

# TDC Holding Group performance

## Q2 highlights

- **Revenue was stable in Q2** as reflected by 0.7% growth in Q2 2022 as compared to Q2 2021 (Q2 YoY). Revenue development in Nuuday was positively impacted by a high growth in revenue from mobility services and TV.
- **Gross profit increased by 0.6% Q2 YoY**, driven by the higher margins on mobility services and high speed offerings in TDC NET and was partly offset by higher 3rd party network costs for Nuuday in connection with the continuing migration from DSL to fibre.
- **Operating expenses increased by 3.9% Q2 YoY**, which reflects a decrease in Nuuday due to focus on operational improvements in Nuuday and higher external spending partly related to higher power prices in TDC NET.
- **EBITDA decreased by 1.8% Q2 YoY** and totalled DKK 1,592m in the second quarter.
- **Capital expenditure decreased by 2.5% Q2 YoY**. The decrease partially reflects reduced volume capex and IT expenses in Nuuday. TDC Holding group's continued high investment level reflects the ambition to roll-out fibre to connect Denmark and will support Nuuday's digitalisation.
- **Leverage (adjusted) decreased slightly to 5.4x**

## Revenue

In the first half of 2022, TDC Group's revenue increased by 0.9%, or DKK 69m to DKK 8,016m, when compared with H1 2021. The increase was driven mainly by growth in mobility services and TV.

## Gross profit

TDC Group's gross profit decreased by 0.4% or DKK 21m to DKK 5,561m in H1 2022. The decline was driven primarily by higher 3<sup>rd</sup> party network costs with the ongoing migration from DSL to fibre, partly offset by higher margins on mobility services.

## Operating expenses

In H1 2022, operating expenses increased by 1.7% or DKK 39m to DKK 2,365m. The higher operating expenses are mainly related to higher power costs.

## EBITDA

In the first half of 2022 EBITDA decreased by 1.8%, DKK 60m to DKK 3,196m. The development is primarily affected by the on-going migration from DSL to fibre.

TDC Holding group, key figures (DKKm)	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
Revenue	3,994	3,965	0.7	8,016	7,947	0.9
Gross profit	2,803	2,787	0.6	5,561	5,582	(0.4)
Operational expenses	(1,211)	(1,165)	3.9	(2,365)	(2,326)	1.7
EBITDA	1,592	1,622	(1.8)	3,196	3,256	(1.8)
Profit for the period excluding special items	302	185	63.2	484	378	28.0
Profit for the period	178	103	72.8	332	198	67.7
Total comprehensive income	504	416	21.2	1,557	882	76.5
Capital expenditure, excluding mobile licences	(1,105)	(1,133)	(2.5)	(2,040)	(2,145)	(4.9)
Mobile licences	-	(670)	-	-	(670)	-
Gross margin, %	70.2	70.3	-	69.4	70.2	-
EBITDA margin, %	39.9	40.9	-	39.9	41.0	-

### Capital expenditure

Capital expenditure, excluding mobile licences, totalled DKK 2,040m in the first half of 2022, down by 4.9% or DKK 105m compared with the same period last year. TDC Holding group's high investment level reflects the ambition to roll-out fibre to connect Denmark and support Nuudays digitalisation.

### Cash flow

Total cash flow increased by DKK 2,460m to DKK 2,656m.

Cash flow from operating activities decreased by DKK 478m, down to DKK 2,263m in H1 2022. The larger (DKK 884m) distribution of excel capital from the TDC Pension Fund was more than offset by a negative development in net working capital (DKK 597m), due primarily to higher trade receivables and lower trade payables, as well as higher income tax paid (DKK 541m) due to the larger distribution from TDC Pension Fund and different timing. In addition, higher net interests (DKK 150m) contributed to the decrease.

The DKK 451m decrease in cash outflow from investing activities, to DKK 2,130m, was driven primarily by the finalization of the mobile 5G swap in 2021.

Cash outflow from financing activities in first half of 2022 increased by DKK 2,487m to DKK 2,523m, driven mainly by the proceeds from the new financing for TDC NET.

### Profit for the period

Excluding special items, profit for the period increased by DKK 106m to DKK 484m. Profit for the period (including special items) increased by DKK 134m to DKK 332m. The increases were both driven largely by lower amortisations.

### Comprehensive income

Total comprehensive income increased by DKK 675m to DKK 1,557m. The DKK 134m increase in profit for the period was accompanied by a positive development in defined benefit plans (DKK 540m after tax), driven by an increasing discount rate partly offset by an increasing inflation rate and loss on TDC Pension Funds assets.

### Net interest-bearing debt

During H1 2022, adjusted net interest-bearing debt<sup>1</sup> increased by DKK 499m to DKK 21,850m. The increase was due primarily to the dividend payment of DKK 380m to DK Telekommunikation ApS mainly to cover interest payments on senior notes in DKT Finance ApS and fees (DKK 51m) regarding new financing for TDC NET.

1. Net interest-bearing debt excluding the impact from IFRS 16, shareholder loans and spectrum licence liabilities.

Cash flow and net interest-bearing debt (DKK m)	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
Cash flow from operating activities	1,835	1,707	7.5	2,263	2,741	(17.4)
Investment in property, plant and equipment	(667)	(928)	(28.1)	(1,358)	(1,880)	(27.8)
Investment in intangible assets	(482)	(406)	18.7	(773)	(705)	9.6
Lease repayments	(102)	(99)	3.0	(168)	(164)	2.4
<b>Equity free cash flow</b>	<b>584</b>	<b>274</b>	<b>113.1</b>	<b>(36)</b>	<b>(8)</b>	-
Cash flow from operating activities	1,835	1,707	7.5	2,263	2,741	(17.4)
Cash flow from investing activities	(1,148)	(1,331)	(13.7)	(2,130)	(2,581)	(17.5)
Cash flow from financing activities	20	(464)	(104.3)	2,523	36	-
<b>Total cash flow</b>	<b>707</b>	<b>(88)</b>	-	<b>2,656</b>	<b>196</b>	-
Adjusted net interest-bearing debt (NIBD) <sup>1</sup>	(21,850)	(21,364)	2.3	(21,850)	(21,364)	2.3
Net interest-bearing debt (NIBD)	(27,681)	(27,486)	0.7	(27,681)	(27,486)	0.7
Adjusted NIBD/EBITDA <sup>2</sup>	x 3.7	3.6	-	3.7	3.6	-

1. Excluding the impact from IFRS 16 and spectrum licence liabilities.

2. Calculated without spectrum licence liabilities as well as the additional lease liabilities due to the adoption of IFRS 16 and the resulting EBITDA effect. The EBITDA effect of IFRS 16 amounted to DKK 427m for the last twelve months. Including spectrum licence liabilities and IFRS 16 the NIBD/EBITDA ratio amounted to 4.3 at 30 June 2022.

# TDC NET highlights Q2 2022

- Revenue stabilised in Q2 with 0.7% YoY growth as lower revenue from legacy products was offset by increased revenue from mobility services and high-speed broadband
- TDC NET's EBITDA totalled DKK 1,154m, up by 2.9% compared with Q2 2021, driven by cost savings despite rising costs for, among other things, electricity
- Capital expenses in Q2 2022 were lowered compared to Q2 2021 (-17.1%) but with continued investments in IT applications and fibre rollout. TDC NET added 28k new fibre homes passed in Q2, accelerating the roll-out from the 20k new fibre homes passed in Q1, totalling at 48k new fibre homes passed in total in H1 2022
- Halfway through 2022, TDC NET confirmed its full-year guidance with a flat revenue development, low single-digit EBITDA growth and an investment level similar to 2021
- TDC NET introduced a Fibre Activation Programme to be launched 1 October 2022, to incentivise migration to fibre, and announced changed broadband prices across technologies with effect from 1 January 2023
- During the Tour de France in Denmark, TDC NET applied future 5G technologies as part of the network was allocated to high-speed live TV transmissions while large crowds were using the network at the same time
- It was announced that CEO Andreas Pfisterer will leave TDC NET. Focus on improving the performance of the company remains unchanged

# TDC NET performance

## Revenue

In H1 2022, TDC NET's revenue stabilised and increased by 0.3% or DKK 9m to DKK 3,360m compared with the same period in 2021. Together, increased revenue from mobility services and high-speed broadband because of net adds on fibre and coax technologies and higher ARPU more than offset the decrease in revenue from legacy products.

## Gross profit

TDC NET's gross profit increased by 1.4% or DKK 44m compared with H1 2021 and accumulated to DKK 3,233m in H1 2022. The increase in gross profit was driven by higher revenue on mobility services and lower costs on both mobility services and internet & network. TDC NET's gross profit margin increased from 95.2% in H1 2021 to 96.2% in H1 2022.

## Operating expenses

In H1 2022, operating expenses remained on level due to opposite effects (DKK -0.3% or DKK -3m) and totalled DKK 917m. Optimisations within support functions partly in relation to the final separation of Group Functions to TDC NET were offset by increased power costs.

## EBITDA

EBITDA increased by 1.8% or DKK 41m, accumulating to DKK 2,316m in H1 2022. The resulting EBITDA margin improved by 1.0% percentage points due to the improved cost development.

## Capital expenditure

In H1 2022, capital expenditure totalled DKK 1,454m, a decrease of 4.0% or DKK 61m compared with the same period last year. The high investment level continued in H1 2022 within fibre rollout and IT applications. In fibre, TDC NET rolled out 48k new fibre homes passed in H1 2022.

TDC NET, key figures (DKKm)	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
<b>Income statements</b>						
Revenue	1,682	1,670	0.7	3,360	3,351	0.3
Hereof external revenue	370	359	3.1	716	711	0.7
Gross profit	1,627	1,577	3.2	3,233	3,189	1.4
Operational expenses	(473)	(456)	3.7	(917)	(914)	0.3
EBITDA	1,154	1,121	2.9	2,316	2,275	1.8
Capital expenditure, excluding mobile li- cences	(673)	(812)	(17.1)	(1,454)	(1,515)	(4.0)
Mobile licences	-	(670)	-	-	(670)	-
<b>Key financial ratios</b>						
Gross margin, %	96.7	94.4	-	96.2	95.2	-
EBITDA margin, %	68.6	67.1	-	68.9	67.9	-

# Nuuday highlights Q2 2022

- Nuuday continued to deliver on its strategy with Q2 service revenue growth of 1.6% and continued delivery on our mission to stabilize our customer base – with growth in key strategic products of mobile and high-speed broadband.
- Our customer base continued to stabilize:
  - In Q2, our mobile subscriber base grew by 9,000 RGUs with growth across both consumer and business segments.
  - The broadband subscriber base contracted by 6,000 RGUs, reflecting the one-off loss of a large association and delayed launches on certain third-party fibre networks. High-speed broadband subscribers grew by 8.5%.
  - The TV customer base grew by 5,000 RGUs in Q2, driven by the one-off signing of a large housing association, while fixed landline telephony declined by 18,000 RGUs.
- EBITDA remained steady compared with Q1 2022 driven by the on-going stabilisation of our core business but declined with 9.2% in Q2 YoY.
- EBITDA excl. transformation cost decreased by 7.4% in Q2 YoY:
  - Revenue increased by 0.4% Q2 YoY, driven by a growth in our service revenue of 1.6% Q2 YoY and in line with Q1 2022. The development in service revenue reflects a continued strong performance in mobile, a modest decline in broadband but with increase in our highspeed broadband base as we expand into fibre areas and a positive influence in TV by signing a large housing association.
  - Gross profit decreased by 4.3% YoY in Q2 with continued increases in third party costs, related to content in combination with the continuing migration from DSL to fibre. However, gross profit increased compared with Q1 2022.
  - Operating expenses decreased by 1.5% Q2 YoY, driven by the continuous focus on operational improvements reducing both external and personnel expenses.
- Capital expenditure decreased by 6.7% in Q2 YoY prior to the acceleration of Nuuday's transformation programme, due to reduced spending on IT and lower spend on volume capex.
- In Q2, Nuuday announced Netcracker Technology as strategic partner for the massive IT transformation that will be the centre of the comprehensive business transformation of Nuuday and make Nuuday the most digital service provider in Denmark delivering the best customer experiences.

# Nuuday performance

## Revenue

In the first half of 2022, Nuuday's revenue increased by 0.8%, or DKK 59m, to DKK 7,316m compared with the same period last year. This increase was driven by the stabilisation and increase in service revenue, which increased by 1.6% YoY in the first half of 2022. The trend is driven by strong performance in both Consumer and Business strategic growth segments where the net add trend remains positive. This applies to both mobile and TV, where the latter is influenced by the signing of a large housing association in Q2 2022. Furthermore, broadband overall decreased driven by conversions, but high-speed broadband continues to increase on both third party and TDC NET infrastructure with 8.5% YoY.

## Gross profit

Nuuday's gross profit decreased by 3.9%, or DKK 99m, to DKK 2,419m in the first half of 2022. The main driver of the decreasing gross profit relates to increasing third party costs and the on-going migration from DSL to high-speed broadband. Partly offsetting the decline was the stabilisation of our customer bases.

## Operating expenses

Operating expenses in the first half of 2022 decreased by DKK 29m YoY, or 1.8%, to DKK 1,571m. This improvement was driven by the focus on continued operational improvement impacting both external and personnel cost levels positively. Partly offsetting the decline in

operating expenses was higher costs related to marketing and sales acquisition.

## EBITDA

Nuuday recorded an EBITDA decline of 7.6%, or DKK 70m, to DKK 848m in the first half of 2022 compared with the same period last year. The savings in operating expenses positively impacted the EBITDA YoY growth, although the loss in gross profit more than offset these savings, where margins are affected by increasing third party costs.

## Capital expenditure

In the first half of 2022, Nuuday's capital expenditure declined by 2.8%, or DKK 16m, to DKK 565m compared with the same period in 2021. This was driven primarily by lower IT investments prior to the acceleration of the transformation programme and lower volume capex.

Nuuday, key figures (DKKm)	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
<b>Income statements</b>						
Revenue	3,631	3,618	0.4	7,316	7,257	0.8
Hereof service revenue	3,321	3,269	1.6	6,654	6,548	1.6
Gross profit	1,217	1,272	(4.3)	2,419	2,518	(3.9)
Operational expenses	(791)	(803)	(1.5)	(1,571)	(1,600)	(1.8)
EBITDA	426	469	(9.2)	848	918	(7.6)
Capital expenditure, excluding mobile licences	(263)	(282)	(6.7)	(565)	(581)	(2.8)
<b>Key financial ratios</b>						
Gross margin, %	33.5	35.2	-	33.1	34.7	-
EBITDA margin, %	11.7	13.0	-	11.6	12.6	-

# Consolidated financial statements

Income statement(DKKm)	Note	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
<b>Revenue</b>	3	<b>3,994</b>	<b>3,965</b>	<b>0.7</b>	<b>8,016</b>	<b>7,947</b>	<b>0.9</b>
Cost of sales		(1,191)	(1,178)	1.1	(2,455)	(2,365)	3.8
<b>Gross profit</b>		<b>2,803</b>	<b>2,787</b>	<b>0.6</b>	<b>5,561</b>	<b>5,582</b>	<b>(0.4)</b>
External expenses		(540)	(483)	11.8	(1,044)	(959)	8.9
Personnel expenses		(719)	(727)	(1.1)	(1,424)	(1,457)	(2.3)
Other income		48	45	6.7	103	90	14.4
<b>Operating profit before depreciation, amortisation and special items (EBITDA)</b>	2	<b>1,592</b>	<b>1,622</b>	<b>(1.8)</b>	<b>3,196</b>	<b>3,256</b>	<b>(1.8)</b>
Depreciation, amortisation and impairment losses	4	(1,016)	(1,062)	(4.3)	(2,009)	(2,146)	(6.4)
<b>Operating profit excluding special items (EBIT excluding special items)</b>		<b>576</b>	<b>560</b>	<b>2.9</b>	<b>1,187</b>	<b>1,110</b>	<b>6.9</b>
Special items	5	(114)	(102)	11.8	(150)	(217)	(30.9)
<b>Operating profit (EBIT)</b>		<b>462</b>	<b>458</b>	<b>0.9</b>	<b>1,037</b>	<b>893</b>	<b>16.1</b>
Financial income and expenses	6	(138)	(299)	(53.8)	(468)	(551)	(15.1)
<b>Profit before income taxes</b>		<b>324</b>	<b>159</b>	<b>103.8</b>	<b>569</b>	<b>342</b>	<b>66.4</b>
Income taxes		(146)	(56)	160.7	(237)	(144)	64.6
<b>Profit for the period</b>		<b>178</b>	<b>103</b>	<b>72.8</b>	<b>332</b>	<b>198</b>	<b>67.7</b>
<b>Profit attributable to:</b>							
Owners of the parent company		178	103	72.8	332	198	67.7

<b>Statement of comprehensive income (DKKm)</b>	<b>Note</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>H1 2022</b>	<b>H1 2021</b>
<b>Profit/(loss) for the period</b>		<b>178</b>	<b>103</b>	<b>332</b>	<b>198</b>
<b>Items that may subsequently be reclassified to the income statement:</b>					
Change in fair value adjustments of cash flow hedges transferred to financial expenses		12	11	23	22
<b>Items that cannot subsequently be reclassified to the income statement:</b>					
Remeasurement of defined benefit pension plans		405	386	1,542	848
Income tax relating to remeasurement of defined benefit pension plans		(91)	(84)	(340)	(186)
<b>Other comprehensive income</b>		<b>326</b>	<b>313</b>	<b>1,225</b>	<b>684</b>
<b>Total comprehensive income</b>		<b>504</b>	<b>416</b>	<b>1,557</b>	<b>882</b>



## Balance sheet

Assets (DKKm)	Note	30 June 2022	31 December 2021	30 June 2021
<b>Non-current assets</b>				
Intangible assets		24,472	24,652	24,861
Property, plant and equipment		17,157	16,870	16,373
Lease assets		3,096	3,195	3,310
Joint ventures, associates and other investments		8	8	56
Pension assets	7	10,853	10,562	8,521
Receivables		43	43	200
Prepaid expenses		33	18	24
<b>Total non-current assets</b>		<b>55,662</b>	<b>55,348</b>	<b>53,345</b>
<b>Current assets</b>				
Inventories		278	252	239
Receivables		1,776	1,859	1,788
Derivative financial instruments		302	88	69
Prepaid expenses		581	539	671
Cash		3,477	811	628
<b>Total current assets</b>		<b>6,414</b>	<b>3,549</b>	<b>3,395</b>
<b>Total assets</b>		<b>62,076</b>	<b>58,897</b>	<b>56,740</b>

Equity and liabilities (DKKm)	Note	30 June 2022	31 December 2021	30 June 2021
<b>Equity</b>				
Share capital		812	812	812
Reserve for exchange-rate adjustments		-	-	-
Reserve for cash flow hedges		(30)	(51)	(74)
Retained earnings		17,622	16,466	15,033
<b>Total equity</b>		<b>18,404</b>	<b>17,227</b>	<b>15,771</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		4,055	3,996	3,474
Provisions		416	415	423
Loans	8	23,149	19,624	19,543
Lease liabilities		3,580	3,657	3,729
Other non-current liabilities		388	383	388
<b>Total non-current liabilities</b>		<b>31,588</b>	<b>28,075</b>	<b>27,557</b>
<b>Current liabilities</b>				
Loans	8	3,903	4,481	4,486
Lease liabilities		475	475	483
Trade and other payables		7,142	8,289	8,065
Income tax payable		190	104	177
Derivative financial instruments		215	50	112
Provisions		159	196	89
<b>Total current liabilities</b>		<b>12,084</b>	<b>13,595</b>	<b>13,412</b>
<b>Total liabilities</b>		<b>43,672</b>	<b>41,670</b>	<b>40,969</b>
<b>Total equity and liabilities</b>		<b>62,076</b>	<b>58,897</b>	<b>56,740</b>

<b>Statements of cash flow (DKK m)</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>Change in %</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Change in %</b>
EBITDA	1,592	1,622	(1.8)	3,196	3,256	(1.8)
Adjustment for non-cash items	14	17	(17.6)	47	58	(19.0)
Pension contributions	1,156	(2)	-	1,155	271	-
Payments related to provisions	(5)	(3)	66.7	(9)	(8)	12.5
Special items	(51)	(56)	(8.9)	(116)	(114)	1.8
Change in working capital	(302)	228	-	(645)	(48)	-
Interest paid, net	(220)	(99)	122.2	(933)	(783)	19.2
Income tax paid/received	(349)	-	-	(432)	109	-
<b>Total cash flow from operating activities</b>	<b>1,835</b>	<b>1,707</b>	<b>7.5</b>	<b>2,263</b>	<b>2,741</b>	<b>(17.4)</b>
Investment in property, plant and equipment	(667)	(928)	(28.1)	(1,358)	(1,880)	(27.8)
Investment in intangible assets	(482)	(406)	18.7	(773)	(705)	9.6
Investment in other non-current assets	-	-	-	-	(1)	-
Sale of other assets	1	3	(66.7)	1	5	(80.0)
<b>Total cash flow from investing activities</b>	<b>(1,148)</b>	<b>(1,331)</b>	<b>(13.7)</b>	<b>(2,130)</b>	<b>(2,581)</b>	<b>(17.5)</b>
Proceeds from long-term loans	4,431	-	-	25,225	-	-
Repayment of long-term loans	(3,720)	-	-	(21,584)	-	-
Lease repayments	(102)	(99)	3.0	(168)	(164)	2.4
Costs relating to long-term loans	19	-	-	(51)	-	-
Change in short-term bank loans	(228)	-	-	(519)	565	(191.9)
Dividends paid	(380)	(365)	4.1	(380)	(365)	4.1
<b>Total cash flow from financing activities</b>	<b>20</b>	<b>(464)</b>	<b>(104.3)</b>	<b>2,523</b>	<b>36</b>	<b>-</b>
<b>Total cash flow</b>	<b>707</b>	<b>(88)</b>	<b>-</b>	<b>2,656</b>	<b>196</b>	<b>-</b>
Cash and cash equivalents (beginning of period)	2,767	717	-	811	434	86.9
Effect of exchange-rate changes on cash and cash equivalents	3	(1)	-	10	(2)	-
<b>Cash and cash equivalents (end of period)</b>	<b>3,477</b>	<b>628</b>	<b>-</b>	<b>3,477</b>	<b>628</b>	<b>-</b>

Equity attributable to owners of the parent company				
Statement of changes in equity(DKKm)	Share capital	Reserve for cash flow hedges	Retained earnings	Total
Equity at 1 January 2021	812	(96)	14,538	15,254
Profit/(loss) for the period			198	198
Change in fair value adjustments of cash flow hedges transferred to financial expenses		22		22
Remeasurement effects of defined benefit pension plans			848	848
Income tax related to remeasurement effects of defined benefit pension plans			(186)	(186)
<b>Total comprehensive income</b>	<b>-</b>	<b>22</b>	<b>860</b>	<b>882</b>
Distributed dividends			(365)	(365)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>(365)</b>	<b>(365)</b>
<b>Equity at 30 June 2021</b>	<b>812</b>	<b>(74)</b>	<b>15,033</b>	<b>15,771</b>
Equity at 1 January 2022	812	(51)	16,466	17,227
Profit for the period			332	332
Change in fair value adjustments of cash flow hedges transferred to financial expenses		23		23
Remeasurement effects related to defined benefit pension plans			1,542	1,542
Income tax related to remeasurement effects from defined benefit pension plans			(340)	(340)
<b>Total comprehensive income</b>	<b>-</b>	<b>23</b>	<b>1,534</b>	<b>1,557</b>
Distributed dividends			(380)	(380)
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>(380)</b>	<b>(380)</b>
<b>Equity at 30 June 2022</b>	<b>812</b>	<b>(28)</b>	<b>17,620</b>	<b>18,404</b>

## 1 | Accounting policies

TDC Holding's (TDCH) interim financial report for H1 2022 has been prepared in accordance with IAS 34 Interim Financial Reporting and further disclosure requirements in the Danish Financial Statements Act (reporting class D).

The consolidated financial statements are based on the historical cost convention, except that the following assets and liabilities are measured at fair value: derivatives, financial instruments held for sale, and financial instruments held to collect and sell.

### **Critical accounting estimates and judgements**

When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 of the consolidated financial statements for 2021, cf. TDCH's annual report 2021.

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

## 2 | Segment reporting

Activities (DKK m)	Nuuday		TDC NET		Group functions	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
<b>External revenue</b>	<b>3,624</b>	<b>3,605</b>	<b>370</b>	<b>359</b>	-	<b>1</b>
Revenue across segments	7	13	1,312	1,311	-	-
<b>Total revenue</b>	<b>3,631</b>	<b>3,618</b>	<b>1,682</b>	<b>1,670</b>	-	<b>1</b>
Cost of sales	(2,414)	(2,346)	(55)	(93)	-	-
<b>Gross profit</b>	<b>1,217</b>	<b>1,272</b>	<b>1,627</b>	<b>1,577</b>	-	<b>1</b>
Operating expenses	(806)	(817)	(541)	(520)	(111)	(188)
Other income and expenses	15	14	68	64	175	304
<b>EBITDA</b>	<b>426</b>	<b>469</b>	<b>1,154</b>	<b>1,121</b>	<b>64</b>	<b>117</b>
			Eliminations		Total	
			Q2 2022	Q2 2021	Q2 2022	Q2 2021
<b>External revenue</b>			-	-	<b>3,994</b>	<b>3,965</b>
Revenue across segments			(1,319)	(1,324)	-	-
<b>Total revenue</b>			<b>(1,319)</b>	<b>(1,324)</b>	<b>3,994</b>	<b>3,965</b>
Cost of sales			1,278	1,261	(1,191)	(1,178)
<b>Gross profit</b>			<b>(41)</b>	<b>(63)</b>	<b>2,803</b>	<b>2,787</b>
Operating expenses			199	315	(1,259)	(1,210)
Other income and expenses			(210)	(337)	48	45
<b>EBITDA</b>			<b>(52)</b>	<b>(85)</b>	<b>1,592</b>	<b>1,622</b>

## 2 | Segment reporting (continued)

<b>Reconciliation of profit before depreciation, amortisation and special items (EBITDA) (DKKm)</b>	<b>Q2 2022</b>	<b>Q2 2021</b>
EBITDA from reportable segments	1,592	1,622
Unallocated:		
Depreciation, amortisation and impairment losses	(1,016)	(1,062)
Special items	(114)	(102)
Financial income and expenses	(138)	(299)
<b>Consolidated profit/(loss) before income taxes</b>	<b>324</b>	<b>159</b>

## 2 | Segment reporting (continued)

Activities (DKK <sup>m</sup> )	Nuuday		TDC NET		Group functions	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
<b>External revenue</b>	<b>7,300</b>	<b>7,233</b>	<b>716</b>	<b>711</b>	-	<b>3</b>
Revenue across segments	16	24	2,644	2,640	-	-
<b>Total revenue</b>	<b>7,316</b>	<b>7,257</b>	<b>3,360</b>	<b>3,351</b>	-	<b>3</b>
Cost of sales	(4,897)	(4,739)	(127)	(162)	-	-
<b>Gross profit</b>	<b>2,419</b>	<b>2,518</b>	<b>3,233</b>	<b>3,189</b>	-	<b>3</b>
Operating expenses	(1,602)	(1,628)	(1,057)	(1,035)	(206)	(390)
Other income and expenses	31	28	140	121	407	625
<b>EBITDA</b>	<b>848</b>	<b>918</b>	<b>2,316</b>	<b>2,275</b>	<b>201</b>	<b>238</b>
			Eliminations		Total	
			H1 2022	H1 2021	H1 2022	H1 2021
<b>External revenue</b>			-	-	<b>8,016</b>	<b>7,947</b>
Revenue across segments			(2,660)	(2,664)	-	-
<b>Total revenue</b>			<b>(2,660)</b>	<b>(2,664)</b>	<b>8,016</b>	<b>7,947</b>
Cost of sales			2,569	2,536	(2,455)	(2,365)
<b>Gross profit</b>			<b>(91)</b>	<b>(128)</b>	<b>5,561</b>	<b>5,582</b>
Operating expenses			397	637	(2,468)	(2,416)
Other income and expenses			(475)	(684)	103	90
<b>EBITDA</b>			<b>(169)</b>	<b>(175)</b>	<b>3,196</b>	<b>3,256</b>

<sup>1</sup>All figures for TDC NET reported in this Financial Report are consolidated figures for TDC NET Holding. On 3 February 2022, TDC Holding contributed its shares in TDC NET into its newly established wholly-owned subsidiary, TDC NET Holding, whereby TDC NET Holding became the direct parent company of TDC NET. The TDC NET group, i.e. TDC NET Holding, TDC NET and its subsidiaries together form a ring-fenced security group for purposes of the senior secured financing borrowed by TDC NET.

## 2 | Segment reporting (continued)

<b>Reconciliation of profit before depreciation, amortisation and special items (EBITDA) (DKKm)</b>	<b>H1 2022</b>	<b>H1 2021</b>
EBITDA from reportable segments	3,196	3,256
Unallocated:		
Depreciation, amortisation and impairment losses	(2,009)	(2,146)
Special items	(150)	(217)
Financial income and expenses	(468)	(551)
<b>Consolidated profit before income taxes</b>	<b>569</b>	<b>342</b>



### 3 | Revenue

	Consumer		Business		Other		Nuuday	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
<b>External revenue specified by services (DKKm)</b>								
Landline voice	77	91	106	109	1	1	184	201
Mobile services	803	769	290	291	174	139	1,267	1,199
Internet & network	592	601	264	267	-	-	856	868
TV	855	838	5	5	14	11	874	854
Other services	175	210	268	275	-	(2)	443	483
<b>External revenue, total</b>	<b>2,502</b>	<b>2,509</b>	<b>933</b>	<b>947</b>	<b>189</b>	<b>149</b>	<b>3,624</b>	<b>3,605</b>

	TDC NET		Group functions		Eliminations		Total	
	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021
Landline voice	28	30	-	-	-	-	212	231
Mobile services	22	25	-	-	-	-	1,289	1,224
Internet & network	219	222	-	-	-	-	1,075	1,090
TV	-	-	-	-	-	-	874	854
Other services	101	82	-	1	-	-	544	566
<b>External revenue, total</b>	<b>370</b>	<b>359</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3,994</b>	<b>3,965</b>

### 3 | Revenue (continued)

External revenue specified by services (DKKm)	Consumer		Business		Other		Nuuday	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Landline voice	159	187	216	225	1	1	376	413
Mobile services	1,597	1,529	578	583	348	267	2,523	2,379
Internet & network	1,188	1,206	528	538	-	-	1,716	1,744
TV	1,721	1,702	9	10	28	23	1,758	1,735
Other services	371	372	552	603	4	(13)	927	962
<b>External revenue, total</b>	<b>5,036</b>	<b>4,996</b>	<b>1,883</b>	<b>1,959</b>	<b>381</b>	<b>278</b>	<b>7,300</b>	<b>7,233</b>

  

	TDC NET		Group functions		Eliminations		Total	
	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Landline voice	53	59	-	-	-	-	429	472
Mobile services	39	48	-	-	-	-	2,562	2,427
Internet & network	440	447	-	-	-	-	2,156	2,191
TV	-	-	-	-	-	-	1,758	1,735
Other services	184	157	-	3	-	-	1,111	1,122
<b>External revenue, total</b>	<b>716</b>	<b>711</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>8,016</b>	<b>7,947</b>

## 4 | Depreciation, amortisation and impairment losses

(DKKm)	Q2 2022	Q2 2021	H1 2022	H1 2021
Amortisation of intangible assets	(398)	(444)	(781)	(929)
Depreciation on property, plant and equipment	(528)	(524)	(1,044)	(1,029)
Depreciation of lease assets	(95)	(96)	(188)	(193)
Impairment losses	(2)	(2)	(10)	(7)
Capitalised as tangible or intangible assets	7	4	14	12
<b>Total</b>	<b>(1,016)</b>	<b>(1,062)</b>	<b>(2,009)</b>	<b>(2,146)</b>

The decrease in depreciation from H1 2021 to H1 2022 is due primarily to lower software amortisation in 2022.

## 5 | Special items

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

Special items as described above are disclosed on the face of the income statement. Items of a similar nature from non-consolidated enterprises are recognised as profit from joint ventures and associates.

Special items (DKKm)	Q2 2022	Q2 2021	H1 2022	H1 2021
Costs related to redundancy programmes	(18)	(63)	(52)	(132)
Other restructuring costs, etc.	(1)	(33)	(3)	(34)
Distribution of excess capital to members of TDC Pension Fund	(94)	-	(94)	(44)
Loss from rulings	(1)	(1)	(1)	(1)
Costs related to acquisition of enterprises	-	(5)	-	(6)
<b>Special items before income taxes</b>	<b>(114)</b>	<b>(102)</b>	<b>(150)</b>	<b>(217)</b>
Income taxes related to special items	(10)	20	(2)	37
<b>Total special items</b>	<b>(124)</b>	<b>(82)</b>	<b>(152)</b>	<b>(180)</b>

## 6 | Financial income and expenses

Financial income and expenses (DKKm)	Q2 2022	Q2 2021	Change in %	H1 2022	H1 2021	Change in %
Interest income	1	9	(88.9)	6	21	(71.4)
Interest expenses	(333)	(315)	5.7	(610)	(634)	(3.8)
<b>Net interest</b>	<b>(332)</b>	<b>(306)</b>	<b>8.5</b>	<b>(604)</b>	<b>(613)</b>	<b>(1.5)</b>
Currency translation adjustments	77	34	126.5	84	(139)	(160.4)
Fair value adjustments	91	(35)	-	1	187	(99.5)
<b>Interest, currency translation adjustments and fair value adjustments</b>	<b>(164)</b>	<b>(307)</b>	<b>(46.6)</b>	<b>(519)</b>	<b>(565)</b>	<b>(8.1)</b>
Profit/(loss) from joint ventures and associates	-	1	-	-	-	-
Interest on pension assets	26	7	-	51	14	-
<b>Total</b>	<b>(138)</b>	<b>(299)</b>	<b>(53.8)</b>	<b>(468)</b>	<b>(551)</b>	<b>(15.1)</b>

## 6 | Financial income and expenses (continued)

Specifications (DKK m)	Q2 2022				Q2 2021			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facilities Agreement	-	-	-	-	(110)	3	-	(107)
Senior Term Facilities	(158)	1	(7)	(164)	-	-	-	-
Euro Medium Term Notes	(114)	1	205	92	(98)	2	(12)	(108)
Lease liabilities	(47)	-	-	(47)	(49)	-	-	(49)
Other	(47)	-	2	(45)	(40)	-	(3)	(43)
<b>Total</b>	<b>(366)</b>	<b>2</b>	<b>200</b>	<b>(164)</b>	<b>(297)</b>	<b>5</b>	<b>(15)</b>	<b>(307)</b>

  

Specifications (DKK m)	H1 2022				H1 2021			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Facilities Agreement	(42)	(8)	(24)	(74)	(219)	11	1	(207)
Senior Term Facilities	(207)	10	(7)	(204)	-	-	-	-
Euro Medium Term Notes	(202)	-	171	(31)	(196)	5	(1)	(192)
Lease liabilities	(94)	-	-	(94)	(98)	-	-	(98)
Other	(87)	(1)	(28)	(116)	(78)	(2)	12	(68)
<b>Total</b>	<b>(632)</b>	<b>1</b>	<b>112</b>	<b>(519)</b>	<b>(591)</b>	<b>14</b>	<b>12</b>	<b>(565)</b>

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 519m in H1 2022. The decrease of DKK 46m compared with H1 2021 was driven primarily by higher interest expenses that were more than offset by a favorable development in fair value adjustments:

- Interest: Following the refinancing in TDC Holding group in Q1 2022, the EUR 1.9bn Senior Facilities Agreement was repaid and the EMTN of EUR 0.5bn matured in Q1 2022, whereas TDC NET entered committed Senior Term Facilities of EUR 2.9bn, of which EUR 0.5bn has subsequently been refinanced with EMTN bond's. This resulted in a higher interest due to the higher level of long-term loans partly offset by lower interest rate on the new facility.
- Fair value adjustments: TDC NET has hedged its Senior Term Facilities from floating interest rates to fixed interest rates (nominal EUR 2.4bn) and the upcoming EMTN '23 refinancing to fixed EUR interest rates (nominal EUR 0.3bn). As interest rates have increased this has resulted in a gain in Q2 2022. This has been partly offset by the repayment of the EUR 1.9bn Senior Facility Agreement as well as closing of existing revolving credit facilities which resulted in a loss in Q1 2022. Furthermore, the negative market value development of derivatives relating to EMTN's (GBP 425m) resulted in a loss in H1 2022 compared with a gain in H1 2021.

## 7 | Pension assets and pension obligations

Defined benefit plan (DKKm)	Q2 2022	Q2 2021	H1 2022	H1 2021
<b>Pension (costs)/income</b>				
Service cost	(18)	(18)	(36)	(36)
Administrative expenses	(2)	(3)	(5)	(5)
<b>Personnel expenses (included in EBITDA)</b>	<b>(20)</b>	<b>(21)</b>	<b>(41)</b>	<b>(41)</b>
Interest on pension assets	26	7	51	14
<b>Pension (costs)/income</b>	<b>6</b>	<b>(14)</b>	<b>10</b>	<b>(27)</b>
Redundancy programmes recognised in special items	(5)	(7)	(12)	(14)
Members' part of distribution of excess capital	(94)	-	(94)	(44)
<b>Total pension (costs)/income recognised in the income statement</b>	<b>(93)</b>	<b>(21)</b>	<b>(96)</b>	<b>(85)</b>

The pension fund operates defined benefit plans via a separate legal entity supervised by the Danish Financial Supervisory Authority (FSA). In accordance with existing legislation, articles of association and the pension regulations, TDCH is required to make contributions to meet the capital adequacy requirements. Since 1990, no new members have joined the pension fund plans, and the pension fund is prevented from admitting new members in the future due to the articles of association.

With effect from 2019, the TDC Pension Fund can under certain circumstances, distribute excess capital annually as described and defined in the fund's articles of association and pension regulations.

Regarding the financial year 2021, TDC Pension Fund has distributed DKK 1,250m of which TDCH has received DKK 1,156m before tax, and the members of the fund has received DKK 94m (recognised as special items).

The equity of the pension fund amounted to approx. DKK 4.4bn as of 30 June 2022 (2021: DKK 7.0bn) according to the Danish FSA regulation. The decrease is due to the distribution in June 2022 and a result of mark to market of assets and liabilities in H1 2022 in the pension fund. The solvency calculated according to FSA regulation and IORP II was 18.0%. The equity calculated under these rules differ from the surplus recognised in accordance with IFRS in TDC Holdings consolidated financial statements.

Assets and obligations (DKKm)	30 June 2022	31 December 2021	30 June 2021
<b>Specification of pension assets</b>			
Fair value of plan assets	28,607	34,379	31,894
Defined benefit obligation	(17,754)	(23,817)	(23,373)
<b>Pension assets recognised in the balance sheet</b>	<b>10,853</b>	<b>10,562</b>	<b>8,521</b>
<b>Change in pension assets</b>			
Pension assets recognised at 1 January	10,562	8,028	8,028
Pension (costs)/income	(2)	(68)	(41)
Remeasurement effects	1,542	2,907	848
Distribution of excess capital	(1,250)	(318)	(318)
TDC's contribution	1	13	4
<b>Pension assets recognised in the balance sheet</b>	<b>10,853</b>	<b>10,562</b>	<b>8,521</b>
<b>Assumptions used to determine defined benefit obligations (%)</b>			
Discount rate	3.35	0.96	0.86
General price/wage inflation	2.39	2.13	1.61
<b>Assumptions used to determine pension (costs)/income (%)</b>			
Discount rate	0.96	0.35	0.35
General price/wage inflation	2.13	1.19	1.19

The pension obligation is calculated by discounting the expected future pension payments.

The remeasurement effects in H1 2022 (a net gain of DKK 1,542m) cover primarily a gain related to the benefit obligation (DKK 5,724m) resulting from the increasing discount rate (from 0.96% to 3.35%) partly offset by an increasing inflation rate (from 2.13% to 2.39%). The gain was partly offset by a loss related to the plan assets (DKK 4.182m) as the actual return was lower than expected.

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

## 8 | Loans and net interest-bearing debt

<b>Euro Medium Term Notes (EMTNs) and Term loans</b>	<b>2023</b>	<b>2024</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>Total</b>
Maturity	Feb 23	Feb 24	Jun 26	Feb 27	May 28	Jun 29	
Fixed/Floating rate	Fixed	Floating	Floating	Floating	Fixed	Floating	
		Margin	Margin	Margin		Margin	
		+floored	+floored	+floored		+floored	
Coupon	6.875%	Euribor	Euribor	Euribor	5.056%	Euribor	
Currency	GBP	EUR	EUR	EUR	EUR	EUR	
Type	EMTN Bond <sup>1</sup>	Senior Term Facility	Senior Term Facility	Senior Term Facility	Bond	Senior Term Facility	
Nominal value (DKKm)	3,672	10,412	372	6,694	3,719	372	25,241
Nominal value (currency)	425	1,400	50	900	500	50	
– of which nominal value swapped to EUR or DKK (currency)	425						
Nominal value of debt incl. currency hedging in DKKm	3,722	10,412	372	6,694	3,719	372	25,291
– of which nominal value swapped to or with floating interest rate (EURm)	-						-
– of which nominal value swapped to or with fixed interest rate (EURm)	500	1,400	50	900	500	50	3,400

The Senior Term Facilities (STF) have a 0% Euribor floor.

As of 30 June 2022 there were no drawings of RCFs. That is, undrawn RCF's amount to TDC NET: EUR 350m, maturing February 2027 and Nuuday: EUR 200m, maturing July 2026.

EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy.

<sup>1</sup> TDC NET has done EUR 300m notional interest rate swaps to hedge to the upcoming EMTN 2023 refinancing (GBP Bond).

<b>Net interest-bearing debt (DKKm)</b>	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2021</b>
EMTN loans incl. short-term part	7,354	7,466	7,394
Senior Term Facilities	17,817	-	-
Senior Facility Agreement incl. short-term part	-	14,105	14,099
Bank loans	51	570	570
Debt regarding leasing incl. short-term part	4,055	4,132	4,212
Spectrum licence liabilities	1,830	1,964	1,966
Interest-bearing payables	2	2	2
Derivatives	51	(33)	32
Interest-bearing receivables and investments	(2)	(3)	(161)
Cash	(3,477)	(811)	(628)
<b>Net interest-bearing debt</b>	<b>27,681</b>	<b>27,392</b>	<b>27,486</b>
Hereof impact of IFRS 16	(4,001)	(4,077)	(4,156)
Hereof spectrum licence liabilities	(1,830)	(1,964)	(1,966)
<b>Net interest-bearing debt excl. impact of IFRS 16 and spectrum licence liabilities</b>	<b>21,850</b>	<b>21,351</b>	<b>21,364</b>

## 9 | Events after the balance sheet date

There have been no events that materially affect the assessment of this interim financial report January – June 2022 after the balance sheet date and up to today.



# Corporate matters

## Risk factors

TDCH Group's annual report 2021 describes certain risks that could materially and adversely affect TDCH Group's business, financial condition, results of operations and/or cash flows.

## Forward-looking statements

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

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

As any risk factors referred to in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDCH Group cannot predict. In addition, TDCH Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

# Management statement

Today, the Board of Directors and the Executive Committee considered and approved the interim financial statements of TDC Holding Group for H1 2022.

The financial report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

In our opinion, the financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2022 as well as the results of operations and cash flows for H1 2022. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's activities and financial position and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 12 August 2022

## Executive Committee

### **Susana Leith-Smith**

Group Chief Executive Officer and President

## Board of Directors

### **Nathan Andrew Luckey**

Chairman

### **Jørgen Høholt**

Vice Chairman

### **Natalia Axt**

### **Nikolaj Wilhelm Galskjøt**

Vice Chairman

### **Peter Tind Larsen**

Vice Chairman

### **Susana Leith-Smith**

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