected to be taxed in the foreseeable future (pension assets, customer relations and brands). The deferred tax liabilities relating to customer relationships and brands stem primarily from the acquisition of TDC A/S in May 2018 and the resulting purchase price allocation.

	2022			2021		
Income taxes (DKKm)	**Income tax income/ (expense)**	**Income tax payable/ (receivable)**	**Deferred tax liabilities/ (assets)**	**Income tax income/ (expense)**	**Income tax payable/ (receivable)**	**Deferred tax liabilities/ (assets)**
At 1 January		132	4,298		(229)	3,881
Income taxes for the year	(126)	514	(388)	(90)	333	(243)
Adjustment of tax for previous years	51	(37)	(14)	(20)	-	20
Tax relating to remeasurement effects from defined benefit plans	-	-	346	-	-	640
Income tax paid		(522)			28	
Total	**(75)**	**87**	**4,242**	**(110)**	**132**	**4,298**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities		87	4,242		132	4,298
Tax receivable/deferred tax assets						
Total		**87**	**4,242**		**132**	**4,298**
Income taxes are specified as follows:						
Income excluding special items	(85)			(169)		
Special items	10			59		
Total	**(75)**			**(110)**		

2.8 | Income taxes (continued)

Deferred tax (DKKm)	2022 Deferred tax assets	2022 Deferred tax liabilities	2022 Total[1]	2021
Intangible assets	-	170	170	306
Other	-	8	8	(3)
Current	**-**	**178**	**178**	**303**
Intangible assets		1,999	1,999	2,090
Property, plant and equipment	(151)	-	(151)	(179)
Lease assets and liabilities	(216)	-	(216)	(223)
Pension assets and pension liabilities	-	2,396	2,396	2,324
Tax value of tax-loss carried forwards	(12)	-	(12)	(12)
Other	-	48	48	(5)
Non-current	**(379)**	**4,443**	**4,064**	**3,995**
Deferred tax at 31 December	**(379)**	**4,621**	**4,242**	**4,298**

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

DKT Holdings ApS participates in joint taxation with all its Danish group companies. DKT Holdings ApS is the administration 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.

2.8 | Income taxes (continued)

	2022		2021	
Effective tax rate (DKKm)	**DKKm**	**%**	**DKKm**	**%**
Danish corporate income tax rate	255	22.0	489	22.0
Limitation on the tax deductibility of interest expenses	(406)	(35.0)	(638)	(28.7)
Adjustment of tax for previous years	50	4.4	(20)	(0.9)
Other	16	1.3	-	-
Effective tax excluding special items	**(85)**	**(7.3)**	**(169)**	**(7.6)**
Special items	10	1.8	59	3.4
Effective tax including special items	**(75)**	**(5.5)**	**(110)**	**(4.2)**

The change in effective tax rate (excluding special items) was due primarily to an increased impact of the Danish limitation on the deductibility of interest partly offset by an increase 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 DKT Holdings Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-losses carried forwards are recognised when it is likely that these will be utilised 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.

Section 3

Operating assets and liabilities

This section shows the assets used to generate the Group's performance and the resulting liabilities incurred. Assets and liabilities relating to the Group's financing activities are addressed in section 4. Deferred tax assets and liabilities are shown in note 2.8.

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3.1 | Intangible assets

(DKKm)	2022 Goodwill	2022 Customer relationships	2022 Brands	2022 Rights and software, etc.	2022 Total	2021 Goodwill	2021 Customer relationships	2021 Brands	2021 Rights and, software, etc.	2021 Total
Cost at 1 January	22,201	10,573	2,539	10,925	46,238	22,201	10,573	2,539	9,115	44,428
Additions	-	-	-	1,426	1,426	-	-	-	1,895	1,895
Assets disposed of or fully amortised	-	-	-	(118)	(118)	-	-	-	(85)	(85)
Cost at 31 December	**22,201**	**10,573**	**2,539**	**12,233**	**47,546**	**22,201**	**10,573**	**2,539**	**10,925**	**46,238**
Amortisation and impairment losses at 1 January	-	(5,610)	(634)	(5,033)	(11,277)	-	(4,674)	(461)	(3,580)	(8,715)
Amortisation	-	(831)	(169)	(1,457)	(2,457)	-	(936)	(173)	(1,504)	(2,613)
Impairment losses for the year	-	-	-	(18)	(18)	-	-	-	(32)	(32)
Assets disposed of or fully amortised	-	-	-	112	112	-	-	-	83	83
Amortisation and impairment losses at 31 December	**-**	**(6,441)**	**(803)**	**(6,396)**	**(13,640)**	**-**	**(5,610)**	**(634)**	**(5,033)**	**(11,277)**
Carrying amount at 31 December	**22,201**	**4,132**	**1,736**	**5,837**	**33,906**	**22,201**	**4,963**	**1,905**	**5,892**	**34,961**

Worth noting

DKTH Group's intangible assets relate largely to goodwill, customer relations and brands stemming from the acquisition of TDC A/S in May 2018, and the resulting purchase price allocation.

Cash flow (DKKm)	2022	2021
Additions, cf. table above	(1,426)	(1,895)
Instalments regarding mobile licences, cf. note 4.4	(192)	(109)
Non-cash part of acquisition of mobile licences	-	663
Cash flow from investment in intangible assets	**(1,618)**	**(1,341)**

3.1 | Intangible assets (continued)

Comments

Impairment of intangible assets, etc. totalled DKK 18m (2021: DKK 32m), of which DKK 14m related to termination of various software projects in Nuuday. The remaining 4m related to termination of various software projects in TDC Net DKK 1m and in Group functions DKK 3m.

Assets with indefinite useful lives other than goodwill related to the TDC brand and were unchanged at DKK 833m compared with 2021.

The carrying amount of software amounted to DKK 2,861m (2021: DKK 2,707m). Of this, DKK 435m relates to software in progress. The addition of internally developed software totalled DKK 595m (2021: DKK 586m).

The carrying amount of individually material Danish spectrum mobile licences included in rights, software, etc., amounted to DKK 2,863m (2021: DKK 3,035m) and is shown in the next table. Of this DKK 228m relates to licences not yet in use.

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

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 DKTH 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.

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.

3.1 | Intangible assets (continued)

Impairment testing of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives relate primarily to DKTH's acquisition of TDC Holding A/S. The carrying amount of goodwill relating to the acquisition of TDC amounted to DKK 21,913m and the carrying value of intangible assets with indefinite useful lives amounted to DKK 833m. 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 at 1 October 2022 and at 1 October 2021, respectively.

Impairment testing is an integral part of DKTH 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 rates applied reflect specific risks relating to the individual 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. The business plans approved by Management follow the operating segments as described in note 2.1. 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, TDC Group uses a pre-tax discount rate for each cash-generating unit.

Goodwill and intangible assets with indefinite useful lives relate to Nuuday and TDC NET. The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Key assumptions for calculating the value in use for the significant[1] goodwill amounts (DKKm)	**Nuuday**	**TDC NET**
Carrying amount of goodwill at 31 December 2022 (DKKm)	4,883	17,318
Carrying amount of goodwill at 31 December 2021 (DKKm)	4,883	17,318
Market-based growth rate applied at 1 October 2022 to extrapolated projected future cash flows for the period following 2030	2.3%	2.3%
Market-based growth rate applied at 1 October 2021 to extrapolated projected future cash flows for the period following 2030	1.0%	1.0%
Applied pre-tax discount rate at 1 October 2022	11.7%	8.5%
Applied pre-tax discount rate at 1 October 2021	7.6%	5.3%

[1] Representing 100% of the total carrying amount in 2020.

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. A sensitivity analysis indicates that EBITDA may be approximately 10% lower in each year in the planning period before a write-down would have to be recognised. If the weighted average cost of capital (WACC) applied as the 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 11.4bn and 17.8bn, respectively. Under the same assumptions, a 1.0% decrease/increase in the market-based growth rate would decrease/increase the value in use by DKK 8.4bn and 13.2bn, respectively. With the present relation between WACC and growth rate the WACC can increase approximately 1.7 percentage points (pre-tax) before the carrying amount of goodwill in one of the segments 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.

Nuuday

Sensitivity driven by reasonably possible changes in the key assumptions are disclosed below.

Projections are based on the assumption of positive EBITDA growth in the long-term business plan based on the following assumptions:

- Landline voice decline from continuation of higher churn and partly offset by improved product mix and higher *ARPU*
- Growth in mobility services from higher *RGU*s and *ARPU* partly offset by the ambition to continue to have superior networks
- Declining broadband gross profit trend due to decreasing *RGU*s, however offset in the long term by increased *ARPU*s as customers migrate to high-speed technologies (e.g. *Fibre* and *Coax*)
- TV gross profit decline due to pressure on the number of RGUs and increased content cost. Focus on future-proof TV technology such as *Bland Selv TV*, supporting higher ARPUs due to enhanced product mix
- Savings driven by initiatives generated in an extensive savings programme with reductions of external and personnel expenses.

TDC NET

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 TDC NETs 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 roll-out, as well as optimisation of ongoing investments to maintain capacity, quality, etc. in the networks.

3.1 | Intangible assets (continued)

Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated impairment losses. 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. Impairment of goodwill are not reversed. For the purpose of impairment testing in the consolidated financial statement, goodwill is allocated to the Group's cash-generating units. The determination of cash-generating units is based on the operating segments in the Group's internal management reporting.

Brands with finite useful lives, licences, 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.

Customer-related assets are measured at cost less accumulated amortisation and impairment losses, and are amortised using the diminishing-balance method based on the percentage of churn (15% to 20%) corresponding to the expected pattern of consumption of the expected future financial benefits.

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 economic 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:

Brands	3-10 years
Mobile licences	16-22 years
Software	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 infrastructure	2022 Equipment	2022 Assets under construction	2022 Total	2021 Land and buildings	2021 Network infrastructure	2021 Equipment	2021 Assets under construction	2021 Total
Cost at 1 January	412	24,502	1,257	498	26,669	414	21,661	981	628	23,684
Transfers (to)/from other items	2	494	53	(549)	-	-	544	65	(609)	-
Transfers from leased assets	-	-	-	-	-	-	13	3	-	16
Additions	5	2,148	178	542	2,873	-	2,306	215	479	3,000
Assets disposed of	(5)	(374)	(4)	(3)	(386)	(2)	(22)	(7)	-	(31)
Cost at 31 December	**414**	**26,770**	**1,484**	**488**	**29,156**	**412**	**24,502**	**1,257**	**498**	**26,669**
Depreciation and impairment losses at 1 January	(114)	(8,364)	(584)	(17)	(9,079)	(111)	(6,589)	(313)	(13)	(7,026)
Transfers (to)/from other items	-	-	-	-	-	-	31	(31)	-	-
Transfers from leased assets	-	-	-	-	-	-	(11)	(1)	-	(12)
Depreciation	(3)	(1,854)	(250)	-	(2,107)	(3)	(1,807)	(245)	-	(2,055)
Impairment losses for the year	-	(9)	-	(2)	(11)	-	(10)	(1)	(4)	(15)
Assets disposed of	-	374	3	-	377	-	22	7	-	29
Depreciation and impairment losses at 31 December	**(117)**	**(9,853)**	**(831)**	**(19)**	**(10,820)**	**(114)**	**(8,364)**	**(584)**	**(17)**	**(9,079)**
Carrying amount at 31 December	**297**	**16,917**	**653**	**469**	**18,336**	**298**	**16,138**	**673**	**481**	**17,590**

Comments

In 2022, impairment losses totalled DKK 11m (2021: DKK 15m) related to assets operated by TDC NET.

Cash flow (DKKm)	**2022**	**2021**
Additions, cf. table above	(2,873)	(3,000)
Non-cash additions regarding decommissioning obligations	(35)	11
Change in additions not yet paid	(152)	(429)
Capitalised depreciations cf. note 2.6	29	28
Cash flow from investment in property, plant and equipment	**(3,031)**	**(3,390)**

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 life 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, 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.

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 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 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	3,013	10	172	3,195	3,268	15	150	3,433
Additions	148	-	141	289	60	-	114	174
Transfer to property, plant and equipment	-	-	-	-	-	(2)	(2)	(4)
Disposals	(1)	-	(8)	(9)	(23)	-	(5)	(28)
Depreciation	(290)	(3)	(88)	(381)	(292)	(3)	(85)	(380)
Carrying amount at 31 December	**2,870**	**7**	**217**	**3,094**	**3,013**	**10**	**172**	**3,195**

Lease liabilities (DKKm)	2022	2021
Recognised in the balance sheet at present value:	4,074	4,132
Of which presented as current	(489)	(475)
Total non-current	**3,585**	**3,657**
Maturing between 1 and 3 years	858	816
Maturing between 3 and 5 years	719	703
Maturing between 5 and 10 years	1,184	1,203
Maturing between 10 and 20 years	824	935
Total non-current	**3,585**	**3,657**

Amounts recognised in the income statement (DKKm)	2022	2021
Expense relating to short-term leases	(94)	(83)
Expense relating to leases of low-value assets	(1)	(1)
Income from sublease	143	109
Depreciation charge of lease assets, cf. above	(381)	(380)
Interest expense (included in financing costs)	(187)	(191)

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.

The total cash outflow for leases in 2022 was DKK 526m (2021: DKK 508m). The amount is excluding short-term leases and leases of low-value assets.

At 31 December 2022, the future sublease payment amounted to DKK 457m (2021: DKK 397m).

3.3 | Lease assets and liabilities (continued)

Critical accounting estimates and judgements

Impairment tests of lease assets require management to make significant estimates related to vacant tenancies. Management has estimated the expected sublease income net of operating cost. For each category of lease assets (offices, exchanges, etc.) and in consideration of the geographical location, the probability of obtaining income from sublease and expected sublet rent rates is estimated. The most critical assumptions used in determining the write-down relate to the probability of sublease and expected sublet rent rates that will be impacted by e.g., changed market conditions for subletting.

The Group has 172,737 square metres of leased tenancies no longer used by the Group (2021: 173,023). Of this, 124,305 square metres were sublet (2021: 116,918). The leases terminate in 2041 at the latest.

The Group is expected to vacate and sublet additional tenancies in the future, following further reductions in the number of employees and upgrading to technical equipment that requires fewer square metres.

Significant judgements are involved when assessing the future capacity needs for leases and as such, the use of extension options.

Accounting policies

Assets and liabilities arising from a lease 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
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The 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, which is 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 instalments and financing costs. The financing costs are charged to the income statement over the lease period 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 write-downs for impairment. 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 at least annually and, if necessary, when circumstances indicate their carrying amounts may not be recoverable. Write-downs of lease assets related to vacant tenancies are based on expectations concerning timing and scope, future cost level, etc. The calculation of the 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	1,608	1,630
Expected credit losses	(111)	(186)
Trade receivables, net	**1,497**	**1,444**
Expected credit losses at 1 January	(186)	(204)
Expected credit losses	(60)	(46)
Realised credit losses	101	38
Reversed expected credit losses	34	26
Expected credit losses at 31 December	**(111)**	**(186)**

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	1%	1%	5%	24%	73%	7%
Gross carrying amount	1,231	170	64	25	118	1,608
Expected credit losses	(15)	(1)	(3)	(6)	(86)	(111)
2021						
Expected loss rate	1%	2%	3%	11%	75%	11%
Gross carrying amount	1,135	166	61	44	224	1,630
Expected credit losses	(8)	(4)	(2)	(5)	(167)	(186)

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 1,656m (net of loss allowance of DKK 204m).

Critical accounting estimates

Expected credit losses are assessed for portfolios of trade receivables based on customer seg ments, historical credit loss experience combined with forward-looking information on macroeconomic factors affecting the credit risk. The expected loss rates are updated at each reporting date.

Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. DKTH 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.

DKTH 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
Assets recognised from costs to obtain a contract (SAC)	248	204	212
Assets recognised from costs to fulfil a contract	186	139	109
Work in progress for the account of third parties	57	52	57
Total contract assets	**491**	**395**	**378**
Deferred subscription income	2,377	2,326	2,310
Other deferred income	37	39	43
Work in progress for the account of third parties, liabilities	5	17	45
Total contract liabilities	**2,419**	**2,382**	**2,398**

Comments

Of the deferred subscription income, DKK 30m (2021: DKK 38m) will be recognised as income after more than one year.

Revenue recognised in 2022 that was included in deferred subscription income at the beginning of the period amounted to DKK 2,292m (2021: DKK 2,272m).

Costs recognised in 2022 that were included in assets recognised from costs to obtain a contract (SAC) at the beginning of the period amounted to DKK 123m (2021: DKK 132m). Assets to fulfil a contract at the beginning of the period DKK 36m (2021 DKK 25m) were recognised as costs in 2022.

Of the assets recognised from costs to obtain a contract (SAC), DKK 108m (2021: DKK 82m) and DKK 134m (2021: DKK 103m) of costs to fulfil a contract will be recognised as costs after more than one year.

Accounting policies

Subscriber acquisition costs and fulfilment costs

The most common subscriber acquisition costs are dealer commissions. Subscriber acquisition costs and fulfilment costs are capitalised and recognised as expenses in external expenses and personnel expenses over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the expenses for any period.

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

3.6 | Provisions

(DKKm)	2022 Decom missioning obligations	2022 Restructuring obligations	2022 Other provisions	2022 Total	2021
Provisions at 1 January	316	102	193	611	461
Provisions made	7	90	-	97	324
Change in present value	(32)	-	-	(32)	(2)
Provisions used (payments)	(5)	(130)	(7)	(142)	(165)
Reversal of unused provisions	(1)	-	(17)	(18)	(8)
Currency translation adjustments	-	-	(5)	(5)	1
Provisions at 31 December	**285**	**62**	**164**	**511**	**611**
Of which recognised through special items in the income statement	**-**	**56**	**101**	**157**	**207**
Recognised as follows in the balance sheet:					
Non-current liabilities	285	13	64	362	415
Current liabilities	-	49	100	149	196
Total	**285**	**62**	**164**	**511**	**611**

Specification of how payments regarding provisions are recognised in the statements of cash flow (DKKm)	2022	2021
Payments related to provisions	(21)	(22)
Cash flow related to special items	(121)	(143)
Total	**(142)**	**(165)**

3.6 | Provisions (continued)

Comments

Provisions for decommissioning obligations relate to the future dismantling of mobile stations and restoration of property owned by third parties. The uncertainties relate 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 relate 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 relate primarily to the estimated amounts and the timing of the related cash outflows.

Other provisions relate mainly to onerous contracts and jubilee benefits for employees as well as legal claims. The majority of these provisions are expected to result in cash outflows in the next five years. The uncertainties regarding legal claims and onerous contracts relate to both timing and estimated amounts. The uncertainties regarding jubilee benefits relate to both salary and the number of employees included.

In pursuance of Section 32 of the Danish Civil Servants Act, the Group has a termination benefit obligation to former Danish civil servants and to employees with civil-servant status hired before 1 April 1970 who are members of the related Danish pension fund. In the event of termination, such employees have a right to special termination benefits in the amount of three years' salary (tied-over allowance) or three months' full salary and two-thirds of their full monthly salary for four years and nine months (stand-off pay).
The Group's total termination benefits include wages during the notice period, severance pay, stand-off pay, payments pursuant to the Danish Salaried Employees Act, special termination benefits (in accordance with IAS 19 *Employee Benefits*), social security contributions and out-placement costs. The average redundancy cost per full-time employee equivalent, calculated as the total cost divided by the number of full-time employee equivalents included in the redundancy programmes during this period, is shown in the table below.

Average redundancy cost per full-time employee equivalent[1] (DKK thousands)	**2022**	**2021**
Non-civil servants	411	388
Former Danish civil servants	129	1,118
Employees with civil-servant status	623	865
Weighted average per full-time employee equivalent	456	446
Number of redundancies	179	318

[1] Excluding corporate management.

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 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 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.

3.7 | Pension assets and pension obligations

Worth noting

In a defined contribution plan, DKTH Group pays fixed contributions to a third party on behalf of the employees and has no further obligations towards the employees. The benefits for the employees ultimately depend on the third party's ability to generate returns.

In a defined benefit plan, members receive cash payments on retirement, the values of which depends on factors such as salary and length of service. The Group underwrites investment, mortality and inflation risks necessary to meet these obligations. In the event of returns not being sufficient to honour obligations towards the employees, DKTH Group needs to address this through increased levels of contribution. The Group has defined a benefit plan in TDC Pension Fund. In total, 623 of TDCH group's employees are covered by the defined benefit plan, while all other employees are covered by defined contribution plans.

DKTH Group makes contributions to TDC Pension Fund, which is not consolidated in these financial statements, but are reflected in the balance sheet in pension assets. TDC Pension Fund can, under certain circumstances, distribute excess capital to DKTH Group, triggering a payment to members of the pension fund as well. DKTH Group's pension assets and pension obligations are outlined in more detail in the following.

Defined benefit plan

Under conditions similar to those provided by the Danish Civil Servants' Pension Plan, 623 of DKTH Group's employees (2021: 712) were entitled to pensions from the pension fund related to the Group. Of these, 12 (2021: 21) employees were seconded to external parties in connection with outsourcing tasks or divesting operations. In addition, 7,398 (2021: 7,514) members of the pension fund receive or are entitled to receive pension benefits. The pension benefits comprise lifelong old-age and disability pensions as well as certain benefits for spouses and children. Future pension benefits are based primarily on years of credited service and on participants' compensation at the time of retirement. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, the Group is required to make contributions to meet the capital adequacy requirements. When all pension obligations have been met, the remaining funds will be distributed from the pension fund to DKTH Group.

With effect from 2019, TDC Pension Fund can under certain circumstances distribute excess capital to DKTH Group triggering a payment to members of the pension fund as well. The members of the pension fund receive 7.5% of a potential future distribution from TDC Pension Fund. Pensioners receive the distribution as part of the current pension payments, while employees in service receive a supplement to their future pension benefits. The pension members' shares of distribution are expensed when incurred and recognised in special items. In 2022, TDC's Pensions Fund distributed DKK 1,250m (2021: DKK 318m), of which DKTH Group received DKK 1,156m (2021: DKK 274m).

Ordinary monthly contributions to the pension fund are made corresponding to a percentage of wages. The ordinary contributions have been reduced from 1 January 2018. This decision was made due to the positive funding situation of the pension fund. Extraordinary contributions are made in connection with redundancy programmes and other retirements. Overall, the risk of additional capital contributions to the pension fund can be categorised as investment, longevity and regulatory risks.

Investment risk is managed within risk tolerance limits to mitigate excessive risk that could lead to contributions. The fund invests in a wide variety of marketable securities (predominantly fixed-income securities) and the return on the investments has implications for DKTH Group's financial results. Uncompensated risk related to nominal interest rates and inflation has been hedged.

In 2011, the Danish FSA introduced the longevity benchmark for statutory purposes, and the fund's actuary has since on a yearly basis conducted a detailed longevity statistical analyses that have generally underpinned the fund's assumptions regarding observed current longevity. In line with the sector, however, the fund has increased its provisions for future expected improvements to longevity corresponding to the updated Danish FSA benchmark.

Other risks relating to capital contributions in excess of the planned ordinary contributions and extraordinary contributions in connection with redundancies going forward, relate primarily to future changes to pension regulation and benefits over which the Group does not have full control.

The surplus under the Danish FSA pension regulation amounted to approximately DKK 3.6bn (2021: DKK 5.9bn). The equity of the pension fund amounted to approx. DKK 4.5bn (2021: DKK 7.0bn). The equity differs from the pension assets recognised in accordance with IFRS due to specific FSA pension regulation requirements resulting in a higher pension obligation for regulatory purposes. The method for determining the fair value of plan assets is identical under the two requirements. The pension assets recognised in accordance with IFRS amounted to approximately DKK 10.9bn (2021: 10.6bn).

3.7 | Pension assets and pension obligations (continued)

Assets and obligations (DKKm)	**2022**	**2021**
Specification of pension assets		
Fair value of plan assets	27,561	34,379
Defined benefit obligation	(16,668)	(23,817)
Pension assets recognised in the balance sheet	**10,893**	**10,562**
Change in defined benefit obligation		
Defined benefit obligation at 1 January	(23,817)	(23,954)
Additions relating to the acquisition of enterprises	(73)	(72)
Service cost	(10)	(10)
Administrative expenses	(224)	(82)
Interest cost on the defined benefit obligation	(11)	(14)
Termination benefits	(19)	(9)
Remeasurement effect:		
Demographic experience	382	383
Financial assumptions	6,047	(1,135)
Benefit paid	1,057	1,076
Projected benefit obligations at 31 December	**(16,668)**	**(23,817)**
Change in fair value of plan assets		
Fair value of plan assets at 1 January	34,379	31,982
Additions relating to the acquisition of enterprises	319	110
Interest income on plan assets	(4,856)	3,659
Actual return on plan assets greater/(less) than discount rate (remeasurement effect)	(1,231)	(309)
TDC's contribution	7	13
Benefit paid	(1,057)	(1,076)
Fair value of plan assets at 31 December	**27,561**	**34,379**
Change in pension assets		
Pension assets at 1 January	10,562	8,028
Additions relating to the acquisition of enterprises	1	(68)
Pension (costs)/income	1,573	2,907
Remeasurement effects	(1,250)	(318)
TDC's contribution (see also table below)	7	13
Pension assets recognised in the balance sheet at 31 December	**10,893**	**10,562**

Asset allocation by asset categories at 31 December (DKKm)	**2022**	**2021**
Assets with quoted prices:		
Government and mortgage bonds (incl. hedges and repos)	8,359	14,254
High-yield bonds	5,142	6,126
Investment grade bonds	2,884	2,857
Emerging markets-debt	1,808	2,284
Property	2,437	2,381
Equities	1,166	1,304
Cash	745	154
Other	629	(176)
Assets without quoted prices:		
High-yield bonds	785	639
Investment grade bonds	1,422	2,504
Property	2,184	2,052
Equities	-	-
Fair value of plan assets	**27,561**	**34,379**

Assumptions used to determine defined benefit obligations (balance sheet) (%)	**2022**	**2021**
Discount rate	3.99	0.96
General price/wage inflation	2.58	2.13

Assumptions used to determine pension (costs)/income (%)	**2023**	**2022**	**2021**
Discount rate	3.99	0.96	0.35
General price/wage inflation	2.58	2.13	1.19

3.7 | Pension assets and pension obligations (continued)

The basis for determining the discount rate is the yield of AA-rated euro-denominated corporate bonds with an average maturity of 12 years, taking into account that the pension liability is in Danish kroner. For purposes of determining DKTH Group's pension costs, the assumed discount rate was 0.96% (0.35% in 2021) and inflation was 2.13% (1.19% in 2021). The assumptions for 2023 reflect a discount rate increase to 3.99% and an increase in the assumed inflation rate to 2.58%.

In 2023, with these changed assumptions, pension costs from the domestic defined benefit plan is expected to amount to DKK 386m (2022: cost of DKK 12m), assuming all other factors remain unchanged. The Group's contribution is expected to amount to DKK 7m (2022: DKK 7m).

The remeasurement effects of DKK 1,573m in 2022 covered primarily a gain related to the benefit obligation (DKK 6,429m) resulting from the increasing discount rate (from 0.96% to 3.99%), which was partly offset by the plan assets (DKK 4,856m) as the actual return was lower than the expected return[1] and a loss related to the increasing inflation rate (from 2.13% to 2.58%).

The remeasurement effects in 2021 of DKK 2,907m covered primarily a gain related to the plan assets (DKK 3,659m) as the actual return was higher than the expected return[1] and a loss related to the benefit obligation (DKK 752m) resulting from the increasing inflation rate (from 1.19% to 2.13%), which was partly offset by the increasing discount rate (from 0.35% to 0.96%).

The mortality assumptions are based on yearly mortality studies. If TDC Pension Funds own observed mortality deviates significantly from the Danish FSAs benchmark mortality, TDC Pension Funds own observed mortality is used. Otherwise, the Danish FSAs benchmark mortality is used. The studies in 2022 and 2021 showed that the benchmark mortality should be used for men and own observed mortality for women. In addition, the allowance for future improvement is in accordance with the Danish FSAs guidelines. The mortality assumptions provide the best estimate for the Group's recent experience plus an allowance for future improvement.

The table on the right side shows the estimated impact of some of the risks to which DKTH Group is exposed. The Group is also exposed to fluctuations in the market value of assets. For some of these risks, if the defined benefit obligation rises or falls, the market value of assets may move in the opposite direction, thereby eliminating some part of the risk.

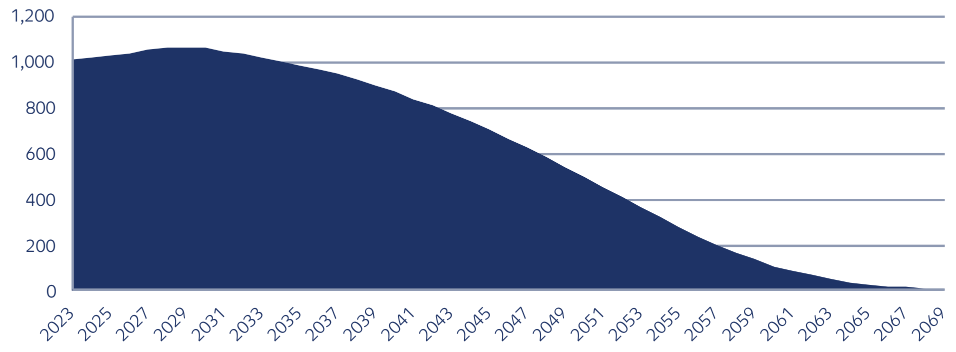
Pension (costs)/income (DKKm)	**Expected 2022**	**2022**	**2021**
Service costs	(38)	(73)	(72)
Administrative expenses	(12)	(10)	(10)
Personnel expenses (included in EBITDA)	**(50)**	**(83)**	**(82)**
Interest on pension assets	436	95	28
Pension (costs)/income	**386**	**12**	**(54)**
Domestic redundancy programmes recognised in special items		(11)	(14)
Members part of distribution of excess capital		(94)	(44)
Total pension (costs)/income recognised in the income statement		**(93)**	**(112)**

Sensitivity analysis (DKKm)	**2022**	**2021**
Reported defined benefit obligation	16,668	23,817
Discount rate sensitivity	**3.99%**	**0.96%**
Assumption -0.5%	17,618	25,536
Assumption +0.5%	15,800	22,272
General price/wage inflation sensitivity	**2.58%**	**2.13%**
Assumption +0.25%	17,161	24,675
Assumption –0.25%	16,195	22,299
Mortality sensitivity		
Assumption +1 year longevity	17,318	24,941
Assumption -1 year longevity	16,019	22,712

[1] In accordance with International Financial Reporting Standards, the expected return should be assumed to equal the discount rate as of the end of the previous year.

3.7 | Pension assets and pension obligations (continued)

Projected benefit payments[1] DKKm



[1] The duration of the pension plan is approximately 12 years.

Other information

Ultimately, 466 members of the defined benefit plans will have part of their pension payments reimbursed by the Danish government. (2021: 478 members).

The related benefit obligations of DKK 290m (2021: DKK 389m) have been deducted in the projected benefit obligation.

Critical accounting estimates

Defined benefit plans

The pension liability regarding defined benefit plans is estimated based on certain actuarial assumptions, the most significant of which relate to discount rates, wage inflation and mortality. The discount rate applied is based on the yield of corporate bonds and may change over the years depending on interest rate developments. Management estimates of actuarial assumptions illustrate current market conditions. See the separate section Sensitivity analysis for a statement on the sensitivity of the defined benefit obligation to the discount rate, inflation and mortality.

Accounting policies

In a defined benefit plan, DKTH Group is obliged to pay a specific benefit at the time of retirement. A pension asset or pension obligation corresponding to the present value of the obligations less the defined pension plans' assets at fair value is recognised for these benefit plans.

The obligations are determined annually by independent actuaries using the projected unit credit method assuming that each year of service gives rise to an additional unit of benefit entitlement, and each unit is measured separately to build up the final obligations. Estimation of future obligations is based on the Group's projected future developments in mortality, early retirement, future wages, salaries and benefit levels, interest rate, etc. The obligation does not take into account potential distributions of "excess capital" which is under DKTH's control. The defined pension plan assets are estimated at fair value at the balance sheet date.

Differences between the projected and realised developments in pension assets and pension obligations are referred to as remeasurement effects and are recognised in other comprehensive income when gains and losses occur.

Pension assets are recognised to the extent that they represent future repayments from the pension plan.

Pension income/costs from defined benefit plans comprise the items: service cost, administrative expenses and interest on pension assets. Service cost and administrative expenses are recognised in personnel expenses, whereas interest on pension assets is presented as an item in financial income and expenses.

Past service costs are recognised as an expense when a plan amendment or curtailment occurs.

For the defined contribution plans, the Group will pay in a fixed periodic contribution to separate legal entities and will have no further obligations after the payment has been made.

Section 4

Capital structure and financing costs

This section includes disclosures related to the Group's capital structure and related financing costs, net interest-bearing debt as well as finance related risks and how these are managed.

In this section

4.1. Equity 63
4.2. Loans and derivatives 63
4.3. Financial risks 67
4.4. Credit ratings and net interest-bearing debt 68
4.5. Financial income and expenses 70
4.6. Maturity profiles of financial instruments 72

4.1 | Equity

Comments

The company's share capital is DKK 195,000 divided into shares of DKK 1 each or multiples thereof. All issued shares have been fully paid up.

During 2022, total equity decreased by DKK 0.2bn due to negative total comprehensive income.

During 2021, total equity decreased by DKK 0.4bn due to negative total comprehensive income.

The Parent Company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 4,407m at 31 December 2022 (2021: DKK 4,283m). At the Annual General Meeting, the Board of Directors will not propose any dividend for the financial year 2022.

There were no dividend payments during 2022 and 2021.

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.

Reserve for cash flow hedges

The reserve for cash flow hedges in equity comprises changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised. From 2018 and onwards, DKTH Group no longer applies hedge accounting. At this point values were fixed and will be reversed to the income statement over the lifetime of the underlying hedged item.

4.2 | Loans and derivatives

Worth noting

DKTH Group is financed through the European bond market (EMTN), the market for syndicated senior secured bank loans, bilateral term loans, the High Yield bond market (Senior Notes) and Shareholder loans (SHL). DKTH Group also has Revolving Credit Facilities to support its daily liquidity management in the operating companies.

The GBP 425m EMTN bond matured in February 2023.

The Group's outstanding EMTN and Senior Notes have been issued in EUR, GBP and USD with fixed interest rates. Both the GBP and USD notes was swapped to fixed EUR rates.

The Group's outstanding syndicated and bilateral bank loans have been issued in EUR and are primarily with floating interest rates. In alignment with loan documents, almost all interest rate risk has been swapped to fixed interest rates in the EUR swap market.

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

Loans[1] (DKKm)	**2022**	**2021**
Senior Term Facility (STF) loans	18,637	-
Senior Facility Agreement (SFA) loan	-	14,105
Senior Notes	10,634	10,429
EMTN	7,217	7,595
Bank loans	-	570
Total excl. shareholder loans	**36,488**	**32,699**
Shareholder loans[1]	22,637	20,815
Total	**59,125**	**53,514**
Recognised as follows in the balance sheet:		
Non-current liabilities	44,912	49,210
Current liabilities	14,213	4,304
Total	**59,125**	**53,514**

[1]For maturity profiles of expected cash outflows and fair value of debt, see note 4.6.

4.2 | Loans and derivatives (continued)

2022 Euro Medium Term Notes (EMTNs), Senior Facility Agreement (SFA) loan, Senior Notes and Shareholder loans	**2023**	**2023**	**2023**	**2024**	**2026**	**2027**	**2028**	**2029**	**2030**	**Total excl SHL loans**	**2029**	**2029**	**Total SHL loans**	**Total**
Maturity	Feb 2023	Jun 2023	Jun 2023	Feb 2024	Jun 2026	Feb 2027	May 2028	Jun 2029	Oct 2030		Dec 2029	Dec 2029		
Fixed/floating rate	Fixed	Fixed	Fixed	Floating	Floating	Floating	Fixed	Floating	Fixed		Fixed	Fixed		
Coupon	6.875%	9.375%	7.000%	Margin + floored Euribor[1]	Margin + floored Euribor[1]	Margin + floored Euribor[1]	5.056%	Margin + floored Euribor[1]	5.870%		8.810%	8.150%		
Margin (bps)	-	-	-	150	190	150	-	190	-		-	-		
Currency	GBP	USD	EUR	EUR	EUR	EUR	EUR	EUR	EUR		DKK	DKK		
Type	EMTN Bond	Senior Note	Senior Note	STF loan	STF loan	STF loan	EMTN Bond	STF loan	STF loan		SHL loan	SHL loan		
Issuing company	TDCH	DKTF	DKTF	TDC NET	TDC NET	TDC NET	TDC NET	TDC NET	TDC NET		DKTH	DKTH		
Nominal value (Currency)	425	410	1,050	1,400	50	900	500	50	818		20,653	1,984		
Nominal value (DKKm)	3,567	2,845	7,806	10,410	372	6,692	3,718	372	818	36,600	20,653	1,984	22,637	59,237

1 EMTNs, Senior Notes 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, TDC NET has entered into EUR 250m notional interest rate swaps to fix the interest rate regarding the upcoming EMTN 2023 refinancing while Nuuday has entered into EUR 450m notional interest rate swaps to fix the interest rate on the Term loan drawn in 2023).
As at 31 December 2022 there were no drawings on Revolving Credit Facilities (RCF). That is, undrawn RCFs amounted to: DKT Finance: EUR 50m, maturing June 2024, TDC NET: EUR 350m, maturing February 2027 and Nuuday: EUR 135m, maturing July 2026.

4.2 | Loans and derivatives (continued)

2021

Euro Medium Term Notes (EMTNs), Senior Facility Agreement (SFA) loan, Senior Notes and Shareholder loans	**2022**	**2023**	**2023**	**2023**	**2024**	**2025**	**Total excl SHL loans**	**2029**	**2029**	**Total SHL loans**	**Total**
Maturity	Mar 2022	Feb 2023	Jun 2023	Jun 2023	Jan 2024	Jun 2025		Dec 2029	Dec 2029		
Fixed/floating rate	Fixed	Fixed	Fixed	Fixed	Floating	Floating		Fixed	Fixed		
Coupon	5%	6.875%	9,375%	7%	Margin + floored Euribor[1]	Margin + floored Euribor[1]		8.81%	8.15%		
Currency	EUR	GBP	USD	EUR	DKK	EUR		DKK	DKK		
Type	EMTN Bond	EMTN Bond	Senior Notes	Senior Notes	RCF	Bank loan		SHL loan	SHL loan		
Issuing company	TDCH	TDCH	DKTF	DKTF	TDCH	TDCH		DKTH	DKTH		
Nominal value (DKKm)	3,718	3,754	2,677	7,807	565	14,130	**32,651**	18,982	1,883	**20,865**	**53,516**
Nominal value (Currency)	500	425	410	1,050	565	1,900		18,982	1,883		
• Of which nominal value swapped to EUR or DKK (currency)[3]	200	425	410	-	-	-		-	-		
Nominal value of debt incl. currency hedging in DKKm	3,723	3,718	2,672	7,807	565	14,130	**32,615**	18,982	1,883	**20,865**	**53,480**
• Of which nominal value swapped to or with floating interest rate (EURm)[3]	100	-	-	-	76	1,775	**1,951**	-	-	**-**	**1,951**
• Of which nominal value swapped to or with fixed interest rate (EURm)[3]	400	500	359	1,050	-	125	**2,434**	2,552	246	**2,798**	**5,232**

[1] The SFA loan has Euribor floor at zero and a margin of 3.00% per 31 December 2021. DKK 565m of RCF has a margin of 2.30%.
[2] EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.
[3] The maturity of interest rate swaps used for hedging long-term EMTN bonds matches the maturity of the underlying EMTN bonds. The fixed GBP interest is swapped to fixed EUR. EUR 125m used for hedging long-term SFA loan matures in March 2022.

Comments

Events after the balance sheet date:

- On 19 January 2023, TDC NET signed a new Senior Term Facility of EUR 75m with an availability period until refinancing of the GBP EMTN, 23 February 2023. Proceeds were used for the EMTN refinancing only.
- On 6 February 2023, TDC NET issued a new EMTN EUR 500m bond. Proceeds were used for a partial repayment of the Senior Term Facility on 6 February and the GBP EMTN refinancing on 23 February.
- On 1 February 2023, DKT Holdings received a shareholder injection of EUR 475m in total. This did not change the ownership structure of the company. The shareholder injection was part of the funds used for the high yield notes redemption on DKT Finance the 10 of February 2023.
- On 6 February 2023, DK Telekommunikation issued a new EUR 475m term loan. Proceeds were used as part of the high yield notes redemption at DKT Finance the 10 of February.
- On 10 February 2023, DKT Finance redeemed it's USD and EUR high yield notes.
- On 3 February 2023, Nuuday raised a EUR 500m term loan, which was partially used to repay the intercompany loan from TDC Holding A/S.

4.2 | Loans and derivatives (continued)

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.

From 2018 and onwards, DKTH Group no long-er applies hedge accounting. At this point values were fixed and will be reversed to the income statement over the lifetime of the underlying hedged item.

4.3 | Financial risks

Worth noting

DKTH Group is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to the cash flow from investing in the business and financing activities. Because of DKTH Group's capital structure and financing, the Group faces interest rate and exchange rate risks. Treasury identifies, monitors and manages these risks through policies and procedures that are revised and approved by the Board of Directors on an annual basis.

Interest-rate risks

DKTH 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 or DKK.

The interest-rate risk emerges from fluctuations in market interest rates, which affect the market value of financial instruments and financial income and expenses.

The TDC Groups interest rate risk is described in the annual report 2022 for TDC Group, see note 4.3. In the DKT companies, the two Senior Notes and the Shareholder loans are all fixed rate facilities, which is also the case for the new financing at DK Telekommunikation.

Exchange-rate risks

DKTH Group is exposed primarily to exchange-rate risks from USD, GBP and EUR. Both the GBP EMTN bond and USD Senior notes have been swapped to EUR[2].

The USD exchange rate exposure relating to payables and receivables from mainly roaming and interconnection agreements with foreign operators as well as equipment and handset suppliers.

Due to DKTH Group's capital structure, the exposure from financial activities in EUR is significant, as 62% of the nominal gross debt (including derivatives) is denominated in EUR. However, due to the fixed EUR/DKK exchange rate policy of the Danish government (in place since 1982), DKTH Group does not consider its positions in EUR to constitute a significant risk. The last 38% of the nominal debt is in DKK. The Group's EUR exposure was DKK 36.6bn at year-end 2022 (2021: 30.6bn).

The monitoring of the exchange-rate risks is described in TDC Groups annual report 2022, (see note 4.3).

Credit risks

DKTH Group is exposed to credit risks principally as a provider of telecommunications services in Denmark and as a counterparty in financial contracts. The credit risk arising from supplying telecommunications services is handled by subsidiaries, whereas the credit risks in relation to financial contracts are handled centrally by Group Treasury. Credit risks arising in relation to financial contracts are governed by the financial strategy that defines a maximum exposure for each counterparty. The maxima are based primarily on the lowest credit ratings of the counterparties from either Standard & Poor's (S&P) or Moody's Investor Services (Moody's).

The credit risk is described in TDCH Groups annual report 2022, see note 4.3.

Liquidity risks

DKTH Group has short-term refinancing risk as TDC Holding A/S' 2023 EMTN matures in February 2023. The refinancing risk has been partly mitigated during 2022 by committed long term bank facilities totalling to EUR 210m, while the remaining refinancing risk was mitigated in the beginning of 2023 by an additional EUR 75m committed long-term bank facility and a EUR 500m EMTN issuance in TDC NET.

In total, DKTH Group has EUR 485m committed Revolving Credit Facilities (RCF) available, which is provided by a group of banks under the financing agreements in TDC NET and Nuuday respectively. EUR 350m of the total RCF commitment belongs to TDC NET, while the remaining EUR 135m is with Nuuday.

In addition to the EUR 350m RCF commitment, TDC NET also has a Debt Service Reserve (DSR) Liquidity Facility Agreement of EUR 155m and Operational and Capex Reserve (O&C) Liquidity Facility Agreement of EUR 75m in place as of 31st December 2022.

Undrawn credit lines

At year-end 2022, DKTH Group had undrawn committed credit lines totaling EUR 715m under the SFAs including the DSR and O&C facilities.

[2] The GBP EMTN and the USD high yield notes will both be redeemed before publication of this Annual report.

4.4 | Credit ratings and net interest-bearing debt

Worth noting

Credit rating

DKTH Group is rated by three international rating agencies: S&P, Moody's and Fitch.

The EMTN notes issued by TDCH contain change-of-control provisions customary for this type of financing. Further, the EMTN notes contain customary cross-default provisions in relation to certain other indebtedness of TDCH and its principal subsidiaries.

The high yield bonds issued by DKT Finance contain change of control provisions customary for this type of financing. Further, the high yield bonds contain customary cross-default provisions (including a payment default provision and a cross-acceleration provision) in relation to certain other indebtedness of DKT Holdings and its subsidiaries.

Separate external financings have been established for Nuuday and TDC NET, respectively. The senior secured credit facilities borrowed by Nuuday contain customary change-of-control provisions as well as cross-default provisions in relation to other debt of the Nuuday group. The financing platform at TDC NET contains customary cross-default provisions in relation to other debt of the TDC NET group. In addition, certain credit facilities borrowed by TDC NET under the financing platform contains customary change of control provisions.

DKTH group's company ratings at 31 December 2022	Moody's		Fitch		S&P	
	Company	Instrument	Company	Instrument	Company	Instrument
Company						
DKT Holdings	B2 (stable)		B- (neg outlook)		B (watch neg)	
DKT Finance		Caa1 (stable)		B-		CCC+ (watch neg)
Nuuday	B2	B2	B (neg outlook)	BB-	B-	B
TDC NET			BB	BBB-		

4.4 | Credit ratings and net interest-bearing debt (continued)

Net interest-bearing debt (DKKm)

2022	At 1 January 2022	Included in cash flows from: Financing activities	Non-cash changes: Acquisitions and disposals	Debt from new licences, leases and accrued interest	Currency translation adjustment	Other[2]	At 31 December 2022
Loans incl. short-term part	52,944	4,380	-	1,847	(26)	(20)	59,125
Short-term bank loans	570	(570)	-	-	-	-	0
Lease liabilities incl. short term part	4,132	(339)	(8)	289	-	-	4,074
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	(38)	196	-	-	18	(197)	(21)
Spectrum licence fee liabilities incl. short-term part	1,964						1,826
Interest-bearing payables	2						2
Interest-bearing receivables and investments	(3)						(1)
Cash	(918)						(4,314)
Net interest-bearing debt	**58,653**						**60,691**
Shareholder loans	(20,815)						(22,637)
Net interest bearing debt excl. shareholder loans.	**37,838**						**38,054**

2021	At 1 January 2021	Included in cash flows from: Financing activities	Non-cash changes: Acquisitions and disposals	Debt from new licences, leases and accrued interest	Currency translation adjustment	Other[2]	At 31 December 2021
Loans incl. short-term part	50,989	(24)	-	1,698	415	(134)	52,944
Short-term bank loans	5	565	-	-	-	-	570
Lease liabilities incl. short term part	4,307	(317)	-	174	-	(32)	4,132
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	352		-	-	(411)	21	(38)
Spectrum licence fee liabilities incl. short-term part	1,361						1,964
Interest-bearing payables	2						2
Interest-bearing receivables and investments	(161)						(3)
Cash	(508)						(918)
Net interest-bearing debt	**56,347**						**58,653**
Shareholder loans	(19,141)						(20,815)
Net interest bearing debt excl. shareholder loans.	**37,206**						**37,838**

[1] Currency adjustment and fair value effect from derivatives that hedge long-term loans and fixed hedge accounting effects that will be reversed to the income statement over the lifetime of the underlying hedged long-term loans. From 2018 and onwards, DKTH Group no longer applies hedge accounting. At this point values were fixed and will be re-versed to the income statement over the lifetime of the underlying hedged item.
[2] Includes amortisation of borrowing costs, , lease reassessment and fair value adjustments.

4.5 | Financial income and expenses

(DKKm)	2022	2021
Interest income	28	31
Interest expenses	(4,038)	(3,745)
Net interest	**(4,010)**	**(3,714)**
Currency translation adjustments	8	(422)
Fair value adjustments	1,403	535
Interest, currency translation adjustments and fair value adjustments	**(2,599)**	**(3,601)**
Profit/(loss) from joint ventures and associates	-	49
Interest on pension assets	95	27
Total	**(2,504)**	**(3,525)**

(DKKm)	Net interest	Currency translation adjustments	Fair value adjustments	Total
2022				
Shareholder loans	(1,956)	-	-	(1,956)
Senior Notes	(773)	2	(37)	(808)
Senior Term Facilities (STF) loans	(510)	12	(7)	(505)
Hedge of Senior Term Facilities/future debt issuance	(172)	-	1,594	1,422
Euro Medium Term Notes (EMTNs)	(275)	4	7	(264)
Senior Facility Agreement (SFA) loans	(42)	(8)	(24)	(74)
Lease liabilities	(187)	-	-	(187)
Other	(169)	(30)	(28)	(227)
Total	**(4,084)**	**(20)**	**1,505**	**(2,599)**
2021				
Shareholder loans	(1,799)	-	-	(1,799)
Senior Notes	(756)	(9)	(13)	(778)
Senior Facility Agreement (SFA) loans	(444)	11	1	(432)
Euro Medium Term Notes (EMTNs)	(220)	(6)	(3)	(229)
Lease liabilities	(191)	-	-	(191)
Other	(181)	(7)	16	(172)
Total	**(3,591)**	**(11)**	**1**	**(3,601)**

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

Comments

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 2,599m in 2022. The improvement of DKK 1,002m 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 the group in Q1 2022, the EUR 1.9bn Senior Facility Agreement was repaid and the EMTN of EUR 0.5bn matured in Q1 2022, whereas TDC NET entered committed Senior Term Facilities of EUR 3.01bn, of which EUR 0.5bn has been refinanced with an EMTN bond. This resulted in higher interest due to the higher level of long-term loans as well as higher interest on the new facility, including interest-rate swaps that swaps from floating to fixed interest. Furthermore, a higher level of Shareholder loans in 2022 also resulted in higher interest expenses.

Fair value adjustments: TDC NET 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 has increased, this has resulted in a gain in 2022. Furthermore, Nuuday has partly hedged its future debt issuances to fixed interest rates (nominal EUR 450m) and, as market interest rates have increased, this has resulted in a gain in 2022. This was partly offset by a loss from repayment of the EUR 1.9bn Senior Facility Agreement as well as closing of existing revolving credit facilities in Q1 2022.

4.5 | Financial income and expenses

Cash flow from net interest (DKKm)	**2022**	**2021**
Interest received	407	576
Interest paid	(2,520)	(2,472)
Net interest paid	**(2,113)**	**(1,844)**
Specified as follows:		
Senior Term Facilities (STF) loans incl. hedges of Senior Term Facility/future debt issuance	**(439)**	**-**
Senior Notes incl. hedges	(766)	(716)
Euro Medium Term Notes (EMTNs) incl. hedges	(407)	(401)
Senior Facility Agreement (SFA) loans incl. hedges	(236)	(433)
Lease liabilities	(187)	(191)
Other	(98)	(103)
Net interest paid	**(2,113)**	**(1,844)**

Comments

Net interest of DKK 2,113m paid in 2022 represented a DKK 289m increase compared with 2021 (DKK 1,844m), driven primarily by a higher level of long-term loans as well as higher interest on the new facility, including interest- rate swaps that swap from floating to fixed interest.

4.6 | Maturity profiles of financial instruments

	2022						
Maturity profiles of expected cash flows[1](DKKm)	**< 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	4,123	903	584	106	5,716		
Outflow	(3,646)	(227)	(180)	(62)	(4,115)		
Total derivatives assets	**477**	**676**	**404**	**44**	**1,601**	**1,479**	**1,479**
Liabilities:							
Derivatives							
Inflow	3,262	-	-	-	3,262		
Outflow	(3,440)	-	-	-	(3,440)		
Total derivatives liabilities	**(178)**	**-**	**-**	**-**	**(178)**	**(187)**	**(187)**
Total derivatives	**299**	**676**	**404**	**44**	**1,423**	**1,292**	**1,292**
Financial liabilities measured at amortised cost							
Shareholder loan	-	-	-	(22,637)	(22,637)	(22,637)	(22,637)
Senior Term Facilities (STF) loan	-	(10,410)	(7,064)	(1,190)	(18,664)	(18,664)	(18,638)
Senior notes	(10,651)	-	-	-	(10,651)	(10,625)	(10,634)
Euro Medium Term Notes (EMTNs)	(3,567)	-	-	(3,718)	(7,285)	(7,231)	(7,217)
Total loans	(14,218)	(10,410)	(7,064)	(27,545)	(59,237)	(59,157)	(59,126)
Spectrum licence liabilities	(192)	(513)	(483)	(883)	(2,071)	(1,826)	(1,826)
Lease liability	(494)	(937)	(860)	(3,168)	(5,459)	(4,074)	(4,074)
Shareholder loan, SFA, Senior notes and EMTN, interest[3]	(3,243)	(5,276)	(4,864)	(4,324)	(17,707)	(1,796)	(1,796)
Trade and other payables[4]	(2,005)	-	-	-	(2,005)	(2,005)	(2,005)
Total financial liabilities measured at amortised cost	**(20,152)**	**(17,136)**	**(13,271)**	**(35,920)**	**(86,479)**	**(68,858)**	**(68,827)**
Total	**(19,853)**	**(16,460)**	**(12,867)**	**(35,876)**	**(85,056)**	**(67,566)**	**(67,535)**

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.

Financial assets and liabilities measured at fair value relate to derivatives. The fair value of these derivatives is calculated based on observable inputs such as interest rates, etc. (Level 2 in the IFRS fair value hierarchy).

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 assets and liabilities measured at fair value through profit or loss							
Assets[2]:							
Derivatives							
Inflow	2,980	934	-	-	3,914		
Outflow	(2,900)	(869)	-	-	(3,769)		
Total derivatives assets	**80**	**65**	**-**	**-**	**145**	**133**	**133**
Liabilities:							
Derivatives							
Inflow	1,723	3,031	-	-	4,754		
Outflow	(1,720)	(3,043)	-	-	(4,763)		
Total derivatives liabilities	**3**	**(12)**	**-**	**-**	**(9)**	**(50)**	**(50)**
Total derivatives	**83**	**53**	**-**	**-**	**136**	**83**	**83**
Financial liabilities measured at amortised cost							
Shareholder loan	-	-	-	(20,815)	(20,815)	(20,815)	(20,815)
Senior Facility Agreement (SFA) loan	-	-	(14,130)	-	(14,130)	(14,130)	(14,105)
Senior notes	-	(10,484)	-	-	(10,484)	(10,637)	(10,429)
Euro Medium Term Notes (EMTNs)	(3,718)	(3,754)	-	-	(7,472)	(7,743)	(7,595)
Bank loans	(570)	-	-	-	(570)	(570)	(570)
Total loans	(4,288)	(14,238)	(14,130)	(20,815)	(53,471)	(53,895)	(53,514)
Spectrum licence liabilities	(192)	(463)	(483)	(1,125)	(2,263)	(1,964)	(1,964)
Lease liability	(479)	(891)	(842)	(3,447)	(5,659)	(4,132)	(4,132)
Shareholder loan, STF loans, Senior notes and EMTN, interest[3]	(3,528)	(5,217)	(4,101)	(5,465)	(18,311)	(1,838)	(1,838)
Trade and other payables[4]	(2,099)	-	-	-	(2,099)	(2,099)	(2,099)
Total financial liabilities measured at amortised cost	**(10,586)**	**(20,809)**	**(19,556)**	**(30,852)**	**(81,803)**	**(63,928)**	**(63,547)**
Total	**(10,503)**	**(20,756)**	**(19,556)**	**(30,852)**	**(81,667)**	**(63,845)**	**(63,464)**

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 Shareholder Loans, STF loans, Senior Notes and EMTNs 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 the Group's cash flow. More information on development in the cash flow items is included in note 2.7 Special items, note 3.1 Intangible assets, note 3.2 Property, plant and equipment, 3.3 Lease assets and liabilities, 3.6 Provisions, note 3.7 Pension assets and pension obligations as well as note 4.5 Financial income and expenses.

In this section

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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. Interest received and paid includes settlement of interest-hedging instruments.

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, and purchases and sales of securities that are not recognised as cash and cash equivalents. Cash flows 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 operating, investing and financing activities of discontinued operations are presented with comparative figures in separate lines of the statement of cash flow.

Cash flow from financing activities comprises changes in interest-bearing debt, lease instalments, purchase of treasury shares 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 | Adjustment for non-cash items

(DKKm)	2022	2021
Pension costs regarding defined benefit plans	83	82
(Gain)/loss on disposal of property, plant and equipment, net	6	(5)
Other adjustments	5	66
Total	**94**	**143**

5.2 | Change in working capital

(DKKm)	2022	2021
Change in inventories	(25)	(53)
Change in receivables	(51)	254
Change in contract assets	(95)	(17)
Change in trade payables	(30)	(282)
Change in contract liabilities	37	(16)
Change in prepaid expenses	(2)	182
Change in other items, net	(141)	(131)
Total	**(307)**	**(63)**

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, dividend capacity and NPS, but with variance between Nuuday, TDC NET and Group Functions.

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 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 2 or 3-year vesting period, as the goals are principally set for a 2 or 3-year period. The objectives are EBITDA, cash flow, fibre connection performance, dividend capacity and NPS, but with variance between Nuuday, TDC NET and Group Functions. The expenses are recognised over the 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, TDCH group established a new cash-based incentive programme for the Executive Committee and certain key managers (38 participants in all). Under the MIP, the participants are required to place a deposit to the TDCH group to qualify for a return. The payback amounts are based on the development in certain financial performance measures of the 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 is at 2x-4x of the participants' deposit. The participants' total deposits amounted to DKK 40m and the expenses for 2022 relating to the programme amounted to DKK 32m (2021: 5m). At 31 December 2022 the total liabilities related to the management incentive programme amounted to DKK 84m (2021: DKK 57m).

6.2 | Related parties

Name of related party	Nature of relationship	Domicile
DKTUK Limited, managed by Macquarie Infrastructure and Real Assets Europe Limited	Ownership	London, United Kingdom
Arbejdsmarkedets Tillægspension (ATP)	Ownership	Hillerød, Denmark
PFA Ophelia InvestCo I 2018 K/S, managed by PFA Asset Management A/S	Ownership	Copenhagen, Denmark
PKA Ophelia Holding K/S, managed by AIP Management P/S	Ownership	Hellerup, Denmark
TDC Pensionskasse	Pension fund	Copenhagen, Denmark

The Group has annual contributions paid to the pension fund, TDC Pensionskasse, see note 3.7.

The Group has property lease contracts with Arbejdsmarkedets Tillægspension (ATP) and PFA, who are shareholders of the company. The lease payments amounted to DKK 235m (2021: DKK 231m). The property lease contracts are a significant part of the lease liabilities.

Related parties also included the Group's joint ventures and associates shown in note 6.7.

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

Related parties (DKKm)	2022	2021
TDC Pensionskasse		
Other income	3	3
Interest income of subordinated loan	-	1
Joint ventures and associates		
Income	1	6
Expenses	(4)	(3)

The company's shareholders have provided shareholder loans to the company. See note 4.2 for further information.

The members of the Board of Directors and the Executive Committee do not receive remuneration. Chairman of the Board of Directors of TDC Holding, Michael Parton, provides consultancy services to. DK Telekommunikation ApS. The DKT Holdings ApS Group's key management personnel comprise TDC Holding's Board of Directors and Executive Committee as well as the CEO of Nuuday A/S and the CEO of TDC NET A/S. Total remuneration to key management personnel amounts to DKK 50m (2021: DKK 88m). See note 2.5 for further information.

6.3 | Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2022	2021
Statutory audit	**5**	**5**
Other assurance engagements	3	1
Tax advisory services	-	-
Other services	8	1
Total non-statutory audit services	**11**	**2**
Total	**16**	**7**

Fee for services other than statutory audit services rendered by Deloitte to the Group amounted to DKK 11m and consisted mainly of special purpose statements and advisory services.

6.4 | Other financial commitments

(DKKm)	2022	2021
Lease commitments for short-term and low value leases		
Short-term leases	54	41
Low value leases	2	2
Total	**56**	**43**
Capital and purchase commitments		
Investments in intangible assets	501	215
Investments in property, plant and equipment	99	415
Commitments related to outsourcing agreements	307	154
Other purchase commitments	1,370	1,356
Total	**2,277**	**2,140**

Worth noting

Commitments represent amounts that DKTH Group has contractually committed to pay to third parties in the future. This gives an indication of future cash flows.

6.5 | Pledges and contingencies

Pledges

Cash with a carrying amount of DKK 2,577m, rights under spectrum licences (DKK 2,436m) and trade receivables (DKK 321m) are pledged as security for finance agreements in the group.

See also note 10 to the Parent company financial statements.

Contingent liabilities

DKTH 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 DKTH Group's financial position.

6.6 | Events after the balance sheet date

On 19 January 2023, TDC NET signed a new Senior Term Facility of EUR 75m with an availability period until refinancing of the GBP EMTN, 23 February 2023. Proceeds were used for the EMTN refinancing only.

On 1 February 2023, DKT Holdings received a shareholder injection of EUR 475m in total. This did not change the ownership structure of the company. The shareholder injection was part of the funds used for the high yield notes redemption on DKT Finance the 10 of February 2023.

On 3 February 2023, Nuuday issued a EUR 500m term loan, which was partially used to repay the intercompany loan from TDC Holding A/S.
On 6 February 2023, TDC NET issued a new EMTN EUR 500m bond. Proceeds were used for a partial repayment of the Senior Term Facility on 6 February and the GBP EMTN refinancing on 23 February.

On 6 February 2023, DK Telekommunikation issued a new EUR 475m term loan. Proceeds were used as part of the high yield notes redemption at DKT Finance the 10 of February.

On 10 February 2023, DKT Finance redeemed it's USD and EUR high yield notes.

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[1]	Domicile	Currency	Ownership share (%)
Nuuday			
Nuuday A/S	Copenhagen, Denmark	DKK	100
Hiper A/S	Copenhagen, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100
4T af 1. oktober 2012 ApS[3]	Copenhagen, Denmark	DKK	25
TDC NET			
TDC NET Holding A/S	Copenhagen, Denmark	DKK	100
TDC NET A/S	Copenhagen, Denmark	DKK	100
TDC NET Finance B.V.[2]	Amsterdam, the Netherlands	EUR	100
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[3]	Copenhagen, Denmark	DKK	25
Other			
TDC Holding A/S	Copenhagen, Denmark	DKK	100
DK Telekommunikation ApS	Copenhagen, Denmark	DKK	100
DKT Finance ApS	Copenhagen, Denmark	DKK	100

[1] In order to give readers a clear presentation, minor companies without activities are not listed separately in the overview. In pursuance of Section 6 of the Danish Financial Statements Act, the following subsidiaries have chosen not to prepare an annual report: Kaisai A/S, 4WEB A/S and TDCH III ApS.
[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.
[3] The enterprise is included under the equity method.

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Income statement

(DKKm)	Note	2022	2021
External expenses		(3)	(2)
Operating profit (EBIT)		**(3)**	**(2)**
Financial income	4	1,962	1,800
Financial expenses	5	(1,957)	(1,799)
Profit/(loss) before income taxes		**2**	**(1)**
Income taxes	2	122	56
Profit/(loss) for the year		**124**	**55**

Statement of comprehensive income

(DKKm)	Note	2022	2021
Profit/(loss) for the year		124	55
Other comprehensive income		-	-
Total comprehensive income/(loss)		**124**	**55**

Balance sheet

Assets (DKKm)	**Note**	**2022**	**2021**
Non-current assets			
Investments in subsidiaries	3	4,113	4,113
Receivables from group companies		22,691	20,841
Total non-current assets		**26,804**	**24,954**
Current assets			
Receivables from group companies		1,351	1,242
Income tax receivable		46	57
Cash		193	84
Total current assets		**1,590**	**1,383**
Total assets		**28,394**	**26,337**

Equity and liabilities (DKKm)	**Note**	**2022**	**2021**
Equity			
Share capital	6	-	-
Retained earnings		4,407	4,283
Total equity		**4,407**	**4,283**
Non-current liabilities			
Shareholder loans	7, 8	22,637	20,815
Total non-current liabilities		**22,637**	**20,815**
Current liabilities			
Payables to group companies		1	-
Other payables		1,349	1,239
Total current liabilities		**1,350**	**1,239**
Total liabilities		**23,987**	**22,054**
Total equity and liabilities		**28,394**	**26,337**

Statement of cash flows

(DKKm)	Note	2022	2021
Operating profit (EBIT)		(3)	(2)
Change in working capital		2	-
Interest received		2	-
Interest paid		(1)	(4)
Tax received		133	65
Cash flow from operating activities		**133**	**59**
Repayments on long-term loans		(24)	(24)
Cash flow from financing activities		**(24)**	**(24)**
Total cash flow		**109**	**35**
Cash and cash equivalents at 1 January		84	49
Cash and cash equivalents at 31 December		**193**	**84**

Statement of changes in equity

(DKKm)	Share capital	Retained earnings	Total
Equity at 1 January 2021	**-**	**4,228**	**4,228**
Profit for the year	-	55	55
Total comprehensive income	-	55	55
Total transactions with owners	-	-	-
Equity at 31 December 2021	**-**	**4,283**	**4,283**
Profit for the year	-	124	124
Total comprehensive income	-	124	124
Total transactions with owners	-	-	-
Equity at 31 December 2022	**-**	**4,407**	**4,407**

Notes to parent company financial statements

1 | Accounting policies

The financial statements 2022 of the parent company has 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 “C stor”).

The accounting policies are unchanged from last year.

The parent company accounting policies are the same as those applied for the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the Group’s accounting policies.

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

Supplementary accounting policies for the parent company

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Dividends received from investments in subsidiaries are recognised as income in the financial year when the dividends are distributed.

2 | Income taxes

The effective tax rate deviates significantly from the Danish corporate income tax rate of 22% due to the Danish limitation on the tax deductibility of interest expenses.

DKT Holdings ApS participates in joint taxation with all its Danish subsidiaries. DKT Holdings ApS is the management company in the joint taxation. The jointly taxed companies in the DKT Holdings Group are jointly and severally liable for the total income taxes, taxes paid on account and out-standing residual tax (with additional payments and interest) relating to the joint taxation.

3 | Investments in subsidiaries

(DKKm)	2022	2021
Accumulated cost at 1 January	4,113	4,113
Additions	-	-
Accumulated cost at 31 December	**4,113**	**4,113**
Carrying amount at 31 December	**4,113**	**4,113**

Overview of subsidiaries at 31 December 2021

Company name	Domicile	Currency	Ownership share (%)
Subsidiaries:			
DKT Finance ApS	Copenhagen, Denmark	DKK	100

4 | Financial income

(DKKm)	2022	2021
Interest from group companies	1,961	1,800
Other interest income	1	-
Total	**1,962**	**1,800**

5 | Financial expenses

(DKKm)	2022	2021
Interest expenses on shareholder loans	(1,956)	(1,799)
Interest to group companies	(1)	-
Total	**(1,957)**	**(1,799)**

6 | Equity

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

7 | Shareholder Loans

Shareholder Loans	2029	2029	Total
Maturity	Dec 2029	Dec 2029	
Fixed/floating rate	Fixed	Fixed	
Coupon	8.81%	8.15%	
Currency	DKK	DKK	
Type	Shareholder Loans	Shareholder Loans	
Nominal value (DKKm)	20,653	1,984	22,637

The Company does not have exposure to changes in interest rates as terms on loans and receivables from group companies largely matches each other. As the Shareholder Loans are denominated in DKK the Company does not have any currency exchange rate exposure.

8 | Maturity profiles of financial instruments

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. The future cashflows will be financed by received interests and settlement on Shareholder Loans provided to DKT Finance ApS.

Maturity profiles of expected cash flows[1] (DKKm)	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**	**Fair value**	**Carrying amount**
Financial liabilities measured at amortised cost							
Shareholder Loans	-	-	-	(22,637)	(22,637)	(22,637)	(22,637)
Shareholder Loans, interest[2]	(1,981)	(3,962)	(3,962)	(3,962)	(13,867)	(1,348)	(1,348)
Trade and other payables	(1)	-	-	(1)	(1)	(1)	(1)
Total 2022	**(1,982)**	**(3,962)**	**(3,962)**	**(26,599)**	**(36,505)**	**(23,986)**	**(23,986)**

Maturity profiles of expected cash flows[1] (DKKm)	**< 1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**	**Fair value**	**Carrying amount**
Financial liabilities measured at amortised cost							
Shareholder Loans	-	-	-	(20,815)	(20,815)	(20,815)	(20,815)
Shareholder Loans, interest[2]	(1,822)	(3,643)	(3,643)	(5,465)	(14,573)	(1,239)	(1,239)
Total 2021	**(1,822)**	**(3,643)**	**(3,643)**	**(26,280)**	**(35,388)**	**(22,054)**	**(22,054)**

[1] All cash flows are undiscounted.
[2] Fair value and carrying amount value consist of accrued interest on Shareholder Loans at 31 December.

9 | Related parties

For information about the related parties of the Group, see note 6.2 to the consolidated financial statements.

Receivables from group companies and payables to group companies are shown in the balance sheet. Interest from/to group companies are shown in notes 4 and 5.

All transactions were made on an arm's length basis.

The members of for the Board of Directors and the Executive Committee do not receive remuneration.

10 | Pledges

Shares in subsidiaries with a carrying amount of DKK 4,113m (2021: DKK 4,113m) and receivables from group companies with a carrying amount of DKK 22,691m (2020: DKK 20,283m) are pledged as security for the subsidiary's long-term loans.

11 | Events after the balance sheet date

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

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the Annual Report of DKT Holdings ApS 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.

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

Copenhagen, 31 March 2023

Executive Committee

Susana Leith-Smith

Board of Directors

Nathan Andrew Luckey
Chair

Jørgen Høholt
Vice Chair

Peter Tind Larsen
Vice Chair

Ulrik Pallisø Bornø
Vice Chair

Natalia Axt

Susana Leith-Smith

Independent auditor's report

To the shareholders of DKT Holdings ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of DKT Holdings ApS 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.

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.

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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and theparent 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.

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 DKTH 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 DKTH Group's results include: the competitive environment and the industry in which DKTH group operates; contractual obligations in DKTH group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks, including DKTH 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; changes 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 DKTH group cannot predict. In addition, DKTH 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.