



HI3G Denmark ApS

CVR-nr. 26 12 34 45

Annual Report for 2021

The Annual Report was presented and adopted at
the Annual General Meeting of the Company on
30 June 2022

Chairman

Contents

Page

Management's Statement on the Annual Report	1
Independent Auditor's Report	2
Company Information	5
Financial Highlights	6
Management's Review	7
Accounting Policies	10
Income Statement 1 January – 31 December	16
Balance Sheet at 31 December	17
Statement of changes in equity	19
Statement of cash flows	20
Notes to the Financial Statements	21

Management's Statement on the Annual Report

The Executive Board and Board of Directors have today considered and adopted the Annual Report of HI3G Denmark ApS (the "Company") for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for 2021.

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

Copenhagen, 30 June 2022

Executive Board

Morten Christiansen

Birgitte Lund

Jesper Bennike

Board of Directors

Kin Ning Canning Fok
Chairman

Ulf Christian Cederholm

Frank John Sixt

Erling Lennart Johansson

Christian Nicolas Roger Salbaing Carl Peder Ramel

Morten Christiansen

Independent Auditor's Report

To the Shareholder of HI3G Denmark ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of HI3G Denmark ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 30 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR-no. 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Company Information

The Company

HI3G Denmark ApS
Scandiagade 8
DK-2450 København SV

Telephone: +45 33 33 01 35

Website: www.3.dk

CVR no: 26 12 34 45

Financial year: 1 January - 31 December

Municipality of
reg. office: Copenhagen

Board of Directors

Kin Ning Canning Fok, Chairman
Ulf Christian Cederholm
Frank John Sixt
Erling Lennart Johansson
Christian Nicolas Roger Salbaing
Carl Peder Ramel
Morten Christiansen

Executive Board

Morten Christiansen
Birgitte Lund
Jesper Bennike

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Financial Highlights

The development of the Company is described by the following financial highlights:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Revenue	2 787 366	2 740 561	2 736 041	2 707 518	2 865 456
Gross profit	1 670 078	1 644 545	1 640 691	1 604 842	1 564 695
Operating profit	20 692	233 875	400 260	335 569	44 206
Net financial items	(31 875)	(12 706)	(21 854)	(24 420)	(30 059)
Profit/(Loss) before income taxes	(11 183)	221 169	378 406	311 149	14 147
Income taxes	(15 760)	(61 211)	(83 109)	(82 910)	(3 193)
Profit/(Loss) for the year	(26 943)	159 958	295 297	228 239	10 954
Balance sheet					
Investment in tangible fixed assets	684 974	152 788	194 211	207 379	184 646
Balance sheet total	4 349 562	4 037 404	4 658 230	4 278 061	4 376 683
Equity	2 841 894	2 868 837	3 625 136	3 472 839	3 217 804
Average number of employees					
	630	648	667	669	669
Ratios					
Return on total assets	0%	6%	9%	8%	1%
Solvency ratio	65%	71%	78%	81%	74%

For definitions, see accounting policies.

Management's Review

Comments from Morten Christiansen, CEO

Covid-19 put its mark on yet another fiscal year. Primarily during first half of 2021 with forced shutdowns of all high street shops during January and February and half of centre shops until end of April. This had an influence on customer intake. At the same time, however, our shop staff showed a high level of flexibility and resilience and once again took on the challenge and adapted to the situation taking care of customer needs online and over the phone – an effort which successfully helped our customers and reduced churn.

2021 ended at 1,490,656 customers, which is very close to our defined target of '1.5 million happy customers'. This is a growth of 2%, which I believe is acceptable in the light of the situation, but not impressive. According to the most recent official market share statistics (second half of 2020), 3 grew its market share to 17.7% and maintained a strong market position on mobile data with a 26% share of all mobile data traffic.

During 2021, we continued to promote "Internet to the Home" and mobile broadband (low-cost and uncomplicated alternatives to wired connections), combined with powerful outdoor antennas for customers living in rural areas. Our Business Division continued the growth curve with products such as 3LikeHome Pro and Home Office being the driving force.

Despite the continued challenges of Covid-19, the gross profit growth increased from mDKK 1,645 in 2020 to mDKK 1,670 in 2021 which corresponds to a 2% growth. All in all, the growth is in line with my expectations. As in the previous years, we managed to keep external costs at a flat level.

Sustainability

In 2021 we established a sustainability function under Corporate Affairs. Among its first achievements was finalising a CO2 reduction programme with defined reduction goals going towards 2025, comprising e.g. 100% use of renewable energy in 2024 and 95% emission reduction in scope 1 and 2 by 2025. In 2022, the focus will be on developing a sustainability strategy with defined initiatives and ESG KPIs.

Network

To expand and enhance our network and customer experience, we invested mDKK 679 in our network in 2021 (2020: mDKK 144), which corresponds to an investment rate of 19%.

The increased investment rate reflects a strong focus on our rollout of 5G in 2021 combined with a comprehensive upgrade of our radio network and a marked increase in the number of network positions.

The upgrade to new 5G equipment resulted in disposal of fixed assets with net book value of mDKK 258 in 2021.

By the end of 2021, 25% of 3's network was upgraded to 5G – delivering speed similar to Gbit. In parallel, the 4G network was upgraded to double its capacity.

Future development

In 2022, we will continue to focus on the 5G upgrade of the network and at year-end 2022, 91% of our network will be upgraded. Coverage wise this will result in highly improved customer experience (outdoor as well as indoor coverage) as well as higher speeds matching Coax, ADSL, and fibre.

As the world reopens allowing Danes to travel outside of Europe, we again sense a great interest in 3LikeHome. In 2022, we will continue to develop and improve 3LikeHome with more countries in order to remain the preferred mobile operator when it comes to travelling the world.

Our expectations for 2022 is a gross profit between mDKK 1,600 and 1,800.

Furthermore, due to the continued upgrade with new 5G equipment we expect disposal of fixed asset no longer in use to drive operating profit below zero.

Financing

The Company has a strong cash flow from operations. This has continued in 2021 and we expect to be able to self-finance 5G rollout in the years to come, supplemented by a bank credit facility.

Statutory Report on Social Responsibility and Data ethics, cf. Section 99a and 99d respectively of the Danish Financial Statements Act

In accordance with policy, the Company works actively with several areas within sustainability and data ethics. More information may be found in the 3 Denmark Sustainability Report 2021:

https://www.3.dk/globalassets/om-3/om-virksomheden/csr-rapporter/3_2021-sustainability-report.pdf

Statutory Report on Gender Composition in Management cf. Section 99b of the Danish Financial Statements Act

Upper management

At 3, we are working to achieve a more equal gender distribution on our board of directors in Hi3G Denmark ApS.

We have a goal of having at least one woman on the board by 2022. At the end of the financial year 2021, the board of directors of Hi3G Denmark ApS consisted of seven men. The goal was thus not reached in 2021, because the general meeting did not find reason to replace the sitting boards.

Other management levels

To run a healthy and efficient business, we are dependent on having skilled and qualified employees and not least managers. We are convinced that diversity contributes to a dynamic and innovative environment, as we believe that diversity helps create opportunities. Our Gender Equality Policy and Employee Handbook reflect this belief, and we ensure that all applicants are assessed based on a holistic approach, where personality, experience and competencies are the primary assessment basis.

We are also working to achieve a more equal gender distribution (60/40) at all management levels and in the Company in general. It is our goal that the management should reflect societys distribution of women and men. We hire candidates for senior positions with the best profiles and qualifications for the Company, as

this is best for the Company as a whole. With this, we place emphasis on professional qualifications, industry experience, diversity, educational background, etc.

Hi3G is aware that society to some extent is characterised by stereotypical perceptions and informal barriers for female leaders. To ensure equal access for women and men to vacancies, Hi3G therefore has a special focus on the hidden barriers that can lead to women not getting management positions. This is expressed in all parts of e.g. the recruitment procedure - job description, job postings, screening of applicants and job interviews. Hi3G's job advertisements, for example, are adapted to motivate a diverse applicant pool. The content of the job advertisements is very descriptive in this respect and sheds light on the working day, the environment and Hi3G's values.

In the broad management group, which at the end of the year consisted of 29 managers, there were 9 women. The senior management team consisted of 3 women and 5 men, while the executive board consisted of 1 woman and 2 men.

Significant events after the year-end

No significant events have occurred after the balance sheet date which are considered to have an impact on the assessment of the Annual Report.

The situation in Ukraine has only minor impact on the Company, mainly in form of increasing prices, especially on electricity.

Accounting Policies

Basis of Preparation

The Annual Report of HI3G Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied are unchanged from previous year.

All accounting figures in this report are stated in thousands DKK.

Consolidated Financial Statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The Financial Statements of the Company are included in the consolidated financial statements of CK Hutchison Holdings Limited, a Cayman Islands incorporated company registered and listed in Hong Kong.

Recognition and measurement

The Financial Statements have been prepared on the historical cost basis.

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

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

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

Income Statement

Revenue

Revenue is recognised exclusive of VAT and net of discounts directly relating to sales.

Accounting policies (continued)

The major sources of income are recognised in the income statement as follows:

- Income from telephone related services is recognised at the time of consumption.
- Subscription income is recognised over the duration of the subscription.
- Income from sale of equipment is recognised at the date of delivery.

Cost of sales

Cost of sales comprises expenses directly related to the revenue, including direct costs related to the establishment of customer relations.

External expenses

External expenses comprises indirect production costs and expenses for premises, sales and distribution as well as office expenses and similar costs.

Staff costs

Staff costs comprises wages and salaries as well as payroll expenses.

Other income

Other income comprises items of a secondary nature in relation to the Company's principal activity.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of tangible and intangible fixed assets as well as gains and losses from disposal of fixed assets.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme.

Income taxes

Tax for the year consists of current tax and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation with the companies is allocated to companies showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance Sheet

Intangible fixed assets

Development projects

Costs of development projects comprise expenses directly or indirectly attributable to the Company's development activities, including the cost of related software licences.

Accounting policies (continued)

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to market or use the project, are recognised as intangible fixed assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

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

Capitalised development projects are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Capitalised development projects, including the costs of software licences, are amortised on a straight-line basis over the expected useful life, normally 5 years.

Licences and similar rights

Licences and similar rights to software are measured at the lower of cost less accumulated amortisation and value in use.

Interest expenses on loans for financing the acquisition of intangible fixed assets are capitalised at cost until commercial launch. All indirectly attributable loan expenses are recognised in the income statement.

Licences are amortised over the license period up to 20 years from commercial launch. Amortisation commences in connection with the commercial use of the Company's products.

Rental rights

Rental rights are measured at cost less accumulated amortisation.

Rental rights are amortised on a straight-line basis over the expected useful life, normally 5 years.

Contract assets

Contract assets are measured at cost less accumulated amortisation.

Contract assets are amortised on a straight-line basis over the expected lifetime of the contract, not exceeding 5 years.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour and materials.

Interest expenses on the financing of tangible fixed assets are capitalised at cost until commercial launch. All indirectly attributable loan expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual values is calculated on a straight line basis over the expected useful lives of the assets on the basis of the date on which the assets are put into use. These depreciation periods are as follows:

Network infrastructure	5/10/20/40 years
Equipment	3/5 years
Leasehold improvements	3/5 years

The useful lives and residual values of the assets are reassessed on a yearly basis.

Gains and losses on retirements and disposals of tangible fixed assets are included in depreciation and amortisation in the income statement.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Result from investment in a subsidiary" in the income statement includes the proportionate share of the profit after tax.

The item "Investment in subsidiary" in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated under the accounting policies of the Company with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in a subsidiary is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Investments in joint ventures

Investments in joint ventures are measured at cost and reported in the balance sheet as financial assets.

The item "Income from investment in joint ventures" in the income statement includes dividends received from investments in joint ventures in the financial year when the dividends are distributed.

Where cost exceeds the recoverable amount, the carrying amount is written down to the recoverable amount.

Impairment of fixed assets

The carrying amounts of both intangible and tangible fixed assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its recoverable amount. The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Inventories

Inventories are valued at the lower of net realisable value or the weighted average cost. Net realisable value is the estimated selling price less cost to sell.

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Deferred tax

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to materialise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Prepayments

Prepayments include expenses incurred in respect of subsequent financial years, including fair value adjustments of derivative financial instruments with a positive fair value, prepaid expenses concerning rent, insurance premiums, subscriptions, interest and similar items.

Equity

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Financial liabilities

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

Statement of cash flows

The statement of cash flows shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less trade and other payables, deferred income and short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of tangible and intangible fixed assets as well as financial asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholder. Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Ratios

The financial ratios have been calculated as follows:

$$\begin{array}{l} \text{Return on total assets} \\ \text{Solvency ratio} \end{array} = \begin{array}{l} \frac{\text{Operating profit} \times 100}{\text{Total assets}} \\ \frac{\text{Equity at year end} \times 100}{\text{Total assets}} \end{array}$$

Income Statement 1 January – 31 December

	Note	2021 DKK '000	2020 DKK '000
Revenue	2	2 787 366	2 740 561
Cost of sales		(1 117 288)	(1 096 016)
Gross profit		1 670 078	1 644 545
External expenses	3	(732 711)	(715 790)
Staff costs	4	(302 729)	(333 447)
Other income		10 368	7 326
Operating profit before depreciation and amortisation		645 006	602 634
Depreciation and amortisation	5	(624 314)	(368 759)
Operating profit		20 692	233 875
Income from investment in joint ventures		100	200
Financial income	6	0	1
Financial expenses	7	(31 975)	(12 907)
Profit/(Loss) before income taxes		(11 183)	221 169
Income taxes	12	(15 760)	(61 211)
Profit/(Loss) for the year		(26 943)	159 958

Balance Sheet at 31 December

Assets	<u>Note</u>	<u>2021</u> DKK '000	<u>2020</u> DKK '000
Completed development projects		46 843	32 666
Development projects under construction		18 087	28 565
License and similar rights		1 193 876	757 031
Rental rights		95	155
Contract assets		50 542	55 002
Intangible fixed assets	8	<u>1 309 443</u>	<u>873 419</u>
Network infrastructure		1 619 153	1 761 193
Equipment		14 823	17 645
Leasehold improvements		4 042	5 643
Assets under construction		645 987	252 924
Tangible fixed assets	9	<u>2 284 005</u>	<u>2 037 405</u>
Investment in subsidiaries	10	100	100
Investment in joint ventures	11	11 499	11 499
Deposits		22 770	23 789
Financial asset investments		<u>34 369</u>	<u>35 388</u>
Fixed assets		<u>3 627 817</u>	<u>2 946 212</u>
Inventories		<u>86 898</u>	<u>69 624</u>
Trade receivables		277 907	449 078
Receivables from group enterprises		97 359	301 019
Other receivables		41 687	40 734
Deferred tax assets	12	103 032	109 909
Prepayments		11 605	6 106
Receivables		<u>531 590</u>	<u>906 846</u>
Cash at bank and in hand	13	<u>103 257</u>	<u>114 722</u>
Current assets		<u>721 745</u>	<u>1 091 192</u>
Assets		<u>4 349 562</u>	<u>4 037 404</u>

Balance Sheet at 31 December

	Note	2021	2020
		DKK '000	DKK '000
Liabilities and equity			
Share capital	14	64 375	64 375
Reserve for development costs capitalised		64 930	61 231
Retained earnings		2 712 589	2 743 231
Equity		2 841 894	2 868 837
Other provisions	15	874	627
Provisions		874	627
Long-term debt	16	781 250	426 022
Long-term liabilities		781 250	426 022
Current part of long-term debt	16	132 592	78 539
Trade payables		347 960	220 368
Payables to group enterprises		146 651	168 837
Tax payable		8 073	175 998
Other payables		90 268	98 163
Deferred income		0	13
Current liabilities		725 544	741 918
Liabilities		1 506 794	1 167 940
Liabilities and equity		4 349 562	4 037 404

Other notes

Events after the balance sheet date	1
Adjustment for non-cash items	17
Change in working capital	18
Contractual obligations	19
Contingent assets / liabilities	20
Related parties	21
Distribution of profit	22

Statement of changes in equity

	Share capital	Reserve for development costs capitalised	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January 2021	64 375	61 231	2 743 231	2 868 837
Net profit/(loss) for the year	0	3 699	(30 642)	(26 943)
Equity at 31 December 2021	64 375	64 930	2 712 589	2 841 894
Equity at 1 January 2020	64 375	58 376	3 502 385	3 625 136
Partial demerger	0	0	(916 257)	(916 257)
Adjusted equity at 1 January 2020	64 375	58 376	2 586 128	2 708 879
Net profit for the year	0	2 855	157 103	159 958
Equity at 31 December 2020	64 375	61 231	2 743 231	2 868 837

Statement of cash flows

	Note	2021	2020
		DKK '000	DKK '000
Profit/(Loss) for the year		(26 943)	159 958
Adjustment for non-cash items	17	672 048	442 874
Change in working capital	18	471 036	(200 323)
Financial income		0	1
Financial expenses		(31 975)	(12 907)
Income tax paid		(176 807)	(48 191)
Cash flow from operating activities		907 359	341 412
Investments in intangible fixed assets		(621 964)	(83 957)
Investments in tangible fixed assets		(684 974)	(152 788)
Net investments in subsidiaries, joint ventures and other financial assets		1 019	15 517
Cash flow used in investing activities		(1 305 919)	(221 228)
Repayment of loans to group enterprises		(22 186)	0
Repayment of loans		(77 196)	(76 872)
Proceeds from loans		486 477	0
Partial demerger		0	(34 162)
Cash flow from/(used in) financing activities		387 095	(111 034)
Total cash flow		(11 465)	9 150
Cash and cash equivalents at 1 January		114 722	105 572
Cash and cash equivalents at 31 December		103 257	114 722

Notes to the Financial Statements

1 Events after the balance sheet date

No significant events have occurred after the balance sheet date, which are considered to have a significant impact on the assessment of the Annual Report.

2 Revenue

All activities are limited to the Danish market. The internal reporting does not segregate revenue in underlying segments or geographic areas.

	2021 DKK '000	2020 DKK '000
3 External expenses		
<i>Fees to auditor elected by the Annual General Meeting</i>		
Audit fee	881	916
Other assurance services	0	0
Tax advisory services	0	587
Other services	13	161
	894	1 664
4 Staff costs		
Wages and salaries	309 172	326 168
Pensions	24 075	24 618
Other social security expenses	4 904	5 232
	338 151	356 018
Of which capitalised	(35 422)	(22 571)
	302 729	333 447
Of this remuneration to Executive Board and Board of Directors:		
Salaries, bonus and pensions	20 860	28 154
	20 860	28 154
Average number of employees	630	648

A part of the remuneration to Executive Board and Board of Directors is paid by the Company's Swedish parent company.

	2021	2020
	DKK '000	DKK '000
5 Depreciation and amortisation of tangible and intangible fixed assets		
Completed development projects	16 295	15 344
Licenses and similar rights	107 302	104 398
Rental rights	60	60
Contract assets	62 283	70 521
Network infrastructure	172 444	167 918
Equipment	8 316	8 680
Leasehold improvements	1 921	1 838
Loss from disposal of tangible fixed assets	255 693	0
	624 314	368 759
6 Financial Income		
Other financial income	0	1
	0	1
7 Financial expenses		
Interest paid to group enterprises	1 133	49
Exchange rate adjustments	524	886
Other financial expenses	30 318	11 972
	31 975	12 907

8 Intangible fixed assets

	Completed development projects	Development projects under construction
	DKK '000	DKK '000
Cost at 1 January 2021	126 901	28 565
Additions for the year	0	19 994
Disposals for the year	0	0
Transfers for the year	30 472	(30 472)
Cost at 31 December 2021	<u>157 373</u>	<u>18 087</u>
Amortisation at 1 January 2021	94 235	0
Amortisation for the year	16 295	0
Disposals for the year	0	0
Amortisation at 31 December 2021	<u>110 530</u>	<u>0</u>
Carrying amount 31 December 2021	<u>46 843</u>	<u>18 087</u>

The Company capitalises cost relating to development of new software and systems. The projects are in general short term projects running less than 12 months. Projects under construction are running as planned.

8 Intangible fixed assets (continued)

	Rental rights	Licences and similar rights
	DKK '000	DKK '000
Cost at 1 January 2021	25 653	1 665 281
Additions for the year	0	544 147
Disposals for the year	0	0
Transfers for the year	0	0
Cost at 31 December 2021	<u>25 653</u>	<u>2 209 428</u>
Amortisation at 1 January 2021	25 498	908 250
Amortisation for the year	60	107 302
Disposals for the year	0	0
Amortisation at 31 December 2021	<u>25 558</u>	<u>1 015 552</u>
Carrying amount 31 December 2021	<u>95</u>	<u>1 193 876</u>
		<u>Contract assets</u>
		DKK '000
Cost at 1 January 2021		110 231
Additions for the year		57 823
Disposals for the year		(64 426)
Transfers for the year		0
Cost at 31 December 2021		<u>103 628</u>
Amortisation at 1 January 2021		55 229
Amortisation for the year		62 283
Disposals for the year		(64 426)
Amortisation at 31 December 2021		<u>53 086</u>
Carrying amount 31 December 2021		<u>50 542</u>

9 Tangible fixed assets

	Network infrastructure	Assets under construction
	DKK '000	DKK '000
Cost at 1 January 2021	3 567 608	252 924
Additions for the year	0	679 160
Disposals for the year	(627 381)	0
Transfers for the year	286 097	(286 097)
Cost at 31 December 2021	<u>3 226 324</u>	<u>645 987</u>
Depreciation at 1 January 2021	1 806 415	0
Depreciation for the year	172 444	0
Disposals for the year	(371 688)	0
Depreciation at 31 December 2021	<u>1 607 171</u>	<u>0</u>
Carrying amount 31 December 2021	<u>1 619 153</u>	<u>645 987</u>

Disposals for the year relates to the upgrade and roll-out of new 5G equipment.

	Equipment	Leasehold improvements
	DKK '000	DKK '000
Cost at 1 January 2021	69 810	33 807
Additions for the year	5 494	320
Disposals for the year	0	0
Cost at 31 December 2021	<u>75 304</u>	<u>34 127</u>
Depreciation at 1 January 2021	52 165	28 164
Depreciation for the year	8 316	1 921
Disposals for the year	0	0
Depreciation at 31 December 2021	<u>60 481</u>	<u>30 085</u>
Carrying amount 31 December 2021	<u>14 823</u>	<u>4 042</u>

	2021 DKK '000	2020 DKK '000
10 Investment in subsidiaries		
Cost at 1 January	100	0
Additions for the year	0	100
Disposals for the year	0	0
Cost at 31 December	<u>100</u>	<u>100</u>
Revaluations at 1 January	0	0
Result after tax for the year	0	0
Revaluations at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>100</u>	<u>100</u>

Investment in subsidiaries is specified as follows:

Name	Registered office	Equity DKK '000	Votes and ownership	Net result DKK '000
Subco II af 14/12/2017 ApS	Copenhagen Denmark	50	100%	-
Subco III af 14/12/2017 ApS	Copenhagen Denmark	50	100%	-

	2021	2020
	DKK '000	DKK '000
11 Investment in joint ventures		
Cost at 1 January	18 691	18 691
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	<u>18 691</u>	<u>18 691</u>
Revaluations at 1 January	(7 192)	(7 192)
Adjustments for the year	0	0
Revaluations at 31 December	<u>(7 192)</u>	<u>(7 192)</u>
Carrying amount 31 December	<u>11 499</u>	<u>11 499</u>

Investment in joint ventures is specified as follows:

Name	Registered office	Equity	Votes and ownership	Net result
		DKK '000		DKK '000
4T af 1. oktober 2012 ApS	Copenhagen Denmark	11 854	25%	1 670
OCH A/S	Copenhagen Denmark	2 427	25%	674

	2021	2020
	DKK '000	DKK '000
12 Deferred tax assets		
Deferred tax 1 January	109 909	394 140
Partial demerger	0	(435 497)
Adjusted deferred tax at January 2021	109 909	(41 357)
Deferred tax for the year	3 907	151 266
Adjustment from prior years	(10 785)	0
Deferred tax 31 December	103 032	109 909

The deferred tax asset is specified as follows:

Arising from deferred tax losses	322 940	336 362
Arising from accelerated depreciation allowances	(222 223)	(228 393)
Arising from deductible temporary differences	2 315	1 940
	103 032	109 909

Changes in Income Statement

Current tax for the year	(473)	(212 477)
Deferred tax for the year	3 907	151 266
Prior year adjustments, current tax	(8 409)	0
Prior year adjustments, deferred tax	(10 785)	0
Tax effect for the year	(15 760)	(61 211)

The recognised deferred tax assets consist of taxable losses, which are expected to be utilised within 4 years through income generated from the ordinary business. The tax losses are a result of the significant investment the Company has made to become a significant mobile operator on the Danish market.

Expected utilisation of deferred tax asset:

0-1 year	0	33 565
> 1 year	103 032	76 344
	103 032	109 909

	<u>2021</u> DKK '000	<u>2020</u> DKK '000
13 Cash at bank and in hand		
Cash at bank and in hand	103 257	114 722
	103 257	114 722

The Company has entered a cash pool with its parent company which means that available cash is collected by the parent company until it is needed. The cash pool is recorded as receivables from group enterprises.

14 Share capital

Analysis of the Company's share capital, DKK 64 375 000

64 375 class A shares of DKK 1 000 each	<u>64 375</u>	<u>64 375</u>
	64 375	64 375

The share capital has not changed in the last 5 years.
All shares have the same share class.

15 Other provisions

Provisions at 1 January	627	1 122
Disposals by demerger	0	(553)
Adjusted Provisions at January 2021	<u>627</u>	<u>569</u>
Additions for the year	247	58
Disposals for the year	0	0
Provisions at 31 December	874	627

16 Long-term debt

Outstanding debt after 5 years	97 047	97 047
Repayment between 1 and 5 years	<u>684 203</u>	<u>328 975</u>
Long-term debt	781 250	426 022
Current part of long-term debt	<u>132 592</u>	<u>78 539</u>
	913 842	504 561

	2021	2020
	DKK '000	DKK '000
17 Adjustment for non-cash items		
Financial income	0	(1)
Financial expenses	31 975	12 907
Depreciation and amortisation	624 314	368 759
Income taxes	15 760	61 211
Other adjustments	(1)	(2)
	672 048	442 874
18 Change in working capital		
Change in inventories	(17 274)	9 020
Change in receivables	368 378	(257 402)
Change in payables, provisions and deferred income	119 932	48 059
	471 036	(200 323)
19 Contractual obligations		
Rental and lease obligations from operating leases.		
Total future rental and lease payments:		
Within 1 year	67 299	67 290
Between 1 and 5 years	21 271	37 300
More than 5 years	2 296	1 110
	90 866	105 700

20 Contingent assets and liabilities

The Company is jointly taxed with the other Danish companies in the Group. The joint taxation also covers withholding taxes in the form of dividend tax, royalty tax and interest tax. The Danish companies are jointly and individually liable for the joint taxation. Any subsequent adjustments to income taxes and withholding taxes may lead to a larger liability. The tax for the individual companies is allocated in full on the basis of the expected taxable income.

The Company is involved in certain disputes with customers, suppliers and business partners. Although the final outcome of these matters cannot be predicted, management believes that none of these cases could have a significant negative impact on the Company's results, financial position or cash flow.

21 Related parties

	<u>Basis</u>
Controlling interest	
HI3G DK Holdings ApS Scandiagade 8 DK-2450 København	Controlling shareholder
HI3G Access AB PO Box 7012 121 07 Stockholm - Globen Sweden	Controlling interest
CK Hutchison Holdings Limited 48th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong	Ultimate parent company

21 Related parties - continued

Transactions

Commercial terms and market prices apply for sale and purchases of goods and services between group companies.

Some of the Company's investments are made jointly with other telecom companies within the CK Hutchison Holdings Limited Group (“CK Hutchison Holdings group”).

During the year, the Company purchased services from other companies within the CK Hutchison Holdings Group, amounting to DKK 227,854k (2020: DKK 448,189k). These have either been expensed directly or booked as assets.

Other transactions with related parties

At year-end, the outstanding payable due to purchase of goods and services from the CK Hutchison Holdings Group companies amounted to DKK 1,603k (2020: DKK 20,343k). The outstanding receivable was DKK 107,986k (2020: DKK 301,019k).

At year-end, the Company has a loan from its parent company, amounting to DKK 155,675k (2020: DKK 148,493k).

Consolidated Financial Statements

The Company is included in the consolidated financial statements of Hi3G Holdings AB, Sweden, PO Box 7012, 12107 Stockholm - Globen, Sweden, which is the smallest group into which the company is included as a subsidiary. The Company is included in the consolidated financial statements of CK Hutchison Holdings Limited, 48th Floor, Cheung Kong Center, 2 Queen’s Road central, Hong Kong, or at www.ckh.com.hk, which is the largest group into which the Company is included as a subsidiary. Copy of the consolidated Financial Statements of CK Hutchison Holdings Limited for 2021 can be obtained at, 48th Floor, Cheung Kong Center, 2 Queen’s Road central, Hong Kong, or at www.ckh.com.hk.

22 Distribution of profit

Proposed distribution of profit

	2021 DKK '000	2020 DKK '000
Transfer to reserve for development cost capitalised	3 699	2 855
Transfer to retained earnings	(30 642)	157 103
	<u>(26 943)</u>	<u>159 958</u>