HI3G Denmark ApS

CVR-nr. 26 12 34 45

Annual Report for 2022

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 26 June 2023

Chairman

HI3G Denmark ApS, Fadet 4, 1799 København V

Contents

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 2022.

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

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for 2022.

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

Copenhagen, 26 June 2023

Executive Board

Morten Christiansen	Birgitte Lund

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 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 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 2022, which comprise accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes. ("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, 26 June 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

Ulrik Ræbild State Authorised Public Accountant mne33262	Mads Blichfeldt Fjord State Authorised Public Accountant mne46065

Company Information

The Company	HI3G Denmark ApS Fadet 4 DK-1799 København V	
	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	
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup	

Financial Highlights

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

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Revenue	2 904 822	2 787 366	2 740 561	2 736 041	2 707 518
Gross profit	1 692 342	1 670 078	1 644 545	1 640 691	1 604 842
Operating (loss)/profit	(716 937)	20 692	233 875	400 260	335 569
Net financial items	(35 579)	(31 875)	(12 706)	(21 854)	(24 420)
(Loss)/profit before income taxes	(752 516)	(11 183)	221 169	378 406	311 149
Income taxes	163 476	(15 760)	(61 211)	(83 109)	(82 910)
(Loss)/profit for the year	(589 040)	(26 943)	159 958	295 297	228 239
Balance sheet					
Investment in tangible fixed assets	768 444	684 974	152 788	194 211	207 379
Balance sheet total	3 936 346	4 349 562	4 037 404	4 658 230	4 278 061
Equity	2 252 854	2 841 894	2 868 837	3 625 136	3 472 839
Average number of employees	623	630	648	667	669
Ratios					
Return on total assets	-18%	0%	6%	9%	8%
Solvency ratio	57%	65%	71%	78%	81%

For definitions, see accounting policies.

Management's Review

Comments from Morten Christiansen, CEO

The roll-out of 5G has been a success. By the end of 2022, 80% of our network was upgraded to 5G creating a highly improved customer experience as well as higher speeds matching those of both Coax, ADSL, and fibre. During the year, we launched 'Internet to the Home 5G' and 'Home Office 5G' thereby providing our customers with low priced and hassle-free alternatives to wired connections, combined with powerful outdoor antennas for customers living in rural areas. As a result, we have, according to plan, and to my great pleasure, managed to attract a great number of customers who have previously used Coax, ADSL or fibre as their internet connection.

We reached our defined target of '1.5 million happy customers'. We ended the year at 1,536,274 customers, which corresponds to a growth of 3% and I am absolutely satisfied. According to the most recent official market share statistics from the second half of 2022, 3 grew its market share to 18.0% and maintained a strong market position on mobile data with a 26% share of all mobile data traffic.

Increased travel activities revived the interest in our well-known and attractive roaming product '3Like-Home'. At the same time, the number of customers visiting our shops is beginning to approach pre-Covid levels as is customers' willingness to buy.

OiSTER continued to hold its strong position in the market based on competitive pricing and a steady expansion of streaming services.

In October, we launched our new low-price brand 'Flexii', with self-service as its motto: "Best price, easy and online only". Flexii complements 3 and Oister perfectly and I am very pleased with Flexii's customer intake in Q4.

In 2022, 3 joined a comprehensive and long-term partnership 'Parken – Connected by 3'. In cooperation with Global Connect, 3 went live in 2022 at Denmark's national stadium 'Parken' with a powerful network solution, lifting the digital experience for hundreds of thousands of annual visitors to national and international matches and concerts. Already at this point, the partnership has put 3 in the spotlight as an innovative brand, on our 5G activities and at the same time connects us to sports and entertainment.

Financial highlights

Revenue grew by 4.2% from mDKK 2,787 in 2021 to mDKK 2,905 in 2022, which is in line with my expectations. Gross Profit grew from mDKK 1,670 to mDKK 1,692. Quite contrary to previous years, we saw an increase in costs, driven by rising energy prices and inflation. As a result, our operating profit before depreciations and amortisation ended at mDKK 626 compared to mDKK 645 in 2021.

Based on the rollout of new 5G equipment and the fast development within technology, we decided to reassess lifetime of our assets – and concluded that it is more accurate to depreciate our network assests over 10 years instead of 20 years. As a result, annual depreciations increased by mDKK 255. Furthermore, we carried out an impairment test of all assets based on the value in use method which resulted in a write-down of network assets by mDKK 240. Change in lifetime and impairment of assets affected the overall result for the year negatively by mDKK 495. Thus ended our operating loss at mDKK 717, which actually was in accordance with expectations for the year considering the extraordinary depreciation and amortisation.

Network
In 2022, we invested mDKK 748 in our network (2021: mDKK 679), corresponding to an investment rate of 24%.

The increased investment rate reflects a strong focus on our rollout of 5G combined with a comprehensive upgrade of our radio and transmission network and a considerable increase in the number of network positions. In order to deliver a fibre like speed experience to customers all over Denmark, we have focused highly on C-band as well as low band to ensure the best possible geographical as well as indoor coverage.

The upgrade to new 5G equipment resulted in disposal of fixed assets with net book value of mDKK 533.

Future development
The 5G modernisation of the network will facilitate further digitalising of society and improve services for green initiatives going forward. The launch of our Fixed Wireless Access (FWA) products ‘Internet to the Home 5G’ and ‘Home Office 5G’ will be followed by more high-capacity services such as slicing and home medicine consulting and additional IOT services with increased low band utilization.

The plan is to finalise the upgrade of 5G equipment during 2023 and as a result we expect a positive operating profit in the range between mDKK 100-200.

The Company has strong cash flow from operations and to a great extent the 5G roll out has been self-financed. Limited external bank financing of mDKK 300 has been entered during 2022 and in combination with a credit overdraft facility of mDKK 175 entered in 2023 we find that the Company has sufficient financing for the coming year.

Statutory Report on Social Responsibility and Data ethics, cf. Section 99a and 99d respectively of the Danish Financial Statements Act
In 2022, we have worked intensively with sustainability, including securing the accuracy of data performance within sustainability. We have identified and worked with various sustainability initiatives to help us achieve our ambitious goals within the area. One of our greatest achievements is that by the end of the financial year 2022, our energy consumption was 100% covered by renewable energy. Furthermore, we continued advancing data ethical standards with policy and procedures.

More information regarding our work with sustainability and data ethics may be found in Hi3G’s Sustainability Report 2022: https://www.3.dk/om3/om-virksomheden/

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

Board of Directors
By the end of 2022, the Board of Directors consisted of seven men. The goal of having at least one woman on the Board of Director was thus not reached in 2022, because the general meeting saw no reason to replace the current board.

Executive Management and Senior Management
The executive management consists of one woman and one man.

The senior management consists of three women and five men.

Focus on equal gender distribution and hidden barriers
At Hi3G, generally, we are working to achieve equal gender distribution as the Company should reflect the surrounding society's distribution of women and men. We believe that such distribution and diversity create a balanced work environment, that diversity at the same time contributes to a dynamic, creative, and innovative work environment and that diversity is a strength for the Company.

Our Gender Equality Policy and Employee Handbook reflects this belief, and we are working to achieve 60/40 equal gender distribution at all management levels and in the Company in general.

On all levels of the organisation and not at least at the management levels, we depend on having highly skilled and qualified employees to secure a healthy and efficient business. Thus, in employing candidates, we seek to employ the candidate best suited for the position in question based on personality, qualifications, education, and experience, but at the same time, we strive to secure diversity and equal gender distribution in the Company. Thus, we ensure that all candidates are assessed based on a holistic approach.

It is important for Hi3G to ensure equal access for women and men to vacant positions in the Company, especially for management positions, as we are aware of that there are certain stereotypical perceptions and informal barriers for female leaders. Thus, Hi3G has a special focus on the hidden barriers that can lead to women not getting management positions. This focus is expressed in all parts of e.g. the recruitment procedure - job description, job postings, screening of candidates and job interviews. Hi3G's job advertisements, for example, are adapted to motivate a diverse pool of candidates. 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.

At Hi3G, we have initiated an effort to create a more balanced gender representation at the company's management levels, and in this connection, we have set the following targets:

- Hi3G will work to ensure that both genders are represented by at least 40 per cent on the Board of Directors by 2025.
- Hi3G will work to ensure that both genders are represented by at least 40 per cent in the Senior Management Team by 2025.
- Hi3G will work to ensure that both genders are represented by at least 40 per cent in other management levels by 2025.

At Hi3G, we strive to ensure that our management is characterised by diversity in terms of age, gender, education, and professional background. We strive to achieve this by working to

- minimising the impact of bias, preconceptions, or prejudices in all our recruitment and hiring processes.
- encouraging our managers to be aware of this and thus minimise bias, preconceived attitudes, or prejudice.

More information regarding Hi3G's work with gender balance and diversity can be found in Hi3G's Sustainability Report 2022: https://www.3.dk/om3/om-virksomheden/

Significant events after the year-end

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

Accounting Policies

Basis of Preparation

The Annual Report of HI3G Denmark ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Based on the rollout of new 5G equipment and the fast development within technology, lifetime of tangible fixed assets has been reassed, resulting in change of lifetime of network assests over 10 years instead of 20 years. The change of lifetime has resulted in a increase in depreciation for the year of mDKK 255.

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.

Accounting policies (continued)

Income Statement

Revenue

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

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).

Accounting policies (continued)

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.

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

Licenses 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, and includes for example commissions or bonusses to employees, which are directly related to the customer acquisition and prolongation.

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

Accounting policies (continued)

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	3/5/10/40 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.

Accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” as well as payments in transit.

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.

Accounting policies (continued)

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:

Return on total assets = $\dfrac{\text{Operating profit x 100}}{\text{Total assets}}$

Solvency ratio = $\dfrac{\text{Equity at year end x 100}}{\text{Total assets}}$

Income Statement 1 January – 31 December

	Note	2022	2021
		DKK '000	DKK '000
Revenue	2	2 904 822	2 787 366
Cost of sales		(1 212 480)	(1 117 288)
Gross profit		**1 692 342**	**1 670 078**
External expenses	3	(763 108)	(732 711)
Staff costs	4	(308 685)	(302 729)
Other income		5 636	10 368
Operating profit before depreciations and amortisation		**626 185**	**645 006**
Depreciation and amortisation	5	(1 343 122)	(624 314)
Operating (loss)/profit		**(716 937)**	**20 692**
Income from investment in joint ventures		100	100
Financial income	6	618	0
Financial expenses	7	(36 297)	(31 975)
Loss before income taxes		**(752 516)**	**(11 183)**
Income taxes	12	163 476	(15 760)
Loss for the year		**(589 040)**	**(26 943)**

Balance Sheet at 31 December

Assets

	Note	2022	2021
		DKK '000	DKK '000
Completed development projects		50 360	46 843
Development projects under construction		18 255	18 087
License and similar rights		1 123 151	1 193 876
Rental rights		35	95
Contract assets		51 936	50 542
Intangible fixed assets	8	**1 243 737**	**1 309 443**
Network infrastructure		1 260 207	1 619 153
Equipment		12 689	14 823
Leasehold improvements		14 659	4 042
Assets under construction		570 694	645 987
Tangible fixed assets	9	**1 858 249**	**2 284 005**
Investment in subsidiaries	10	100	100
Investment in joint ventures	11	11 499	11 499
Deposits		31 553	22 770
Financial asset investments		**43 152**	**34 369**
Fixed assets		**3 145 138**	**3 627 817**
Inventories		**98 422**	**86 898**
Trade receivables		255 870	277 907
Receivables from group enterprises		565	97 359
Other receivables		40 797	41 687
Deferred tax assets	12	268 232	103 032
Prepayments		8 435	11 605
Receivables		**573 899**	**531 590**
Cash at bank and in hand	13	**118 887**	**103 257**
Current assets		**791 208**	**721 745**
Assets		**3 936 346**	**4 349 562**

Balance Sheet at 31 December

Liabilities and equity

	Note	2022	2021
		DKK '000	DKK '000
Share capital	14	64 375	64 375
Reserve for development costs capitalised		57 535	64 930
Retained earnings		2 130 944	2 712 589
Equity		**2 252 854**	**2 841 894**
Other provisions	15	874	874
Provisions		**874**	**874**
Debt to banks		300 000	0
Long-term debt		680 658	781 250
Long-term liabilities	16	**980 658**	**781 250**
Current part of long-term debt	16	132 592	132 592
Trade payables		327 399	347 960
Payables to group enterprises		167 451	146 651
Tax payable		2 357	8 073
Other payables		72 161	90 268
Current liabilities		**701 960**	**725 544**
Liabilities		**1 683 492**	**1 507 668**
Liabilities and equity		**3 936 346**	**4 349 562**

Other notes

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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 2022	**64 375**	**64 930**	**2 712 589**	**2 841 894**
Net loss for the year	0	(7 395)	(581 645)	(589 040)
Equity at 31 December 2022	**64 375**	**57 535**	**2 130 944**	**2 252 854**
Equity at 1 January 2021	**64 375**	**61 231**	**2 743 231**	**2 868 837**
Net 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**

Statement of cash flows

	Notes	2022	2021
		DKK '000	DKK '000
Loss for the year		(589 040)	(26 943)
Adjustment for non-cash items	17	1 215 325	672 048
Change in working capital	18	72 701	471 036
Financial income		618	0
Financial expenses		(36 297)	(31 975)
Income tax paid		(7 439)	(176 807)
Cash flow from operating activities		**655 868**	**907 359**
Investments in intangible assets		(83 219)	(621 964)
Investments in property, plant and equipment		(768 444)	(684 974)
Net investment in subsidiaries, joint ventures and other financial assets		(8 783)	1 019
Cash flow used in investing activities		**(860 446)**	**(1 305 919)**
Repayment of loans to group enterprises		0	(22 186)
Proceeds from loans from group enterprises		20 800	0
Repayment of loans		(100 592)	(77 196)
Proceeds from loans		300 000	486 477
Cash flow from financing activities		**220 208**	**387 095**
Total cash flow		**15 630**	**(11 465)**
Cash and cash equivalents at 1 January		103 257	114 722
Cash and cash equivalents at 31 December		**118 887**	**103 257**

Notes to the Financial Statements

1 Events after the balance sheet date

No significant events have occured 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.

	2022	2021
	DKK '000	DKK '000
3 External expenses		
Fees to auditor elected by the Annual General Meeting		
Audit fee	981	881
Other assurance services	5	0
Tax advisory services	201	0
Other services	19	13
	1 206	**894**

	2022	2021
4 Staff costs		
Wages and salaries	319 004	309 172
Pensions	24 177	24 075
Other social security expenses	4 931	4 904
	348 112	338 151
Of which capitalised	(39 427)	(35 422)
	308 685	**302 729**
Of this remuneration to Executive Board and Board of Directors:		
Executive Board	23 528	20 860
Board of Directors	0	0
	23 528	**20 860**

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

Average number of employees	**623**	**630**

	2022	2021
	DKK '000	DKK '000

5 Depreciation, amortisation and disposal of tangible and intangible fixed assets

	2022	2021
Completed development projects	18 865	16 295
Licenses and similar rights	70 725	107 302
Rental rights	60	60
Contract assets	58 332	62 283
Network infrastructure	649 506	172 444
Equipment	7 034	8 316
Leasehold improvements	2 392	1 921
Disposal of fixed assets	536 208	255 693
	1 343 122	**624 314**

An impairment test of all assets based on the value in use method has resulted in a write-down of network assets by mDKK 240. Change in lifetime and impairment of assets has affected depreciation and amortisation of tangible fixed assets with mDKK 495.

6 Financial Income

	2022	2021
Other financial income	618	0
	618	**0**

7 Financial expenses

	2022	2021
Interest paid to group enterprises	1 142	1 133
Exchange rate adjustments	1 046	524
Other financial expenses	34 109	30 318
	36 297	**31 975**

8 Intangible fixed assets

	Completed development projects	Development projects under construction
	DKK '000	DKK '000
Cost at 1 January 2022	157 373	18 087
Additions for the year	0	23 493
Disposal for the year	(88 407)	0
Transfers for the year	23 325	(23 325)
Cost at 31 December 2022	92 291	18 255
Amortisation at 1 January 2022	110 530	0
Amortisation for the year	18 865	0
Disposals for the year	(87 464)	0
Amortisation at 31 December 2022	41 931	0
Carrying amount 31 December 2022	**50 360**	**18 255**

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 2022	25 653	2 209 428
Additions for the year	0	0
Disposals for the year	(25 351)	0
Cost at 31 December 2022	302	2 209 428
Amortisation at 1 January 2022	25 558	1 015 552
Amortisation for the year	60	70 725
Disposals for the year	(25 351)	0
Amortisation at 31 December 2022	267	1 086 277
Carrying amount 31 December 2022	**35**	**1 123 151**

	Contract assets
	DKK '000
Cost at 1 January 2022	103 628
Additions for the year	59 726
Disposals for the year	(60 793)
Cost at 31 December 2022	102 561
Amortisation at 1 January 2022	53 086
Amortisation for the year	58 332
Disposals for the year	(60 793)
Amortisation at 31 December 2022	50 625
Carrying amount 31 December 2022	**51 936**

9 Tangible fixed assets

	Network infrastructure	Assets under construction
	DKK '000	DKK '000
Cost at 1 January 2022	3 226 324	645 987
Additions for the year	0	748 198
Disposals for the year	(1 087 305)	0
Transfers for the year	823 491	(823 491)
Cost at 31 December 2022	2 962 510	570 694
Depreciation at 1 January 2022	1 607 171	0
Depreciation for the year	649 506	0
Disposals for the year	(554 374)	0
Depreciation at 31 December 2022	1 702 303	0
Carrying amount 31 December 2022	**1 260 207**	**570 694**

	Equipment	Leasehold improvements
	DKK '000	DKK '000
Cost at 1 January 2022	75 304	34 125
Additions for the year	6 228	14 018
Disposals for the year	(42 957)	(28 405)
Cost at 31 December 2022	38 575	19 738
Depreciation at 1 January 2022	60 482	30 085
Depreciation for the year	7 034	2 392
Disposals for the year	(41 630)	(27 398)
Depreciation at 31 December 2022	25 886	5 079
Carrying amount 31 December 2022	**12 689**	**14 659**

	2022	2021
	DKK '000	DKK '000

10 Investment in subsidiaries

	2022	2021
Cost at 1 January	100	100
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	100	100
Revaluations at 1 January	0	0
Result after tax for the year	0	0
Revaluations at 31 December	0	0
Carrying amount at 31 December	**100**	**100**

Investment in subsidiares is specified as follows:

Name	Registered office	Equity	Votes and ownership	Net result
		DKK '000		DKK '000
Subco II af 14/12/17 ApS	Copenhagen Denmark	50	100%	-
Subco III af 14/12/17 ApS	Copenhagen Denmark	50	100%	-

	2022	2021
	DKK '000	DKK '000

11 Investment in joint ventures

	2022	2021
Cost at 1 January	18 691	18 691
Additions for the year	0	0
Disposals for the year	0	0
Cost at 31 December	18 691	18 691
Revaluations at 1 January	(7 192)	(7 192)
Adjustments for the year	0	0
Revaluations at 31 December	(7 192)	(7 192)
Carrying amount 31 December	**11 499**	**11 499**

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	12 988	25%	480
OCH A/S	Copenhagen Denmark	3 090	25%	755

	2022	2021
	DKK '000	DKK '000

12 Deferred tax assets

Deferred tax 1 January	103 032	109 909
Deferred tax for the year	165 363	3 907
Adjustment from prior years	(163)	(10 785)
Deferred tax 31 December	**268 232**	**103 032**

The deferred tax asset is specified as follows:

Arising from deferred tax losses	371 531	322 940
Arising from accelerated depreciation allowances	(104 978)	(222 223)
Arising from deductible temporary differences	1 679	2 315
	268 232	**103 032**

Changes in Income Statement

Current tax for the year	0	(473)
Deferred tax for the year	165 363	3 907
Prior year adjustments, current tax	(1 724)	(8 409)
Prior year adjustments, deferred tax	(163)	(10 785)
Tax effect for the year	163 476	(15 760)

The recognised deferred tax assets consist of taxable losses, which are expected to be utilised within 7 years through income generated form 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	54 680	0
> 1 year	213 552	103 032
	268 232	103 032

	2022	2021
	DKK '000	DKK '000

13 Cash at bank and in hand

	2022	2021
Cash at bank and in hand	118 887	103 257
	118 887	**103 257**

The Company had in 2021 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 was recorded as receivable from group enterprises.

14 Share capital

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

	2022	2021
64 375 class A shares of DKK 1 000 each	64 375	64 375
	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

	2022	2021
Provisions at 1 January	874	627
Additions for the year	0	247
Disposals for the year	0	0
Provisions at 31 December	**874**	**874**

16 Long-term debt

	2022	2021
Outstanding debt after 5 years	242 681	97 047
Repayment between 1 and 5 years	737 977	684 203
Long-term debt	980 658	781 250
Current part of long-term debt	132 592	132 592
	1 113 250	**913 842**

	2022	2021
	DKK '000	DKK '000

17 Adjustment for non-cash items

Financial income	(618)	0
Financial expenses	36 297	31 975
Depreciation and amortisation	1 343 122	624 314
Income taxes	(163 476)	15 760
Other adjustments	0	(1)
	1 215 325	**672 048**

18 Change in working capital

Change in inventories	(11 524)	(17 274)
Change in receivables	122 891	368 378
Change in trade payables, etc.	(38 666)	119 932
	72 701	**471 036**

19 Contractual obligations

Rental and lease obligations from operating leases.
Total future rental and lease payments:

Within 1 year	71 335	67 299
Between 1 and 5 years	125 806	21 271
More than 5 years	73 245	2 296
	270 386	**90 866**

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

Controlling interest	Basis
HI3G DK Holdings ApS Fadet 4 DK-1799 København V	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 218,343k (2021: DKK 227,854k). 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 amounted to DKK 18,298k (2021: DKK 1,603k). The outstanding receivable was DKK 565k (2021: DKK 107,986k).

At year-end, the Company has a loan to its parent company, amounting to DKK 149,153k (2021: DKK 155,675k).

Consolidated Financial Statements

The Company is included in the consolidated financial statements of HI3G Holdings AB, Stockholm, Sweden, which is the smallest group into which the Company is included as a subsidiary. The consolidated financial statements of CK Hutchison Holdings Limited, 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, is the largest group into which the Company is included as a subsidiary. Copies of the consolidated financial statements can be obtained at the addresses of the respective parent companies.

	2022	2021
	DKK '000	DKK '000
22 Distribution of loss		
Proposed distribution of loss		
Transfer to reserve for development cost capitalised	(7 395)	3 699
Transfer to retained earnings	(581 645)	(30 642)
	(589 040)	**(26 943)**