Annual Report 2023

We empower green digital connections

tdc net

TDC NET A/S

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Click on the tabs in the menu to navigate quickly to the table of contents for the report and accounts respectively.

This report describes TDC NET's compliance with sections 99a, 99b, 99d and 107d in the Danish Financial Statements Act.

2023 in brief

Letter from the CEO

Transforming TDC NET to lead the green digital transition

We enable Denmark's leading digital position
2023 paved the way for our ambitious transformation, aimed at maintaining our position as market leader through ever-evolving technological development. We are investing in integrating artificial intelligence, data automation and other new technologies into our core business, to increase resilience and efficiency, and to provide an excellent customer experience.

Financial growth in society requires a reliable, secure and resilient digital infrastructure. At TDC NET, we have already ensured 1.7 million households' access to high-speed broadband connections. And in 2023, we moved the fibre needle from 600k to 700k homes passed, steadily approaching our goal of rolling out high-speed fibre to one million households in Denmark. By connecting Denmark, we enable the nation to keep its digital leadership position.

Our investments in customer solutions totalled DKK 3,037m. Besides focusing on massive investments in fibre, we continued to provide Denmark's best 5G mobile network – for the eighth year in a row[1].

End-to-end transformation
Our newly initiated transformation is encompassing the entire business and full customer journey. In 2023, we initiated the decommissioning of our copper network – and plan to fully close the 140-year-old technology by 2030. Other technologies are also being decommissioned – as 3G was in 2023. Decommissioning will not only reduce complexity, but also reduce our CO_2 footprint. Another focus area involves simplifying and automating massively, to enhance the customer experience while also halving our IT costs. Automation will ensure fewer faults, faster recovery and more user-friendly services.

[1] Danish Technological Institute **link →**

"2023 paved the way for launching our ambitious transformation aimed at making TDC NET Denmark's undisputed market leader by 2030 – within mobile network and fixed connections. We are striving to become a leading green TechCo, using cutting-edge technologies on top of our core mobile and broadband solutions, while delivering value to our shareholders"

The foundation for these focus areas is our ESG leadership and our dedicated people. We will invest in our people and secure 400-500 future-proofed competencies to deliver on our transformation and to become the market leader in the societal green, digital transition.

All this will drive our revenue up – the last key element in the transformation. We initiated our organic revenue growth in 2023, by creating a stronger focus on connecting and activating homes. In Q4, we saw the benefit with record-high activation of fibre customers, which had a positive impact on our financial results this year – and will for the coming years.

To better meet the increasing digital needs of our broad range of customers, we will continue the roll-out of fibre and decommission of copper. We remain committed to connecting Denmark with fibre, coax and mobile. This includes massive investments in our C-band, allowing for high-speed mobile broadband. This mix of technologies serves the interests of customers – households, businesses and public institutions.

Expanding our climate leadership to include nature

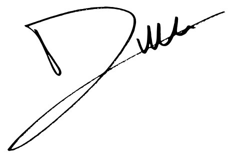
Executing on our strong commitment within ESG forms the way we drive our business and reach our objectives. As front-runners for the climate agenda, we are driven by our science-based targets for becoming net zero across our entire value chain by 2030. In 2023, we delivered the largest CO_2 emission reductions in the history of TDC NET, driven mainly by our investments in renewable electricity from the four solar parks. We now want to broaden our leadership position on climate to include the nature and biodiversity crisis, which poses a great threat to our planet as well as to the economy. According to the World Economic Forum[2], 44 trillion dollars of the global economy is at risk, and urgent action is needed. In late 2023, our Board of Directors adopted a new biodiversity strategy aligned with the 30-by-30 ambition set at COP15 in Montreal: to preserve 30% of land and water by 2030. We are proud to be the first company in the world to adopt this target and aim for 30% of TDC NET land to be preserved for nature by 2030. The target will contribute to our ambition of connecting Danish nature - for everyone.

Successful refinancing

After the separation from Nuuday, we have built a new funding platform to serve our needs as a standalone company. In 2023, we succeeded with two rounds of issuing EUR 500m sustainability-linked bonds to refinance existing bank facilities. The trust in our business model secured us a BBB- (stable) rating from Fitch and significant interest from investors.

Solid 2023 performance

Our accomplishments in 2023 can be attributed to the efforts of our employees. Their commitment, passion and collaboration have played a pivotal role. Amid our 2023 achievements, we experienced a challenging macroeconomic landscape, but maintained our investments and financial performance in line with expectations. We anticipate some of the uncertainty continuing into 2024, and we are monitoring developments closely, backed by our talented team who have steered TDC NET skilfully through the past year. We are grateful for their commitment and look forward to continuing the teamwork to connect Denmark for everyone.



Michel Jumeau
CEO

[2] Source: World Economic Forum: → **The Future Of Nature And Business**

Highlights

In 2023, we announced our end-to-end transformation, a milestone in our separation journey. Despite revenue remaining flattish due to accelerated customer migration to high-speed solutions, we achieved a positive growth in EBITDA, thanks to lower power prices from our PPAs and the contributions from our competent teams leading to opex efficiencies. This enabled us to continue our high investment in our core business like fibre roll-out and mobile, thereby fulfilling our guidance for the year. The year was significantly impacted by the hedging instrument related to the financing platform, resulting in a negative result for the year.

ESG

Scopes 1 and 2
(CO_2)

-59%

Reduced emissions from our own operations by 59% compared with 2022 and by 59% compared with 2020

2023	33,191 tCO2e
2022	81,426 tCO2e

Scope 3
(CO_2)

-5%

Reduced emissions from our value chain by 5% compared with 2022 and by 34% compared with 2020

2023	83,719 tCO2e
2022	88,478 tCO2e

Results

Revenue
(Development)

-2.7%

In line with expectations, as per our guidance for maintaining stable revenue

2023	DKK 6,461m
2022	DKK 6,639m

OPEX
(Development)

-17.6%

In alignment with our guidance, emphasising efficiency improvements compared with 2022

2023	DKK -1,530m
2022	DKK -1,857m

EBITDA
(Development)

3.9%

Year-on-year is in line with expectations of generating low single-digit growth

2023	DKK 4,695m
2022	DKK 4,520m

CAPEX
(Development)

-6.5%

The investment level in our core business remained at the same high level as in 2022

2023	DKK -3,037m
2022	DKK -3,248m

Highlights

Strategy enforcing our strong market position within superior connections
“Customer focus” is a strategic priority within our transformation, and in 2023 we experienced an increase in customer satisfaction driven by higher levels of feedback from customers on our fibre roll-out and resilience in the mobile network.

Denmark's best mobile network for the eighth year in a row
For eighth years, we have proudly maintained our position as Denmark's best mobile network with an 88% flawless experience, unmatched download and upload speeds, near-perfect mobile calls, and 99.7% in 5G video streaming, supported by our fully developed nationwide 5G network with 99% accessibility[1].

TDC NET records 59% CO_2 cut in emissions from own operations
In 2023, we achieved a historic 59% reduction in Scope 1 and 2 CO_2 emissions compared with our 2020 baseline. This achievement is driven by investments in renewable electricity from our four solar parks, underscoring our dedication to minimising our carbon footprint and leading the climate agenda.

Additional 95k new adressess passed with fibre from TDC NET
We have successfully passed 95k new addresses with fibre technology, bringing our total to 702k. This achievement underscores our commitment to advancing our fibre roll-out strategy at full speed, aligning with our expectations for future development of our network and connectivity excellence.

Changes in the Executive Leadership Team
In 2023, we entered a new phase in our transformation journey. Consequently, Selina Lomholdt, Campbell Fraser and Angelos Cacouros joined the Executive Leadership Team as Chief Human Resource Officer, Chief IT Officer and Head of Strategy & Programme Office, respectively.

1 Danish Technological Institute 2023 **link →**

Read more about our sustainability performance in the following sections: Our business on pages 9-20, Sustainability results on pages 27-51, Governance on pages 52-69 and the ESG statements on pages 70-87. Our annual report represents our compliance with sections 99a, 99b, 99d and 107d in the Danish Financial Statements Act. See our statutory reporting on 99a on pages 10-11 (business mode), 17-18 (materiality assessment), 19-20 (strategy), 27-51 (policy governance, implementation measures, actions and results, due diligence and expectations for future work) and pages 53-59 (risks and migitation actions); 99b and 107d on page 66 and 99d on pages 45-47.

Key figures

	2023	2022	2021	2020	2019
Income statement (DKKm)					
Revenue	6,461	6,639	6,674	6,828	7,050
Gross profit	6,225	6,377	6,356	6,447	6,588
EBITDA	**4,695**	**4,520**	**4,498**	**4,434**	**4,415**
Operating profit (EBIT)	**1,691**	**1,979**	**2,036**	**1,409**	**1,043**
Profit before income taxes	(207)	2,390	1,384	804	462
Result for the year	**(364)**	**1,918**	**1,040**	**604**	**364**
Income statement, excluding special items (DKKm)					
Operating profit (EBIT)	**1,769**	**2,029**	**2,132**	**1,448**	**1,119**
Profit before income taxes	(129)	2,440	1,480	843	538
Result for the year	**(303)**	**1,957**	**1,115**	**634**	**425**
Balance sheet (DKKm)					
Total assets	34,716	36,420	30,244	28,583	27,826
Total equity	**1,867**	**2,964**	**9,796**	**8,756**	**8,152**
Capital expenditure (DKKm)	**(3,037)**	**(3,248)**	**(3,134)**	**(3,971)**	**(3,206)**
Statement of cash flow (DKKm)					
Operating activities	3,327	3,195	2,961	4,315	3,582
Investing activities	(2,933)	(5,478)	(3,473)	(3,282)	(3,478)
Financing activities	(784)	4,517	520	(1,030)	(103)
Total cash flow	**(390)**	**2,234**	**8**	**3**	**1**
Equity free cash flow[1]	**93**	**(389)**	**(767)**	**718**	**(146)**

	2023	2022	2021	2020	2019
Key financial ratios (%)					
EBITDA margin	72.7	68.1	67.4	64.9	62.6
Capital expenditure/revenue ratio	47.0	48.9	47.0	58.2	45.5
Net interest-bearing debt (NIBD)	24,823	24,814	15,918	14,636	15,667
NIBD/EBITDA	5.29	5.49	3.54	3.30	3.55
Adjusted net interest-bearing debt (NIBD)[2]	23,552	23,770	12,641	11,874	12,640
Adjusted NIBD/EBITDA[3]	5.40	5.65	3.01	2.88	3.07
Revenue generating units (RGUs ('000))					
Total broadband RGUs	1,086	1,192	1,276	1,331	1,406
High-speed RGUs[4]	792	791	757	699	647
Low-speed RGUs[4]	293	400	519	632	759
Operational KPIs					
Homes passed fibre ('000)[5]	702	607	497	391	269
Homes passed coax ('000)	1,303	1,325	1,331	1,329	1,342
100 Mbps population coverage (%)	70	70	71	70	70
1000 Mbps population coverage (%)	49	49	47	46	43
4G mobile geographic coverage (%)	99	99	99	99	99
5G mobile geographic coverage (%)	99	99	99	78	0
People & sustainability KPIs[6]					
FTEs end-of-year (#)	2,630	2,818	2,864	2,556	2,524
Number of fatalities	0	0	0	0	0
Total recorded injuries frequency rate (TRIFR)[7]	23.5	19.8	18.9	20.0	16.2
Lost time incident frequency rate (LTIFR)[8]	5.2	6.1	8.0	7.6	6.2
Percentage of management positions filled by women[9] (%)	24	19	23	18	-
Number of whistleblower reports submitted	9	2	0	1	-
Energy intensity[10]	7.8	9.2	9.8	11.0	12.1
Emissions intensity[11]	1.4	3.6	4.5	4.7	5.1
Waste recycled (%)	73%	70%	71%	65%	-

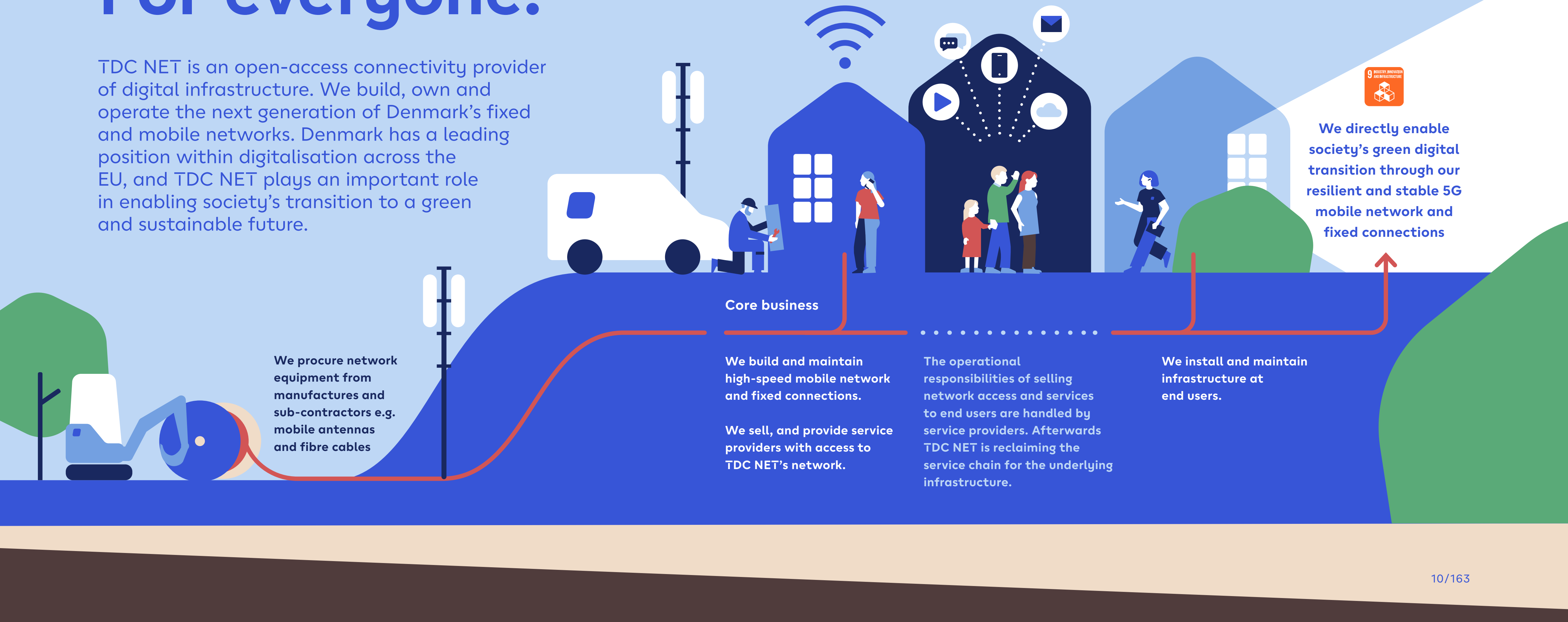
1 Cash flow from operating and investing activities (adjusted for loans to TDC Holding) as well as lease payments. See also note 5.3
2 Excluding lease and spectrum liabilities as well as a loan to TDC Holding.
3 Calculated with the adjusted net interest-bearing debt and EBITDA adjusted with the effect of lease payments.
4 High-speed broadband is defined as coax and fibre technology, and low-speed is defined as copper technology.
5 The number of homes passed with fibre includes all completed connections.
6 For more information on how we calculate our ESG-related data, see our ESG accounting principles
7 Rate of work-related injuries per 1,000,000 hours.
8 Rate of work-related injuries with lost time per 1,000,000 hours.
9 Includes both TDC NET and DKTV employees.
10 The number is calculated as follows: MWh of electrical energy / PB of data throughput.
11 The number was calculated as follows: tCO_2e of Scopes 1 and 2 market-based emissions / PB of data throughput.

Our business

Our business model

We connect Denmark. For everyone.

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



Our business model

Resources

Our people
- 2,630 FTEs
- 989 field technicians
- 24% women/76% men in leadership across all leadership levels

Infrastructure assets
- 4,181 mobile sites in Denmark
- 19,750 km transport fibre network in Denmark

Financial liabilities
- EUR 1.5bn in sustainability-linked bonds
- EUR 3.4bn in total bond and term loans

Suppliers and partners
- 3,527 suppliers
- Partnership with Ericsson to build green mobile network
- Founding member of European Green Digital Coalition
- Partnership with Joint Alliance for CSR (JAC)

Climate commitment
- Four solar parks cover 71% of our electricity consumption with renewable electricity

Value created

TDC NET as an employer
- High employee loyalty: In our annual employee satisfaction survey, the question "I would like to be employed at my company in two years' time" scored 82.
- 88% completed voluntary security training
- 94% completed GDPR training

Connecting Denmark
- DKK 3bn invested in new infrastructure
- 702k homes passed with fibre
- Largest broadband footprint in Denmark, covering 95% of all residential addresses
- 4G and 5G network with 99% national coverage

Financial performance
- Revenue: DKK 6,461m
- EBITDA: DKK 4,695m
- EBITDA growth: 3.9%
- Capital expenditure: DKK (3,037)m

Responsible supply chain
- New Scope 3 guidance for Telecommunication Operators
- 6 JAC audits

Reduced environmental impact
- 31% reduction in total CO_2 emissions compared with 2022
- Scopes 1 and 2: 59% reduction compared with 2022
- Scope 3: 5% reduction compared with 2022
- 931.5 metric tonnes waste recycled

Contri-bution to society

- 2,630 FTEs paying taxes

- For the eighth year in a row, the Danish Technological Institute has measured our mobile network as the best in Denmark.

- DKK 234m paid in income tax

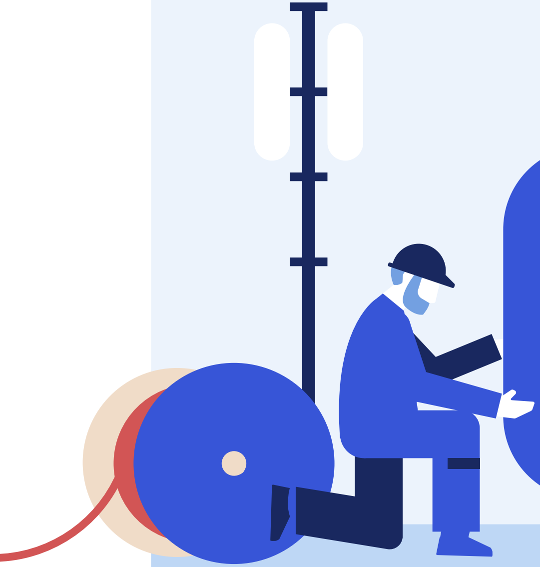
- 178 factories in TDC NET's supply chain with on-site JAC audits

- 52,994 tonnes less CO_2 compared with 2022
- 195.5 GWh of solar power added to the Danish grid, corresponding to the average annual electricity consumption of 122,188 Danes

Our strategy and priorities

We are guided by our purpose to connect Denmark for everyone and are committed to placing Denmark on the map as a world-renowned front-runner in connectivity. Our strategy is centered around customer experience, sustainability and technology innovation **to make Denmark a green digital pioneer.**

We want to be the...



Leading

We offer **Denmark's leading high-speed connectivity** across mobile and fixed with nationwide scale

Customer-centric

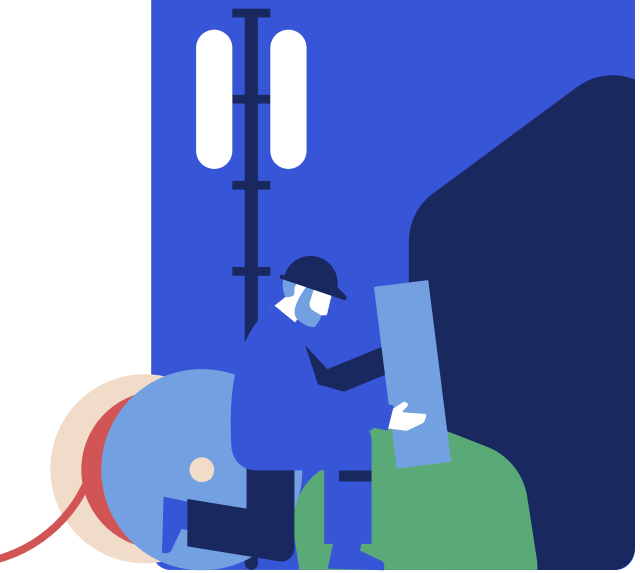
We deliver an **excellent customer experience** by placing the customer at the core of our technology offerings

Green TechCo

We drive **technology innovation to realise sustainable operations** for our customers, society and the planet

We pioneer **'hybrid digital collaboration'** to develop and attract tomorrow's talent, building on our **passionate, inclusive and courageous culture.**

We offer **Denmark's leading high-speed connectivity** across mobile and fixed with nationwide scale



Leading high-speed connectivity

Providing state-of-the-art networks is our overarching promise to our customers, their customers and society at large, in alignment with our commitment to the UN SDG 9 of building resilient and sustainable infrastructure. **We offer Denmark's leading high-speed connectivity across mobile and fixed connections**, and our scale allows us to deliver high-quality offerings nationwide.

Mobile

We are the undisputed market leader in best mobile network experiences, as measured by the Danish Technological Institute for the eighth year running, an achievement that directly impacts both our customers and their customers every day. We invest heavily in maintaining both the best and most innovative mobile network, therefore we are proud to say that we are the only Danish telecommunications provider with a fully-fledged 5G network offering more than 99% nationwide coverage. In 2023, we achieved faster and more error-free up- and downloads than ever before.

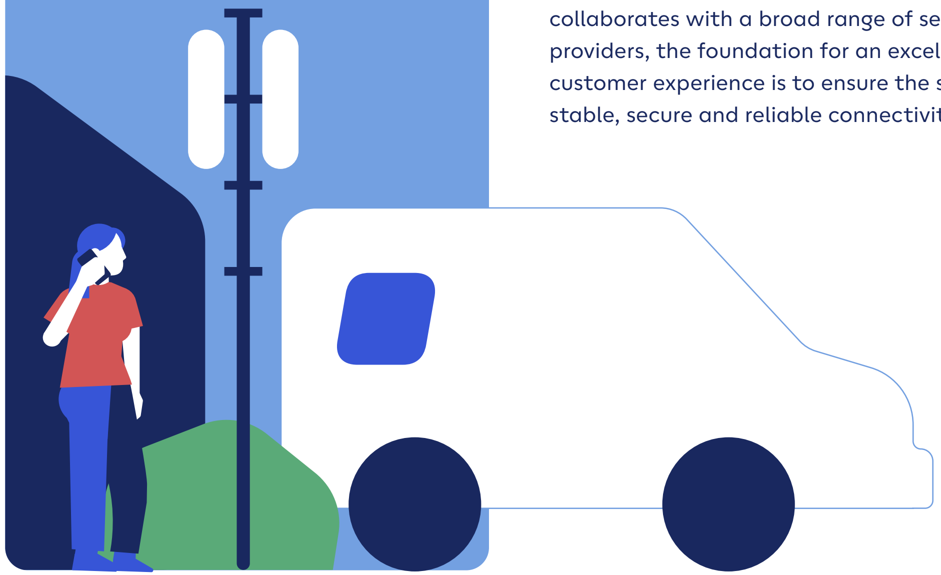
Fibre

We are tirelessly rolling out fibre to Danish homes and businesses to achieve our ambitious goal of connecting more than one million households with fibre by 2030. In 2023, we completed additional fibre roll-out to approximately 95k Danish households – more than any other competitor in the Danish market. As a result, we remain Denmark's largest high-speed broadband provider, offering coverage to around 1.7 million homes.

Fixed priorities

With this strong progress on fibre coverage, our focus on activating the network is increasing. We are already seeing the impact of new, strategic initiatives with a record-high fibre activation rate that has increased by more than 30% compared with last year. The focus on unlocking the full potential of our fibre platform will continue in 2024 and is a strategic addition to our best-in-class coax platform, which is already delivering stable high-speed connectivity across Denmark. All our platforms are enhanced by our massive investments in a next generation core network. Further strengthening our edge on our core network with market-leading reach, allows us to continuously offer highly secure and robust connections. Besides benefiting private customers, this sustains our competitive edge towards Danish businesses as the foundation for national and international growth. Our capabilities and robustness have in 2023 granted us the privilege to deliver and operate the Danish Safety Network (the nationwide critical SINE network) until at least 2031 in collaboration with TDC Erhverv.

We deliver an **excellent customer experience** by placing the customer at the core of our technology offerings



Excellent customer experience

As a provider of critical infrastructure, we are committed to meeting evolving demands. We work relentlessly to **deliver an excellent customer experience by placing customer at the core of our technology offerings.**

Network quality
For a open network provider that collaborates with a broad range of service providers, the foundation for an excellent customer experience is to ensure the same stable, secure and reliable connectivity for all partners and end customers. Therefore, we are investing in IT-enabled solutions to enhance monitoring and to enable automation of testing and changes – with the aim of minimising incidents and enabling swift service restoration. Our stand-alone business model warrants that all customers benefit from TDC NET's superior connections, regardless of their choice of service provider.

Customer journey
Our customer experience programme, launched in 2022, highlighting our fibre customer journey, has already paid off. We have delivered a step change in First-Time-Right for fibre installations, now at >98% for fibre installations with technician visits. As part of our new transformation, we have broadened the scope further by including all end-customer touchpoints to ensure that our investments contribute directly to a better customer journey. As an example, we have developed an AI-enabled do-it-yourself fault handling tool with one of our customers to allow faster and easier fault repairs. We aspire to make every customer interaction with TDC NET a professional, seamless and flawless experience.

We drive **technology innovation to realise sustainable operations** for our customers, society and the planet

Innovation & sustainability

At TDC NET, our vision to make Denmark a digital pioneer goes beyond cables and radios. As a stand-alone network provider, we consistently concentrate on strengthening our core network capabilities. **We drive technology innovation to realise sustainable operations for our customers, society and the planet – ensuring that we always have a positive impact on the world around us.**

Simplification
A key strategic priority is to streamline, simplify and standardise our operations to efficiently pave the way for new technologies. A company-wide transformation was launched at the beginning of 2023 to orchestrate cross-functional efforts, including process optimisation, IT modernisation, data enablement and people mobilisation. The transformation reaches far into all business areas to ensure that our strategy is strongly anchored in daily operations. Through controlled decommissioning of selected platforms, the simplification process includes replacing old technologies. Like our peers in neighbouring countries, we have announced that our copper network will be decommissioned by 2030. The first customer migrations have already started in 10 carefully selected areas.

Closing the copper network aligns with our strategic objective of streamlining operations, enhancing product sustainability through energy-efficient solutions, and crucially, enabling us to effectively address rising customer needs for high-speed connectivity.

Digitalisation
By simplifying our business and procedures, we can unleash the potential from digital technologies such as automation, machine-learning models and artificial intelligence. The digital agenda is a top priority for TDC NET, with strategic investments enabling us to secure operational consistency, improve decision making and assist technicians with improved tools. During 2023, we nearly tripled the size of our AI team with top talents dedicated to delivering on value-driven use cases. Highlights include developing a fault prediction algorithm to help prevent specific coax faults, a real-time technician support chatbot pilot, as well as use cases for advanced fraud detection.

ESG
In 2022, we were the first company in the world to have a 2030 net-zero target validated by the Science Based Targets initiative – an achievement that clearly underlines our leadership position on the climate agenda. We are now expanding our environmental commitment to include nature and biodiversity. For the broader ESG agenda, we also aim to lead the field within social and governance-related areas such as health & safety, diversity & inclusion, digital trust and business conduct.

We **pioneer 'hybrid digital collaboration'** to develop and attract tomorrow's talent, building on a **passionate, inclusive and courageous culture**

People mobilisation

Mobilising our organisation is fundamental for succeeding with our transformation and strategy. **We pioneer 'hybrid digital collaboration' to develop and attract tomorrow's talent, building on a passionate, inclusive and courageous culture.**

People

We are firm believers in passionate people driving technology and not vice versa. We are therefore committed to creating the best possible foundation for our employees to do so. We have previously implemented our 'Pioneering Digital Collaboration' concept as our way of working, and continuously evaluate how to provide our employees with more flexibility and further enable cross-organisational collaboration. We closely assess how we organise our company to face the future and support technology shifts while also making sure our talent pool is filled with the capabilities required for tomorrow. All these elements are tied together by the passionate, inclusive and courageous culture that empowers our organisation.

Addressing our material impacts

TDC NET's materiality analysis helps us identify environmental, social and governance (ESG) issues that either have a large potential impact on TDC NET's business or a potential negative impact on society. We respond to the most material issues via sustainability programmes for each of our sustainability priorities.

Materiality process
Our materiality approach builds on guidance from international reporting standards such as the Global Reporting Initiative (GRI). The analysis is conducted in depth every third year, most recently in 2021, and is revised annually to ensure continued relevance of the ESG issues. In 2023, our annual revision led to slight adjustments in our materiality matrix. Material issues are identified and evaluated through a comprehensive process based on internal and external input. Key internal stakeholders are consulted via interviews, including board members,

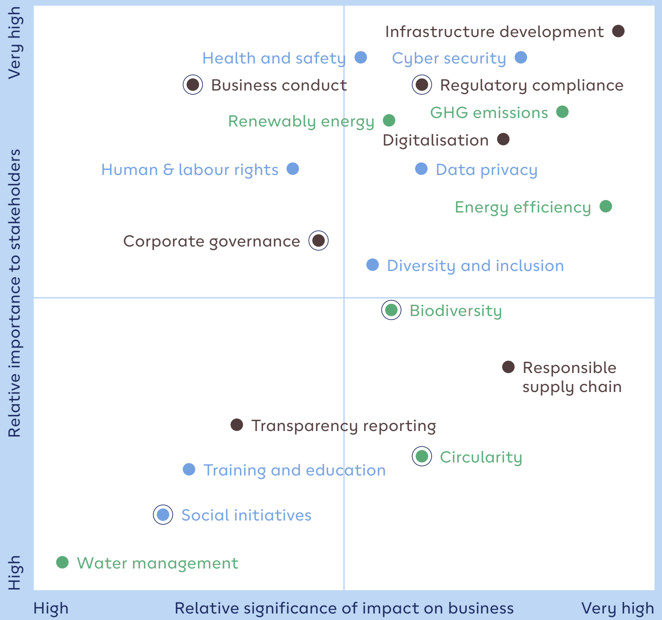
Materiality assessment and matrix

Inputs for materiality assessment

- Board interviews
- Executive workshops
- Investor interactions
- Management interviews
- Regulatory analysis
- Society perspectives
- Supplier engagement
- Trends research

Results from materiality assessment (average of scores)

- Environmental
- Social
- Governance
- Key changes



executive leadership and selected employees. Stakeholder insights are combined with analyses of external reports, sustainability trends and peer strategies.

The result of the assessment is shown in our materiality matrix. The upper right quadrant covers issues most relevant to TDC NET's stakeholders and with the greatest possible impact on our business. The relative significance of the impact on our business is calculated as an average of stakeholder input based on the principle of double materiality. This means topics scored high on impact (horizontal axis) indicate a large potential impact on our business and/or an opportunity for TDC NET to mitigate an impact on society.

In the 2023 assessment, biodiversity was identified as material. We have therefore expanded our focus on the climate priority area to include nature. Several governance-related issues increased in level of importance and impact, leading to the inclusion of a new sustainability priority area 'Governance, compliance and conduct', which also creates a foundation for the remaining priority areas. Infrastructure development and digitalisation continue to be part of our core business.

Preparing for double materiality
As part of our ongoing preparations for complying with the EU Corporate Sustainability Reporting Directive (CSRD), we are running a process to update the materiality assessment to ensure full alignment with the double materiality approach as stated in the CSRD and related European Sustainability Reporting Standards.

Focusing on the most material issues
The materiality matrix indicates which ESG issues are most material. ESG Leadership addresses the most material issues through five different sustainability priority areas.

ESG area	Most material issues	Strategic priority areas
Environment	Energy efficiency	**Climate and nature**
	GHG emissions	
	Renewable energy	
	Biodiversity	
Social	Diversity and inclusion	**Diversity and inclusion**
	Health and safety	**Health and safety**
Governance	Cyber security	**Digital trust**
	Data privacy	
	Business conduct	**Governance, compliance and conduct**
	Corporate governance	
	Regulatory compliance	
	Infrastructure development	**Part of our core business**
	Digitalisation	

Our direction for sustainability

Our sustainability priorities

ESG Leadership sets the strategic directions for our sustainability work towards 2025.

As an outcome of the latest materiality assessment revision, we will focus on driving progress within the following five sustainability priorities:

- Climate and nature
- Health and safety
- Diversity and inclusion
- Digital trust
- Governance, compliance and conduct

Ambitions, targets and initiatives have been defined for the first four priority areas – and we closely monitor progress towards targets to deliver clear results. For 'Governance, compliance and conduct', short-term targets will involve compliance with the CSRD and NIS2. Long-term targets will be defined in 2024 as part of this process.

Decision making related to our sustainability priorities is anchored with our Executive Leadership Team and Board of Directors, including Board-level committees.

ESG Leadership
Sustainability as a core element of the corporate strategy and transformation

Climate and nature
Achieve zero negative climate and nature impacts from our business

Health and safety
Become one of the safest places to work

Diversity and inclusion
Ensure equal opportunities and an inclusive culture

Digital trust
Protect the network, personal data and privacy rights

Governance, compliance and conduct
Ensure strong governance, compliance and good business conduct

Futureproof digital infrastructure
Build reliable, resilient and sustainable digital infrastructure

Our direction for sustainability

Supporting the UN Sustainable Development Goals
TDC NET is an active participant in the UN Global Compact. Since 2009, we have supported its 10 principles on environment, human and labour rights and anti-corruption. We are committed to contributing to achieving the UN Sustainable Development Goals (SDGs) by maximising our positive impact and reducing our negative impact on the environment and society. We support relevant SDGs through our different sustainability priorities and related initiatives.

Driving progress across programmes
To drive progress in our sustainability priorities, we follow a systematic approach – from defining a situation to execution and evaluation. For each priority area we:

1. Outline the situation and targets to establish a solid baseline.

2. Define topics and initiatives in close collaboration with the business.

3. Develop roadmaps to reach the targets. Roadmaps and key initiatives are subject to approval by the Executive Leadership Team and the Board of Directors.

4. Execute in collaboration with relevant business units to integrate initiatives in day-to-day operations.

5. Track and report on progress to ensure alignment with targets.

6. Share consolidated quarterly reporting with the executive management in internal governance forums, where evaluation and adjustments are decided.

See TDC NET's corporate governance model, including sustainability governance, on page 60 →

Financial results

Revenue

In 2023, we maintained a flat development in revenue and continued the declining trend in our operational costs. Through our power purchase agreement we successfully lowered our power costs contributing to an increase in EBITDA of 3.9% year-on-year. This allowed us to continue the high investment level in our fixed and mobile networks.

Revenue

Revenue amounted to DKK 6,461m. The decrease of 2.7%, relative to 2022, was driven primarily by a decline in our legacy products.

Our mobility services generated DKK 2,717m, corresponding to a decline of 1.1% or DKK 31m lower than in 2022. The reduction was attributed primarily to decreased electricity prices on mobile sites influencing gross profit but not impacting EBITDA. Furthermore, mobile revenue was impacted by reduced streams from other operators concerning the National Roaming Agreement, aligning with the anticipated infrastructure development by fellow Danish operators. The negative effects were partly outweighed by increased prices on the mobile network, which cover the capacity expansions required for future traffic. Our mobile network market share in 2023 remained stable at ~40%.

Revenue from internet and network increased by 0.8%, or DKK 20m, to DKK 2,411m in 2023. The increase in revenue is attributed to price adjustments across all technologies, coupled with a shift in our customer base towards faster and more resilient technologies with higher average revenue per user (ARPU). Despite maintaining a stable customer base on high-speed technologies, our market share experienced a decline from 48% to 44% in 2023. This signals an acceleration in the consumer transition towards high-speed technologies, posing considerations for our revenue and market positioning.

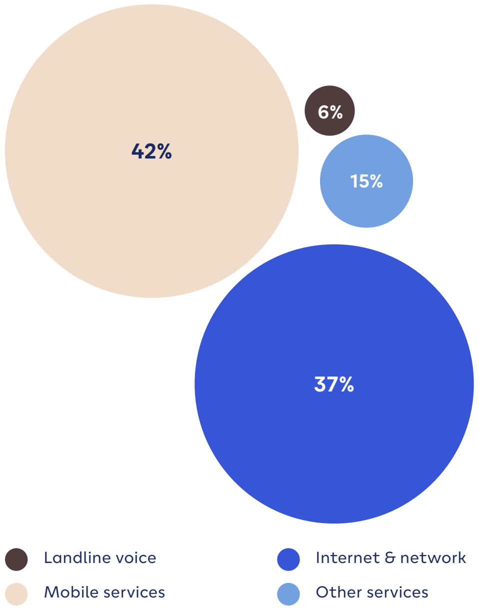
The decline in landline voice revenue of 15.2% or DKK 69m, totalling DKK 386m in 2023, aligns with prevailing market trends. The reduction in the customer base was partially mitigated by a PSTN price increase.

Other services experienced a 9.4% or DKK 98m decrease, amounting to DKK 948m, driven primarily by TV and technician services as a result of a smaller broadband customer base.

Revenue split in products
(DKKm)

6,461

total revenue 2023.



Operational costs and EBITDA

Operational costs
Operational costs (opex) totalled DKK 1,530m in 2023, which was DKK 327m lower than in 2022. The reported cost decline was a result of the efficiency improvements stated below.

Personnel-related costs amounted to DKK 994m, which was DKK 33m or 3.2% lower compared with 2022. Within our field force, efficiency was improved as a result of fewer faults at customer premises leading to -8.0% fewer FTEs. This was the main driver for the FTE reduction of 6.7% across the company.

External expenses totalled DKK 914m, down DKK 188m or 17.1% compared with 2022. The effiency improvement was mainly driven by our mitigation of the electricity prices through sourcing of renewable energy from our power purchase agreements resulting in lower spend on power costs in 2023. Renewable electricity from our four solar parks covered 71% of our total electricity consumption in 2023. Further improvements were successfully achieved through renegotiated supplier contracts.

EBITDA
EBITDA reached DKK 4,695m in 2023, which was DKK 175m or 3.9% higher than in 2022. This was achieved through lower operating expenses combined with our improved gross profit margin of 96.3%, resulting in an improved EBITDA margin of 72.7% in 2023 compared with 68.1% in 2022.

Result for the year and capital expenditures

Net financial items
The net financial items totalled in DKK (1,898)m in 2023, corresponding to a decrease of DKK (2,309)m compared with 2022. The development was driven primarily by an unrealised fair value adjustment related to the hedge of the floating Senior Term Facility loans. TDC NET hedges the risk of future interest increases via interest rate derivatives and fixed rate loans. As interest rate have decreased significantly in 2023 there is a unrealised mark-to-market loss on the hedging derivatives of DKK 422m compared with a gain of DKK 1,144m in 2022 due to increasing interest rates during 2022. The fair value fluctuations reflect a longer-term hedging strategy, which is affected by the development in interests.

Income tax
Income taxes decreased from DKK (472)m in 2022 to DKK (157)m in 2023. The tax expense in 2023 was primarily a result of the limitation on the tax-deductibility of unrealised fair value losses on interest rate hedges of Senior Term Facility loans due to the Danish interest limitation rules.

Result for the year
Result for the year decreased by DKK 2,282m to DKK (364)m in 2023, driven primarily by an unrealised fair value adjustment of DKK 2,162m related to the hedge of the floating Senior Term Facility loans. The strong operational result in 2023 was impacted by software write-down of DKK 265m and the unrealised fair value loss of DKK 422m attributable to our hedging strategy of the floating Senior Term Facility loans.

Capital expenditure
Capital expenditure amounted to DKK 3,037m in 2023, which was a decline of DKK 211m in investments spend compared with 2022. The investment level in our core business remained at the same high level as in 2022, as we continued our focus on ensuring Denmark's best mobile network and rolling out fibre as well as connecting more homes to our high-speed platforms. In 2023, investments was also made in moving a critical services from power-intensive legacy technologies to a more advanced and resilient technology platform.

First European company to fully retire legacy voice technology with heavy power consumption

In 2023, we reached a milestone in TDC NET's corporate history as we successfully implemented one of the most substantial technological transformations in the company's history. This achievement involved migrating 112 services from legacy technology to advanced mobile technology. Through the migration we achieved a decline of 6% in electricity consumption from 2022 to 2023, driven by the large-scale national decommissioning of fixed network legacy technology.

The initiative impacted on a broad range of private consumers, including telephone numbers preceded with 70 and 80, critical community customers, over 300k landline customers, and essential emergency services numbers such as 112 and 114. Furthermore, the project extended its reach to substantial portions of TDC NET's network. The programme also included a major clean-up of our old transmission network, where customers' landline circuits have been migrated to fibre. Similarly, international traffic and traffic exchanged with other operators have been migrated from ISUP to SIP.

This initiative had to be planned with utmost precision to avoid interfering with critical services and is a testament to our commitment to streamlining operations and ensuring the future resilience of our business. With this project completed, we bid farewell to a core element of our corporate history as a telephone company, which propels us towards our goal of becoming the leading supplier of data networks in Denmark.

Equity, cash flow and funding

Equity

During 2023 total equity decreased from DKK 2,964m to DKK 1,867m as of 31 December 2023. This decrease was a result of the non-cash dividend to TDC Holding (DKK 750m) as well as the loss for the year DKK (364)m. The non-cash dividend financed TDC Holding's partial repayment of the upstream loan that decreased to DKK 1,438m including accrued interests at year-end 2023.

Cash flow

In 2023, we achieved a positive Equity Free Cash Flow (EFCF) of DKK 93m from our operating and investing activities, notably due to improved EBITDA of DKK 175m achieved through opex efficiencies and effective working capital management, which contributed an additional DKK 93m. This was accomplished despite the increase in net interest paid of DKK 232m, partly offset by lower corporate tax, further cementing the company's strong performance.

We proactively implemented a series of initiatives aimed at optimising cash flow. These actions were deployed to efficiently manage our receivables and payables, as well as to actively manage and prioritise our investment pipeline within the constraints of maintaining a positive cash flow while increasing our fibre roll-out.

Cash flow related to financing activities was impacted by the debt refinancings during the year (see details in the funding section). The total cash flow from financing activities for 2023 related mainly to debt proceeds raised at the end of 2022 and used for debt repayments in 2023.

Funding and liquidity

We are investing in the digital future of Danish society by rolling out fibre and regularly increasing of mobile network capacity. The significant strategic investments were funded by the operational cash flow in 2023. However, continued access to funding markets is important for refinancing the existing debt portfolio and securing the continued strategic development of our company.

On 31 January 2022, we established a long-term secured infrastructure financing platform and under this platform, we entered our first financings in the aggregate amount of EUR 3,300m. We have a diversified debt portfolio including term loans, bonds, revolving credit and liquidity facilities. Since the first financing, we have issued three sustainability-linked Euro Medium Term Notes (EMTNs) in the public markets with each issuance in benchmark size and of total volume of EUR 1.5bn. Two of these benchmarks were issued in 2023 totalling EUR 1bn. The instruments issued are rated BBB- (stable) by Fitch. The Eurobonds are linked to our sustainability targets of becoming a net-zero carbon emission company across the full value chain (Scopes 1, 2 and 3) by 2030. In the private markets since our first financing, we have entered into four bilateral loans with relationship and infrastructure banks of EUR 285m and DKK 400m. All facilities are issued under the secured financing platform. As a part of the funding strategy to diversify funding and prepay term loan facilities, the proceeds have been used to partly prepay the original term loan facilities.

We target sufficient liquidity and had a cash balance of DKK 1,855m at year end and an undrawn revolving credit facility of EUR 350m. The cash will be spent on strategic infrastructure investments, debt refinancing and cash management in general. We do not have financial debt with contractual maturities in 2024. However, the funding plan during 2024 is to explore and potentially diversify funding into Eurobonds, local bonds, private placements and bilateral loans. As we prepare for the prepayments of the term facilities maturing in 2027, we expect to fund between EUR 0.5bn and 1.5bn, depending on capital market opportunities and cash flow during 2024.

We plan to build a diversified maturity structure and a diversified investor base and engage in regular investor relation activities, meeting investors one to one, and on earnings release call. As of 31 December 2023, our NIBD totalled DKK 24,823m (including an upstream loan to TDC Holding) and DKK 26,261m (excluding an upstream loan to TDC Holding). The outstanding debt has an average contractual maturity of more than four years and the interest rate risk in respect of such debt is fully hedged with fixed rate bonds and long dated interest rate swaps.

Guidance

2023 guidance achieved

Our 2023 performance aligned with our financial guidance. We achieved a relatively flat revenue of DKK 6,461m driven by an expected decline in legacy products. The single-digit increase in EBITDA of 3.9% was driven primarily by a decrease in opex of DKK 1,530m caused by lower power prices in 2023 combined with opex efficiencies. In 2023, we kept a stable investment level of DKK 3,037m as we remained focus on our status as Denmark's best mobile network and rolling out fibre.

Revenue
6.4 – 6.8bn

EBITDA
4.5 – 4.8bn

CAPEX
3.0 – 3.4bn

2024 guidance

In 2024, we anticipate maintaining the flat revenue trajectory, with sustained growth in mobile and high-speed broadband offerings likely to be partly offset by the declining trend from legacy products. EBITDA for 2024 is expected to be same level as 2023, driven by our focus on reducing complexity and increasing efficiency. We continued our heavy investments in both end-to-end transformation and core business activities. This highlights our focused dedication to ongoing initiatives such as mobile and fibre roll-out, aimed at enhancing our customer experience. Notably, our capital expenditure investments remains adaptable, with regular assessments to determine whether adjustments are needed to meet changing business needs.

Revenue
6.5 – 6.8bn

EBITDA
~4.7bn

CAPEX
3.0 – 3.5bn

Sustainability results

Sustainability priorities

Monitoring progress towards targets

Climate and nature

Achieve zero negative climate and nature impacts from our business

Targets
- 100% renewable energy in operations by 2028.
- Net-zero CO_2 on Scopes 1 and 2 by 2028 and Scopes 1, 2 and 3 by 2030.
- 30% preserved land by 2030.

2023 performance
- 4 solar parks, covering 57% of our energy consumption in 2023.
- 59% reduction in Scope 1 and 2 emissions driven by investment in renewable energy.
- 5% reduction in Scope 3 emissions driven by relative adjustment and focus on supplier engagement.

SDGs 7, 13 & 15
Ensure affordable and clean energy & climate action and halt the loss of biodiversity.

Health and safety

Become one of the safest places to work by 2025

Targets
- Reduce lost time injury frequency rate by 50% in 2025 compared with 2019.
- Build a proactive health and safety culture, striving to maximise learnings from incidents and near misses to prevent injuries at work.

2023 performance
- Fewer registered lost time injuries – from 29 in 2022 to 24 in 2023.
- Increase in registered near-miss reports, up by 126% compared with 2022.
- 0 fatalities.

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

Diversity and inclusion

Ensure inclusive culture, equal opportunities and diverse workforce

Targets
- Move towards a more balanced gender distribution, targeting a minimum of 30% women in leadership by 2025.
- Inclusion score in employee satisfaction survey of above 80 to show that employees truly feel included.

2023 performance
- 24% women in leadership positions, compared with 19% in 2022.
- 15% women in Executive Leadership Team.
- 31% women in Senior Leadership Team.
- Inclusion score of 85.

SDG 5
Ensure equal opportunities for leadership at all levels.

Digital trust

Protect network integrity, personal data and the right to privacy

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

2023 performance
- 94% of employees completed a GDPR e-learning course.
- 88% of employees completed security training.

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

Climate and nature

Delivering historic CO_2 reductions of 44%

Ambition:
Achieve zero negative climate and nature impacts from our business

Targets:
- 100% renewable energy in operations by 2028
- Net-zero CO_2 on Scopes 1 and 2 by 2028 and Scopes 1, 2 and 3 by 2030
- 30% preserved land by 2030

Our approach to the climate and nature
TDC NET is highly committed to minimising its environmental impact and leading the way for climate and nature action. We believe that companies – like us – that have the best conditions to reach net zero as fast as possible should take the lead on climate action. While we work diligently to reach our net-zero target across our full value chain by 2030, our digital infrastructure is underpinning the green digital transition of Denmark.

With locations all over Denmark, we are committed to rethinking our nature footprint and will work to preserve 30% of TDC NET's land by 2030.

Electrifying special vans

Carbon emissions related to TDC NET's fleet are a large proportion of our direct emissions. To eliminate our Scope 1 emissions, we have a goal to electrify our entire car fleet, including special vans, by 2028. This is a key initiative for reaching net zero across Scopes 1 and 2 by 2028.

However, converting to electric vans has proven slightly more challenging than expected. Our fibre technicians need vans with heating to perform their work in the field. Currently, no electric vans on the market have incorporated heating solutions – which is not just an issue for TDC NET, but any company with a business similar to ours.

TDC NET is taking the lead in finding a solution for the market and is therefore partnering with two vehicle conversion specialists with expertise in converting regular vans into special vans. These specialists are testing various solutions to be ready with prototypes for an electric fibre van in February, 2024.

Automating ESG data

From January 2024, TDC NET's ESG reporting will be in scope for the EU Corporate Sustainability Reporting Directive, thereby increasing the reporting requirements and scope of ESG data transparency and granularity.

So far, ESG data collection and consolidation have been handled manually across TDC NET, requiring considerable people resources, e.g. to calculate our Scope 1, 2 and 3 emissions on a monthly, quarterly and annual basis. To increase data accuracy and accommodate this increased workload, TDC NET is investing in automating its ESG data collection, consolidation and verification.

Since summer 2023, a dedicated group of finance specialists, data engineers and sustainability experts have worked to map data sources and flows in order to onboard raw data to TDC NET's data system automatically for consolidation.

Utilising our data system's transparent and explicit data lineage means that the calculation process and all data transformations can be traced from final KPIs back to the raw data received from various data sources.

Our validated 2022 data is used for benchmarking, and the project group has succeeded in replicating automated 2022 data with 99.9% accuracy, proving that our manual data handling has been solid.

For this report, the compilation of the following KPIs have been automated: energy intensity, carbon intensity, electricity, heat, transport, total energy consumption, Scope 1 and 2 related data points as well as share of renewable electricity.

In 2024, we plan to expand the automation to other ESG areas that are material for TDC NET's reporting and where considerable efficiencies can be realised, such as Scope 3, waste data and social data. The idea is also to utilise ESG data to create and realise business value, e.g. related to electricity savings and car fleet control.

Environmental governance
TDC NET's commitments to the environment and climate are expressed in our Sustainability Policy.

The Board of Directors oversees our climate and nature programmes and performance data, while our Climate Forum ensures execution across our climate and nature initiatives. TDC NET is ISO 14001 certified, with 100% coverage. Environmental risk assessments as well as internal and external audits are performed as part of the certification. Large environmental risks are also reported to the Board of Directors as part of TDC NET's Enterprise Risk Management process.

Validated net-zero targets
TDC NET's net-zero targets are aligned with the latest climate science and validated by the Science Based Targets initiative. We want to be net zero in our own operations by 2028 and across our entire value chain by 2030.

We are proud to be blazing a trail towards our net-zero target and hope other companies are inspired to follow.

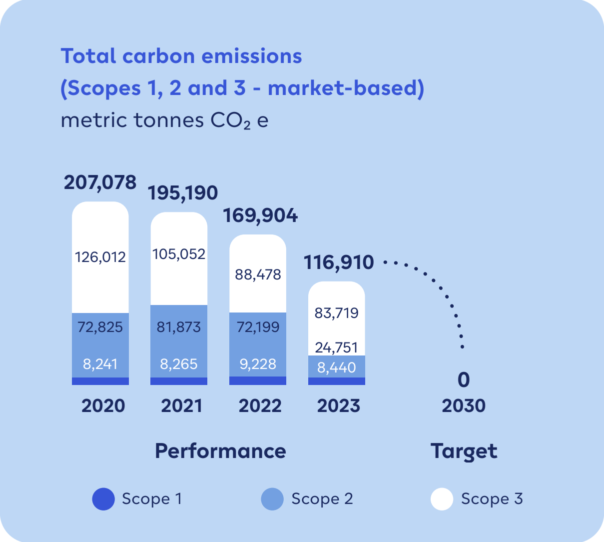
2023 results and performance
In 2023, total carbon emissions across the entire value chain decreased by 31% (52,994 tonnes CO_2e) compared with 2022 and by 44% (90,168 tonnes CO_2e) compared with 2020. This achievement is driven by our investment in renewable electricity, relative adjustment and lower intensity of supplier emissions. Improvements were also achieved across our energy and carbon intensity rates as well as in waste management.

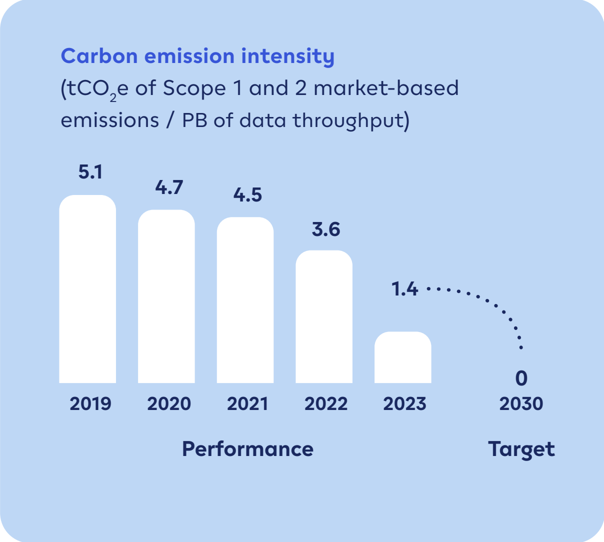
Scope 1, 2 and 3 results

In 2023, we benefited from the full-year effect of receiving renewable electricity from our four solar parks and thereby achieved our near-term target of 50% reductions across Scopes 1 and 2. Our Scope 1 and 2 market-based emissions decreased by 59% (48,235 tonnes CO_2e) compared with 2022, and 59% (47,875 tonnes CO_2e) compared with 2020. We also took significant steps towards reaching our target of 100% renewable energy by 2028 and now cover 71% of our electricity consumption with renewable energy.

We reduced our Scope 3 emissions by 5% (4,759 tonnes CO_2e) compared with 2022 and by 34% (42,293 tonnes CO_2e) compared with our 2020 baseline. This achievement was driven mainly by relative adjustment and our continued focus on reducing suppliers emissions through our supplier engagement programme.

Assessing and calculating Scope 3 emissions is a complex process, as these emissions are not under our direct control, and we often lack reliable industry-based data. To increase coverage and transparency regarding telecoms operators' Scope 3 accounts, TDC NET was a leading author of the 'Scope 3 Guidance for Telecommunications Operators', published by ITU, GSMA and GeSI in 2023. This guidance harmonises methods for telecoms operators to assess and report their Scope 3 greenhouse gas emissions. The guidance is intended to supplement, not supersede, existing standards.





We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology, which classes emissions in three groups: Scopes 1, 2 and 3. Our Scope 1 emissions result from the fuel in our vehicles, the oil in our backup generators and other energy sources we use in our operations. Our Scope 2 emissions are from the electricity we purchase to power our operations, and heat from district heating. Our Scope 3 emissions are generated in the upstream and downstream value chain.

Energy and carbon intensity

Our energy intensity declined by 15% compared with 2022, while our network carried 7.2% more data. This was driven by our continued focus on activating customers to use the most energy-efficient digital infrastructure: our 5G and fibre networks. Our carbon emission intensity declined by 62% as expected, based on the achievement of our 50% reduction target across Scopes 1 and 2.

Waste management

In 2023, TDC NET's total waste volume increased by 1%, and we recycled 73% of total waste generated from our operations. 26.9% of total waste went to energy recovery and incineration, and 0.3% of total waste to landfill. We are committed to increasing our focus on recycling in the years ahead.

In 2023, we launched waste e-learning for all employees to encourage colleagues to sort waste correctly and thereby create sources for recycling.

73%

of total waste recycled

Outlook

In 2024, we expect to continue our progress on all environmental KPIs and deliver short-term actions that our planet needs. We expect to continue reducing our CO_2 levels by realising several large energy-saving projects both in our network and car fleet. Furthermore, we plan to show significant progress on our biodiversity target by launching a nature project covering the first area of land we will preserve for nature.

SDGs 7 and 13 in action

As a front-runner within climate action, we aim to inspire others to follow. Our climate efforts support the following SDG targets:

- **7.2** Increase substantially the share of renewable energy in the global energy mix by 2030 (share of renewable energy)
  - **2023 action:** We achieved a share of renewable electricity of 71%
- **7.3** Double the global rate of improvement in energy efficiency by 2030 (data transport per kWh)
  - **2023 action:** We reduced our energy intensity by 15% compared with 2022

Utilising surplus heat

Data servers generate considerable heat. At TDC NET's Core Site in Aarhus city centre, TDC NET has solved the problem of how to utilise surplus heat. In collaboration with the local district heating company, TDC NET has invested in a heat pump solution.

The heat pump removes heat generated by the technical equipment in the building, raises the temperature to district heating temperatures and sends hot water out into the building's radiators, ventilation systems and taps. This makes the entire building self-sufficient in terms of heating while eliminating the cost of disposing of waste heat in cooling towers.

Heat that cannot be utilised in the building is passed on to the district heating network for the benefit of other district heating customers in Aarhus. In 2023, the building generated 2,516 MWh heat for the district heating network, enough to cover the annual heating demand of 168 apartments in Aarhus City. This is based on the assumption that a standard size apartment of $75m^2$ uses 15 MWh heat annually.

Climate and nature

Our transition pathway to net zero

Examples of initiatives

Own operations (Scopes 1 and 2)

Rest of value chain (Scope 3)

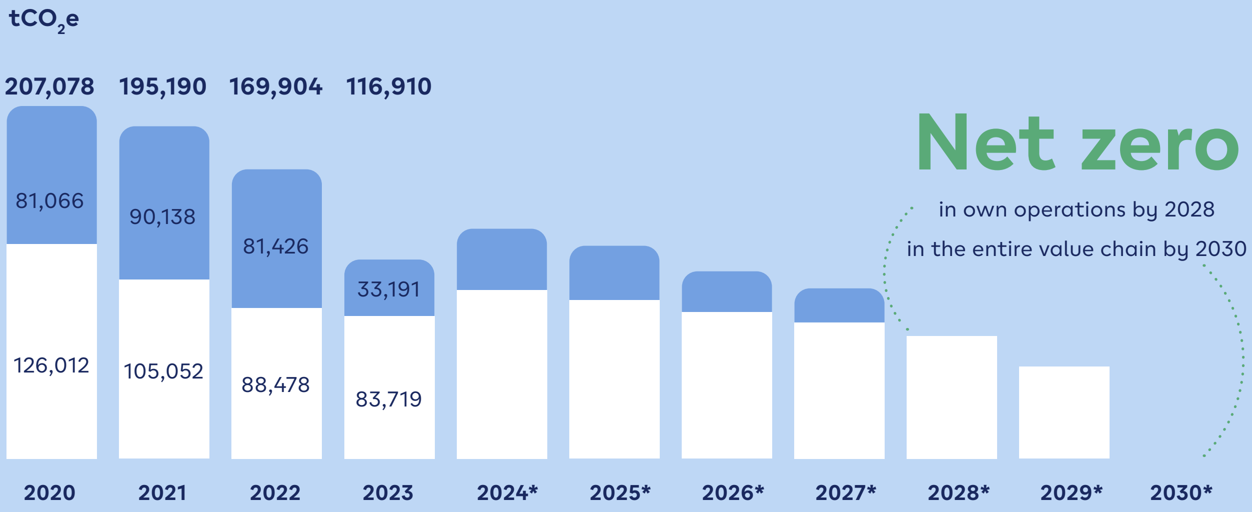
Committed to annual emissions reductions
TDC NET's net-zero commitment and related roadmap to reduce carbon emissions align with our 2030 business plan, which includes our spend and investment trajectories as well as our strong focus on energy efficiency, renewable energy and supplier engagement.

Energy efficiency initiatives
Invest in the most energy-efficient technology and reduce network energy consumption.

Renewable energy
Cover 100% of energy consumption from high-impact renewable energy sources.

Green fleet transition
Optimise technician routes to reduce kilometres travelled by up to 25% and convert our fleet to electric cars and vans.

Surplus heat utilisation
Utilise surplus heat from data centres and equipment with e.g. heat pumps.



Supplier engagement
Engage with top suppliers to set climate targets and provide data transparency.

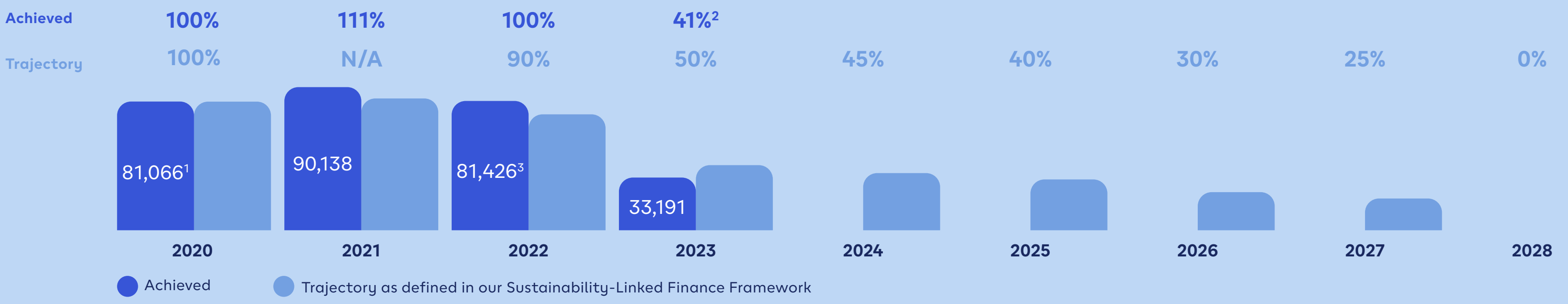
Other levers
Sustainable procurement, spend reduction and increase share of services compared with goods.

* Committed targets

Sustainability Performance Report

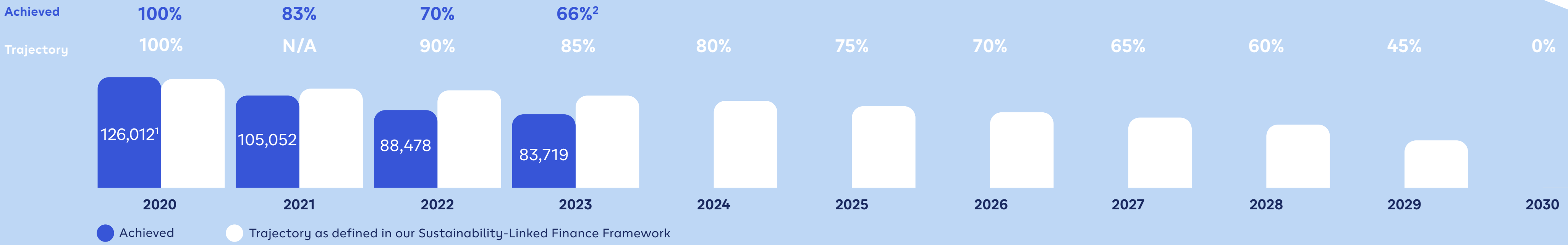
Roadmap to Scope 1 and 2 net zero by 2028 for TDC NET

KPI (% of 2020 baseline). Thousand tonnes CO_2e, 2020A-2028E



Roadmap to Scope 3 net zero by 2030 for TDC NET

KPI (% of 2020 baseline). Thousand tonnes CO_2e, 2020A-2030E



Second-Party Opinion

In 2022, Sustainalytics provided a Second-Party Opinion on TDC NET's Sustainability-Linked Finance Framework and the associated trajectories for Scopes 1 and 2 and for Scope 3. Both trajectories were given the scores of "Very Strong" and "Highly Ambitious".

1 In accordance with the Sustainability-Linked Finance Framework and our policies, we have adjusted the 2020 baseline for Scope 3 from 120,323 tCo2e to 126,012 tCo2e. Furthermore the 2020 baseline for Scope 1 and 2 was adjusted in 2022. All adjustments are made in good faith. Reference is made to the description of the recalculating event on page 36 and to detailed description of changes in our accounting principles for Environment on pages 82-84). The adjusted baseline is subject to assurance by our independent assurance providers. Refer to pages 160-161 for the Independent Auditor's Assurance Report on the ESG statement.

2 In accordance with our Sustainability-Linked Finance Framework, "achieved" performance on KPIs is subject to assurance by our independent assurance providers. Refer to pages 160-161 for the Independent Auditor's Assurance Report on the ESG statement.

3 The figure has been adjusted compared with disclosed data in TDC NET Sustainability Report 2022. Corrections have been made to Scope 2 market-based emissions due to an update of the electricity and heat emission factors that occurred after last year's reporting.

Note: Following the occurrence of a recalculation event, we recalculate our 2020 baselines and adjust historical data to enable comparability year on year.

Sustainability Performance Report

In 2022, TDC NET established a Sustainability-Linked Finance Framework (SLFF) and issued the first sustainability-linked bonds, tied to our net-zero targets validated by the Science Based Target initiative. In 2023, TDC NET issued two sustainability-linked bonds, totalling EUR 1bn. This puts the total of outstanding sustainability-linked bonds at EUR 1.5bn. TDC NET has also engaged in a EUR 75m sustainability-linked loan facility.

In addition to our long-term net-zero targets, we have set annual CO_2 reduction targets for our Scope 1 and 2, and Scope 3 emissions. In the graph on the previous page, we show the trajectory with individual annual targets towards net zero.

In alignment with the Greenhouse Gas Protocol and best practice carbon accounting, we adjust our 2020 baselines following the occurrence of a recalculation event. In accordance with our SLFF and the Terms and Conditions of our outstanding sustainability-linked bonds, a recalculation event is considered the occurrence of 1) a significant change to the structure of TDC NET or its subsidiaries or 2) a significant change in methodology for calculating GHG emissions covered by Scopes 1 and 2 or Scope 3 that requires a recalculation for any reporting year. It is considered that the below-mentioned adjustments constitute a significant change in methodology pursuant to paragraph (b) of the definition of a Recalculation Event. This is on the basis that each of the types of adjustments set out below relates to significant changes in methodology which require a re-calculation of the 2020 baselines and all adjustments are made in good faith for purposes of ensuring that the Sustainability Performance Targets are calculated on a consistent basis using comparable data for the relevant reporting year and the 2020 baseline year, respectively. We recalculate the 2020 baselines to ensure consistency and comparability year on year.

Following the occurrence of a recalculation event comprising a significant change in methodology (including implementation of industry standards, new supplier data, new tools, databases or upgrade of IT systems affecting this), we have recalculated our 2020 baselines as follows:

- 2020 baseline, Scopes 1 and 2: 81,066 tonnes CO_2e
- 2020 baseline, Scope 3: 126,012 tonnes CO_2e

Net-zero target	2020 baseline	Reduction levers	Investor targets
Scopes 1 and 2 by 2028	Emissions driven by: · 89% electricity use · 10% transport · 1% heat	· Energy efficiency initiatives · Renewable energy · Green fleet transition · Suplus heat utilisation	Sustainability-linked bonds of EUR 1.5bn with penalty if we fail to meet Scope 1 and 2 KPIs in 2026, 2027 and 2028, respectively.
Actuals	81,066 tonnes CO_2e		

Net-zero target	2020 baseline	Reduction levers	Investor targets
Scope 3 by 2030	Emissions driven by: · 84% purchased goods · 8% fuel and energy · 8% other	· Supplier engagement · Sustainable procurement · Spend reduction · Increase share of services compared with goods	Sustainability-linked bonds of EUR 1.5bn with penalty if we fail to meet Scope 3 KPIs in 2026, 2027 and 2028, respectively.
Actuals	126,012 tonnes CO_2e		

For more details, please refer to the Sustainability-Linked Finance Framework available on TDC NET's website under investor relations.

Climate and nature

Connecting Danish nature

The state of biodiversity and nature is a growing concern. With locations all over Denmark, we are proud to take action.

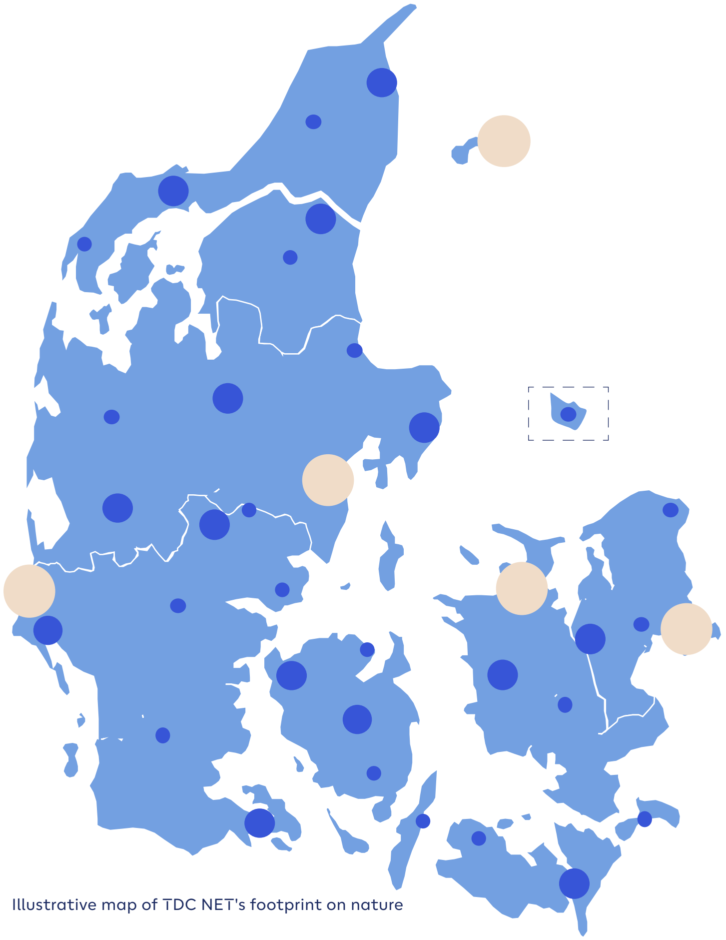
The World Economic Forum estimates that 44 trillion dollars are at risk due to the nature crisis, and the state of biodiversity is closely linked to risks associated with climate change. COP15 in Montreal set a target of preserving 30% of land and 30% of the sea by 2030. According to the Danish Biodiversity Council, Denmark is far behind this target with only 1.6% protected nature on land and 1.9% at sea.

Committing to 30 by 30
TDC NET has connected Denmark for more than 140 years. Going forward, we want to connect not only Denmark, but also preserve and connect Danish nature. We are therefore expanding our climate leadership commitment to include nature and biodiversity.

We have adopted the COP15 ambition and our target is to preserve 30% of TDC NET land for nature by 2030.

Our nature footprint

TDC NET has a physical footprint on nature across Denmark and we continue to interfere with nature when we build digital infrastructure.



Illustrative map of TDC NET's footprint on nature

TDC NET's physical footprint on nature

Below the ground
+250,000 km of copper, coax & fibre network cables

Above the ground[1]
+6,000 sites distributed across Denmark covering approx. 3.2 km^2

Below water
+4,000 km of sea network cables

Illustrative location of TDC NET sites

Location of largest sites (≥5,000 m^2)

1 Total TDC NET rented and owned sites excluding 38 Nuuday stores and 9,262 cabinets (222 m^2 at stores and 0 m^2 at cabinets).

Nature action now

With our 30 by 30 target in place, we are ready to take action now. In 2024, we expect to onboard the first 10% of TDC NET's land as preserved nature areas, by giving 300,000 m^2 of land in Skamlebæk, North-East Zealand, back to nature. The specific plans and actions will be communicated throughout 2024.

To reach the remaining 20% of our commitment in the years to come, we have our sights set on locations that will bring us close to the target. We still have some unidentified percentages to fulfil our ambition, but will work hard to close that gap.

As with the climate agenda, we believe companies have a shared responsibility to support nature and take action to solve the challenges facing our planet. Therefore, we also encourage other companies and the government to support the ambition we have set for Danish nature.

One of the major challenges facing Danish nature is the connection between larger nature areas and nature parks. Companies in Denmark have smaller areas located between nature areas, where we believe there is potential for creating green corridors for nature. At the same time, the government and public organisations can support concrete projects on corporate land and show the strength of public-private partnerships. Let's connect Danish nature together – for everyone.

"We are proud to be the first company in the world to adopt the COP15 ambition with our target to preserve 30% of TDC NET land for nature by 2030."

– Henrik Brandt, CFO, TDC NET

SDG 15 in action

Our biodiversity efforts support the following SDG target:

- **15.5:** Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species
  - **2023 action:** TDC NET's Board of Directors approved the new TDC NET biodiversity strategy targeting 30% of TDC NET's land footprint for preservation by 2030

Health and safety

Providing a healthy and safe working environment

Ambition:
To become one of the safest places to work by 2025

Targets:
- Reduce lost time injury frequency rate by 50% in 2025 compared with 2019
- Build a proactive health and safety culture, striving to maximise learnings from incidents and near misses to prevent injuries at work.

Our approach to health and safety
We provide a healthy and safe working environment for our employees working on site, in the office or from home. When we build and maintain our infrastructure, protecting people on the ground is a top priority. TDC NET's 'vision zero' aim is built on the strong belief that every injury can be prevented. As a lever in changing our health and safety (H&S) culture, we prioritise near-miss registration to provide valuable learnings on practical prevention.

Health and safety governance
Achieving our ambition and targets requires the right H&S culture across TDC NET. As expressed in TDC NET's Health and Safety Policy, we focus on providing a healthy and safe working environment for our employees, which is enabled by our H&S governance structure. Our Board-level H&S Committee reviews performance data and risks, and approves key initiatives. In support of TDC NET's Executive Leadership Team, our Biparty H&S Committee, comprising employees,

trade unions and management representatives, works to align H&S initiatives across business areas. Execution of initiatives is anchored in our H&S organisation and the related 42 H&S groups. Our H&S organisation, covering 93 representatives, undergoes annual training, while all new employees receive H&S training.

Our H&S training performance score KPI of minimum 95% trained (Implemented training/Need of training), reached an average of 94%.

Our H&S organisation is structured in line with the Danish Working Environment Act, and our H&S management system is ISO 45001 certified, covering 100% of TDC NET's operations where employees work. Technical installations are excluded. The latest recertification was obtained in 2022, and internal and external H&S audits, including risk assessments, are conducted every year to ensure continued compliance with the standard.

2023 results and performance

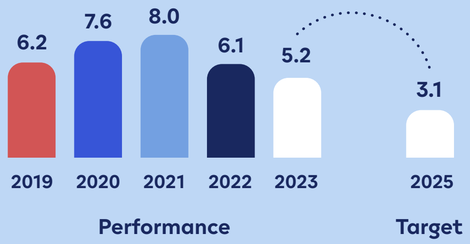
In 2023, we recorded no fatalities. Our colleagues reported a total of 2,087 near misses (2023 target: 1,200) and thereby our rate of near-miss accidents increased from 194 in 2022 to 454 in 2023. We see this increase as a positive development and a clear result of our safety awareness initiatives across TDC NET. We encourage our employees to report near misses as part of our prevention measures.

Lost time injuries (LTIs) dropped from 29 in 2022 to 24 in 2023. Our LTI frequency rate (LTIFR) declined from 6.1 in 2022 to 5.2 in 2023, thereby not reaching our target of 4.2 for 2023. In line with our ambition of being one of the safest places to work, our LTIFR target for 2025 is 3.1.

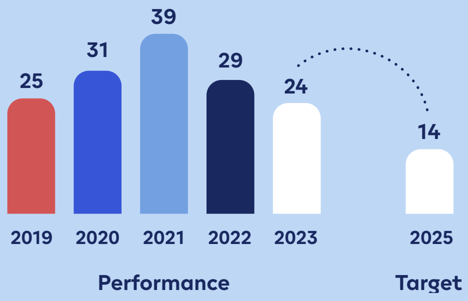
At TDC NET, we use the Bradley scale[1] to indicate the maturity level of our H&S culture. In 2023, we achieved 81/100 on the Bradley scale as in 2021 and 2022. Though TDC NET uses the widely accepted Bradley approach to define safety culture, the Bradley Survey is developed by TDC NET inspired by international research in health and safety. A score of 81/100 is high and satisfying. However, obtaining the same score year after year reveals TDC NET's challenges in improving our health and safety culture.

1 The Bradley Scale: TDC NET's Bradley Survey is a 7-topic / 28-question survey, inspired by validated sources from international H&S Research, e.g. Vision Zero, the Danish National H&S Research Center and Nordic Safety Climate Questionnaire.

Lost time injury frequency rate (LTIFR)



Injuries with lost time



Days of absence

SDG 8 in action

Our H&S efforts support the following target:

- **8.8** Protect labour rights and promote safe and secure working environments for all workers
  - **2023 action:** TDC NET focuses not only on internal H&S. When working with our contractors, we put H&S in focus both in civil works and facility management. In 2023, 100% of major and minor contractors signed specific contracts on H&S demands from TDC NET, including audits and reporting. In 2023, TDC NET audited 55% of its contractors

Outlook

In 2024, we will continue our strong focus on reducing injuries. We will change our focus from lost time injuries to total recorded injuries. Several parallel initiatives are planned, including:

- increasing the level of near misses recorded,
- establishing clear governance for High Potential events,
- analysing and managing Key Critical Risks,
- sharing knowledge of preventive actions between TDC NET and subcontractors and establishing specific KPIs for reducing contractors' injuries and
- auditing contractors on site.

Strengthening contractors' prevention capacity through audits

TDC NET depends on contractors to perform work throughout its business, for example from digging and laying our fibre network to maintaining buildings and technical installations. Contractors' health and safety remains a high priority. In 2023, zero fatalities were recorded among contractors.

TDC NET's Board-level H&S Committee has set an annual target to audit at least 50% of contractors within H&S. In 2023, 66 contractors were in scope for the target. 55% of these were audited. Contractors are selected for audits based on H&S data, spend and number of hours worked.

55%

of TDC NET contractors were audited in 2023.

Audits are two-fold and consist of 1) a review of the contractor's H&S structure and how it manages health and safety based on the Danish Working Environment Act and 2) an inspection of a specific work situation based on working environment guidance, for example within protection equipment, ergonomics, chemicals or psychosocial working environment. We also look at requirements set for sub-contractors' health and safety and thereby apply the principle of value chain responsibility. Based on corrective actions identified, we enter into dialogue with contractors on how to improve and conduct follow-up audits. We monitor contractors' safety data and ask for monthly reports on accidents, near misses and hours worked, which we share with the Board-level H&S Committee.

To strengthen our contractors' focus on prevention, we proactively share benchmark reports to inspire progress. We also facilitate quarterly best practice sharing sessions for all contractors on topics such as risk assessments and safety awareness.

Our focus for 2024 will be to audit contractors that have not yet been audited and include contractors' injuries in a shared target with TDC NET.

Diversity and inclusion

Fostering an inclusive culture

Ambition:
To promote a diverse workplace where everyone feels they contribute and can truly be themselves

Target:
- To move towards a more equal gender balance, targeting a minimum of 30% women in leadership by 2025
- Inclusion score in employee satisfaction survey of above 80 to show that employees truly feel included

Our approach to diversity and inclusion
We promote diversity in our workplace so that everyone feels they contribute and can truly be themselves. Our approach to diversity and inclusion (D&I) is driven by our core beliefs: "We care" and "We are open".

At TDC NET, we are committed to fostering an inclusive culture where people, no matter their background, can thrive and reach their full potential, regardless of gender, beliefs, sexual orientation, social class, nationality, age, ethnicity, physical ability, personal traits, or attributes.

Diversity and inclusion governance
TDC NET's Diversity and Inclusion Policy sets the principles for our D&I work, including recruitment, onboarding, employee development, leadership and working conditions. Our Board-level Renumeration and Nomination Committee oversees D&I data and risks, while our Diversity and Inclusion Forum ensures that initiatives are executed while tracking performance against D&I targets.

2023 results and performance

We measure the impact of our inclusion efforts by using our annual employee satisfaction survey, MyVoice. In 2023, the response rate was 95%. Of the employees who responded, the inclusion score was 85, exceeding our target of an inclusion score above 80. In the survey, employees responded to inclusion-related questions. The question “I am treated equally and fairly in TDC NET regardless of gender, age, ethnicity, sexual orientation, family status, disabilities, religion and language etc.” reached a score of 88, while “I feel valued when I am at work” scored 82.

In the survey section on feedback to immediate manager, the question “I can comfortably express my opinions and feelings to my immediate manager” reached a score of 85.

We are satisfied with the results, which show us that we are on the right track. We will continue to work with our culture and be more explicit about what we expect from our leaders and employees.

For our employees, we hosted D&I dialogue lunches with top management to facilitate conversations about how we collectively create a more diverse and inclusive organisation. We also celebrated special days such as World Autism Day, International Women’s Day and World Mental Health Day as part of our D&I awareness efforts.

Gender diversity in management

We monitor progress against our target of minimum 30% women in leadership by 2025. The target spans all leadership

Giving students a taste of artificial intelligence and robotics

On 6 October 2023, more than 5,000 students across Denmark left their usual classes to take part in Science Day, visiting Danish companies working with science and technology.

TDC NET hosted an inspiring day for 41 students from Ørestad Friskole and Allerslev School – under the theme of artificial intelligence and robotics. We chose this theme because we want to inspire more young people to choose science as an educational and career path. It is crucial to show which role science and technology play in solving some of society’s major challenges.

“We want to give young people a unique insight into our work with data, artificial intelligence and robots. These are disciplines that help create the green, digital infrastructure on which our society will be built in the future. Our work with technology is not just important; it’s also fun, challenging and meaningful.”

– Astrid Katrine Kyhl, Head of AI & Digital, TDC NET

TDC NET partners with the Danish non-profit organisation House of Natural Sciences, which is behind the concept of ‘Science Day’.

levels. The percentage of female leaders across all leadership levels at TDC NET increased from 19% in 2022 to 24% in 2023. At executive leadership level (Executive Leadership Team), 15% are female, while 31% are female at the senior leadership level below (Senior Leadership Team).

To reach our target across all leadership levels, we will strengthen our pipeline by increasing our focus on diversity in our recruitment and promotion processes. This includes developing a structured review of qualifications, broader perspectives and discussions about diversity to ensure we find the right candidate.

See page 66 for TDC NET's statutory report on gender diversity, pursuant to Section 99b of the Danish Financial Statements Act.

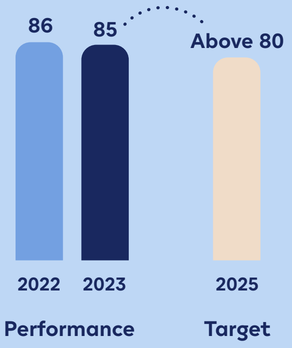
In 2023, the gender split across our entire workforce remained stable at 22% women and 78% men.

As in other tech and IT companies, achieving an overall gender balance is difficult due to underrepresentation of women in relevant educations and in the industry. To achieve our gender diversity target and ambition, we need to attract and retain female talents. In 2023, we therefore focused on strengthening our internal people processes, revising our recruitment process to be even more focused in our D&I efforts by removing photos, inviting both male and female candidates for interviews and appealing to a more diverse and broad candidate pool, including international talents.

Outlook
In 2024, we will continue our efforts to diversify our company with international talents, more female employees and leaders as well as broadening the backgrounds and perspectives for accepting different ways to work with artificial intelligence and data. We will strengthen our talent acquisition strategy by conducting more inhouse search to ensure that we are in control and attracting the profiles we need.

Women in leadership

Inclusion score



SDG 5 in action

Our D&I efforts support the following target:

- **5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making
  - **2023 action:** We facilitated a mentorship programme together with Women in Tech to provide female talents with access to a mentor

Digital trust

Protecting the integrity of our network and data

Our approach to digital trust
As a provider of national critical infrastructure, protecting data and our networks is key to earning the trust of our customers, stakeholders and society. As shown in our materiality matrix, cyber security and data privacy are some of the most material issues for TDC NET and our stakeholders. We protect and maintain the confidentiality, integrity and availability of information assets within TDC NET. We promote the right to privacy and aim to use only data for valid, transparent purposes.

Ambition:
Protect network integrity, personal data and the right to privacy

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

Digital trust governance
Guided by TDC NET's Information Security Policy and Policy for Data Ethics and Responsible Processing of Personal Data, we protect our critical national infrastructure from threats and attacks, and protect the personal data with which we are entrusted. We comply with the General Data Protection Regulation (GDPR) requirements and provisions.

TDC NET has established an Information Security Management System (ISMS) based on the security framework ISO 27001. TDC NET's ISMS is established through TDC NET's Information Security Policy, which is owned and approved by the Executive Leadership Team and Board of Directors.

The Audit Committee oversees data and risks related to security and data privacy. Risks are identified and reported via TDC NET's Enterprise Risk Management process. Our Digital Trust Forum, comprising subject-matter experts and leaders from Security, IT, and Privacy, sets the strategic direction for our efforts. Our Security Officers and Data Privacy Managers (DPMs) are responsible for day-to-day processes and compliance, and there is close collaboration between our Security department and Data Privacy team.

TDC NET's data protection setup is hybrid to ensure that expert knowledge and business insights go hand in hand. A central unit delivers the overall data privacy framework, guidance and decision making, while a network of 12 DPMs, one in each business unit, handles local implementation.

TDC NET's Cyber Defense Center is responsible for protecting TDC NET and our customers against external and internal cyber-related threats. Our internal team of pentesters test our own IT systems and networks on an ongoing basis to identify and address any potential vulnerabilities. Risk and vulnerability assessments are also conducted on a regular basis to spot and mitigate potential weaknesses in our network.

Our Security teams and Data Privacy team are individually responsible for sharing performance updates with the Security Council, the Executive Leadership Team and the Audit Committee.

2023 results and performance

Data privacy
For data privacy, all employees must complete e-learning on GDPR and personal data compliance every year. The e-learning course is designed with targeted content for different departments and roles to make content relevant for employees. In 2023, our strong leadership focus, combined with a GDPR awareness campaign, which was launched ahead of the e-learning course, increased the completion rate from 70% in 2022 to 94% in 2023. We also resolved the system error, which had impacted our ability to track numbers of completed e-learning in 2022.

Externally, TDC NET became a partner in the Algorithms, Data and Democracy (ADD) project with the purpose of ensuring that democracy is strengthened by digital development through research, increased technology understanding, digital education, and dialogue. TDC NET will help to promote understanding of how we work with data ethics and how it affects everyday life.

Security
Security awareness and training our employees are essential for managing human risks. They represent an important last line of defence against external threats towards our data and networks. In 2023, we continued to expand visibility inside TDC NET. Our emphasis on continuous learning – through awareness articles, videos, e-learning courses, internal campaigns etc. coupled with insights from the annual employee self-assessment survey on security awareness, knowledge and behaviour – ensures that these activities are not only relevant, but provide the most impact. In 2023, 88% of employees completed a security e-learning course, compared with 74% in 2022.

Furthermore, we launched a security onboarding programme for new employees, released our new Information Security Policy applicable for all employees, contractors and suppliers, and updated 12 security standards to build on our security governance foundation and ensure compliance with the latest industry best practices and regulatory requirements.

Outlook
In 2024, we will remain clearly focused on employee awareness and training. For example we are planning to launch role-based security training for high-risk roles. For data privacy, we will update our Policy for Data Ethics and Responsible Processing of Personal Data.

Security and resilience

Resilient and stable infrastructure is essential for continuously securing trustworthy and reliable solutions for our customers. As a central part of TDC NET's ongoing transformation towards becoming a TechCo, our Security & Resilience programme ensures that security is integrated into our business, infrastructure and processes. This will enhance our resilience against incidents and enable even faster responses to potential breaches.

With the ambition to increase TDC NET's overall resilience and maturity towards the end of 2026, the programme consists of 10 initiatives, aiming to improve TDC NET's ability to: 1) identify threats and risks, 2) protect critical services, 3) detect network and service issues, 4) respond to incidents effectively and 5) recover quickly from breakdowns.

SDG 12 and 16 in action

- Promote responsible consumption and justice in societies
    - **2023 action:** We kept a strong focus on promoting the right to privacy while protecting critical and digital infrastructure

"Black belt" in cyber defence

In 2023, TDC NET was the first telecommunications company in Denmark to achieve the Trusted Introducer certification[1] – the so-called black belt in cyber defence. The risk of cyber attacks is growing in Denmark, and companies that provide critical digital infrastructure bear a special responsibility to keep cybercriminals at bay. As Denmark's largest provider of mobile and fibre networks, we have invested in a defence setup that aligns with high international standards.

Specifically, TDC NET's special 'Cyber Defence Center' received certification from Trusted Introducer in the category 'Incident Response', where the team's maturity on 45 different parameters was measured within four categories: organisation, employees, tools and processes.

The entire certification process has been a fruitful learning curve, providing new workflows and faster processes that benefit our customers.

"We are incredibly proud to receive the certification from Trusted Introducer, which is considered by many to be the leading standard in the field, and which leading organisations such as the Center for Cyber Security and DKCERT also orient themselves towards. After months of relentless efforts, we have the proof that we are well prepared for the ever-increasing cyber threats."

– Karsten Brinkmann, Head of Security, TDC NET

[1] Trusted Introducer is an association for CSIRTs (Computer Security Incident Response Teams) established by European CERT in 2000 with the aim of providing a safe framework for the exchange of cyber security knowledge between CSIRTs.

Supplier engagement

Addressing supply chain impacts

Our approach to supplier engagement

At TDC NET, we depend on our supply chain when building and operating digital infrastructure. While connecting Denmark, we recognise that our environmental, social and economic impacts reach far beyond our organisational boundaries, and we therefore take responsibility for addressing these throughout our supply chain. Our Sustainable Procurement programme ensures that our expectations concerning suppliers' sustainability efforts are consistently communicated to suppliers – from the first interaction through to the sourcing process and during the contract lifecycle.

We apply a risk-based approach to category and vendor management, addressing risks according to their likelihood and impact. With the purpose of co-creating an efficient, resilient and sustainable supply chain, we want to foster business relationships with suppliers, based on honesty, aligned values and the desire to collectively address ethical, environmental and social impacts, as well as minimise security and privacy-related risks.

Ambition:

To have full transparency regarding the environmental, health and safety, business ethics, and human and labour rights in our supply chain by 2030. We intend to achieve this by having:

- All new contracts include the latest Supplier Code of Conduct
- All eligible suppliers with medium or high sustainability risk reporting to EcoVadis
- All suppliers and sub-suppliers with medium or high sustainability risk having at least one on-site audit
- All CO_2-intensive purchases undergoing due diligence processes, with suppliers chosen on the basis of CO_2 alongside commercial and technical criteria
- All procurement staff trained and able to deliver on the sustainability agenda

Targets:

- 5 on-site audits per year
- Increase spend coverage of eligible suppliers with medium or high sustainability risk reporting to EcoVadis to 100% by the end of 2024

Supplier governance

Within the areas of human and labour rights, environment, ethics, security and data protection, TDC NET's Supplier Code of Conduct sets the foundation for how we engage our suppliers. The Code details the steps we expect suppliers to take with us to develop their sustainability programmes. It includes a focus on monitoring and evaluating, corrective action plans as well as an enforcement mechanism for supplier non-compliance, and goes beyond a statement of minimum requirements. Our due diligence process screens all purchases for social and environmental risks as well as impact on Scope 3, requiring all medium and high-sustainability risk purchases above our spend threshold to contractually undergo an EcoVadis assessment and/or on-site audit that covers the environment, social practices and business ethics.

At board level, the responsibility for supply chain management rests with the entire Board of Directors. Supply risks are identified and reviewed as part of TDC NET's Enterprise Risk Management processes, whereby large risks are reported to the Audit Committee and Board of Directors. On the operational side, our company-level Sustainable Procurement Board meets quarterly to oversee roadmaps, initiatives and performance metrics to deliver on our ambition and targets as well as our risk-response mitigation actions.

Shared audit programme

We audit suppliers to ensure compliance with our Supplier Code of Conduct. TDC NET is an active member of the Joint Alliance for CSR (JAC) – an association of telecommunications operators that collaborates to verify, assess and develop suppliers' sustainability practices. As the telecoms industry is characterised by a supply base with a high level of commonality between operators, it makes sense to share resources among members to implement long-term environmental and social responsibility among the different layers or tiers of the information and communication technology (ICT) supply chain globally.

In 2023, JAC members carried out audits and worker surveys at 150 locations in 22 countries. This covered more than 10,000 workers, resulting in over 890 corrective actions raised. Using common audit checklists and approved third-party auditors, JAC members audit suppliers on health and safety, environment, labour and human rights, and business ethics, and afterwards share audit results between them. Each JAC member commits to auditing five suppliers annually.

2023 results and performance

In 2023, TDC NET audited six suppliers. We use the EcoVadis platform to evaluate suppliers' sustainability performance. In 2023, 86 medium and high-risk suppliers were eligible for EcoVadis, of which 52 reported to EcoVadis.

By the end of 2024, we want to increase our spend coverage of eligible medium and high-risk suppliers reporting to EcoVadis to 100%. In 2023, the risk covered was 71%. The weighted average score of suppliers reporting to EcoVadis was 65%, compared with 68% in 2022.

In 2023, we piloted our Supplier Development and Capacity Building programme. While tendering for a strategic purchase, we awarded business to a supplier that was beginning its sustainability journey. We agreed on contractual terms that clearly laid out how we expect the company to develop over time, then provided one-on-one consulting and conducted a JAC audit. We were then able to ensure it had the right policies, processes and performance metrics to support our sustainability ambitions.

In November 2023, we signed a partnership agreement with Ericsson, choosing Ericsson's 5G mobile technology to help reach our net-zero target for the entire value chain. Ericsson will provide us with energy-efficient solutions, including artificial intelligence and machine learning software, which will help reduce the energy consumption of our mobile network. Together with Ericsson, we also commit to actively reducing the embodied carbon footprints in radio equipment by using Ericsson's latest portfolio, featuring reduced weight, a more compact design, and enhanced efficiency per unit when compared with previous generations.

Training our colleagues

Training our procurement professionals is vital for providing knowledge and tools that help solidify our sustainable procurement programme and supplier engagement efforts.

Our category managers and strategic sourcing team members are the point of contact for external suppliers. In 2023, we formalised and fully complied with our sustainable procurement training with a standard operating procedure, training 100% of our procurement professionals in areas such as integrating sustainability into the sourcing process, how to manage supplier assessments and how to engage suppliers in Scope 3.

Outlook

In 2024, we intend to update our Strategic Sourcing Guidelines for Sustainability, follow our sustainable procurement training plan, revisit the category risk assessment that defines environmental and socio-economic risks and launch an updated screening tool for strategic sourcing. We also plan to replicate the successes of the Supplier Development and Capacity Building pilot and create a Net Zero Transition Pathway for Scope 3 based on our Supplier Engagement Roadmap.

We plan to strengthen our risk assessments of suppliers during 2024. In that connection, we will specifically focus on preparing for new ESG regulations, such as CSRD and NIS2, which both relate directly to our supply chain.

Sustainability and strategic sourcing

After a successful pilot programme that included sustainability criteria at all steps of our strategic sourcing process at the end of 2022, we rolled out our Strategic Sourcing programme in full in 2023.

All procurement projects were screened for sustainability risk and impact. Purchases eligible for supplier assessment (EcoVadis or an on-site sustainability audit (though JAC)) were clearly communicated in the Request for Proposal and then formalised using specific contractual clauses. High CO_2 purchases included 15 questions in the Request for Proposal. Bidders were evaluated alongside cost and technical criteria on the maturity of their climate programmes, their climate data and expected impact on our CO_2 inventory. Contractual clauses were introduced for the first time to bind suppliers to improve over time.

By doing our due diligence in the sourcing process, we reward suppliers who support our decarbonisation ambitions, while onboarding those beginning their decarbonisation journey. To accelerate efforts, we build partnerships with suppliers through the Supplier Development and Capacity Building programme.

"To achieve our net-zero target by 2030, we require a substantial amount of support from our supplier base. By having a proactive climate agenda that is integrated into the procurement and supplier engagement process, we ensure that bidders and suppliers understand their role and how they can contribute. We actively seek out suppliers who share our vision, and who provide innovative ways to address the climate crisis."

– Mads Sonne Mortensen, Head of Supply Chain, TDC NET

Memberships and ratings

Memberships, partners and alliances

WE SUPPORT

Since 2009, TDC NET has been a participant to the UN Global Compact and committed to the corporate responsibility initiative and its principles in the areas of human rights, labour, environment, and anti-corruption.

2023 ratings and rankings	Descriptions and benchmark	Score
EcoVadis	*Awaiting our 2023 EcoVadis score based on the submitted 2023 assessment.*	-
GRESB	TDC NET maintained its GRESB score level achieved in 2022.	**95 out of 100**
CDP	**CDP score** TDC NET maintained its B score achieved in 2022.	**B**
	CDP supplier engagement score TDC NET's supplier engagement score increased from a B score in 2022 to an A- in 2023, reaching the leadership band.	**A-**
SUSTAINALYTICS	TDC NET achieved a low risk rating from Sustainalytics.	**18.6 (Low)**

Governance

Enterprise risk management

As a critical infrastructure provider, we navigate a landscape with many risks. From macroeconomic uncertainties associated with building the digital network in Denmark to the challenges posed by our technological transformation journey, our exposure is diverse. Risks are an inherent part of our business activities, and we aim to continuously mitigate them to an acceptable level as the risk exposures evolve.

The purpose of risk management
Embedded in our risk management framework is a clear chain of command, ensuring the integration of risk and opportunity management in our business activities. We follow a process that involves identifying and assessing risks, formulating response plans, implementing those plans, and reassessing outcomes. Our risk management process extends to maintaining a portfolio of risks that fosters an information flow to ensure that key risk insights reach decision makers.

Our risk management process
The risk management framework deployed at TDC NET enables a consistent approach for identifying, assessing, documenting and responding to risks. Risks are assessed based on their potential financial impact and probability of occurring and are captured in risk registers across the organisation. We also prioritise GDPR compliance by utilising separate consolidation frameworks for risks affecting registers, specifically addressing data protection and privacy concerns.

Each business line has its own risk coordinator responsible for its risk register and a Data Protection Manager responsible for GDPR compliance.

In collaboration with risk owners, the risk coordinators ensure that risks are assessed, and mitigation strategies are established. A member of the Executive Leadership Team is accountable for each risk register, and biannually, all risk registers are consolidated centrally and reviewed by the Executive Leadership Team to secure alignment on key risks and ensure execution of mitigating plans. The overall risk exposure and status of the mitigating activities are submitted and reviewed by the Audit Committee and Board of Directors biannually. In the following pages, each risk will be analysed and met with strategic mitigating actions.

Top 8 business risks:

#1	Commercial trends and competition	Not ESG
#2	Funding and capital market risk	Not ESG
#3	Cyber and information security	Governance
#4	IT landscape	Governance
#5	Supply chain conduct	Environment, Social, Governance
#6	Legal compliance and data privacy	Governance
#7	Recruiting a skilled workforce	Social
#8	Climate change adaptation	Environment

Read more on the following pages →

- Environment
- Social
- Governance
- Not ESG

Risk #1

Commercial trends and competition

Description
Over the years, we have created a strong commercial position within our broadband and mobile infrastructure market. We own and operate a broad range of different technologies. As the industry is facing increasing consumer demand for faster connectivity, we embrace the deployment of high-speed infrastructure in our platforms. Simultaneously, we foresee a decrease in relevance over time for legacy technologies and products, as more and more consumers can connect to the new infrastructure offerings.

Potential impact
If we become unsuccessful in anticipating and aligning with market demands, we may encounter added operating costs linked to the continued use of legacy technologies. Conversely, decommissioning our legacy platforms at a pace exceeding market demand could potentially result in the loss of customers and missed business opportunities.

Mitigating actions
We actively track market trends and the shift from legacy to future-proof technologies, which enables us to anticipate and respond to technological developments. This positions us to align our portfolio with prevailing market dynamics. Hence, we prioritise the decommissioning of legacy platforms, ensuring our customers are seamlessly connected to resilient new infrastructure. Simultaneously, we concentrate on enhancing the customer experience in our fibre roll-out, adopting a "first time right" approach. Our commitment to delivering fast fixed connections and maintaining Denmark's premier mobile network remains central to our overall strategy.

Not ESG

Risk #2

Funding and capital markets risk

Description
As part of the transformation, we have an extensive investment programme. Our capital expenditure is funded with the strong resilient cash flow from operations. We are leveraged with debt consisting of loans, bonds and credit facilities and are dependent on access to capital markets for funding and liquidity management, including derivatives for hedging of interest-rate and foreign currency exposure.

Potential impact
Fluctuating interest rates may adversely impact future interest costs, and fluctuations in foreign currency prices may impact on procurement costs, debt levels or interest costs.

Mitigation action
We apply treasury management to ensure stable financial risks. We regularly monitor our financial exposures and follow an active hedging strategy whereby interest rates are hedged for an average of 5 years, and foreign currency risks are hedged to DKK or EUR with very limited room for other exposures. Intra quarter cash flow movements are mitigated through cash and revolving credit facilities. Moreover, we plan our liquidity, refinancing, leverage and cash flows with caution to ensure a sustainable financial position. On an ongoing basis, we optimise debt issuances depending on developments in the capital markets and the funding needs of TDC NET.

Not ESG

Risk #3

Cyber and information security

Description
We greatly rely on information systems and technologies to facilitate our daily operations. As a major provider of digital infrastructure, we are aware of the risks associated with cyber attacks. These risks could extend beyond our organisation, potentially leading to unauthorised access to critical infrastructure.

Potential impact
A cyber security breach could pose a concern for our integrity, with the possibility of sensitive data being at risk, potential service disruptions, financial impacts, and damage to our reputation. Furthermore, a cyber security incident might have the potential to escalate beyond our organisation.

Mitigating actions
To enhance our resilience against cyber threats, we have implemented key strategic measures to strengthen risk management and reinforce disaster recovery and business continuity planning. This broad approach enhances our agility and operational integrity in facing digital threats and minimalises potential operational disruption. Our Cyber Defense Center has earned a top industry certification in incident response, marking us as a leader in cyber security in Denmark. This achievement highlights our capability in managing cyber incidents. Adhering to NIST and ISO frameworks, we systematically manage and prioritise cyber security, ensuring our preparedness against emerging threats. Our comprehensive approach ensures that we remain a steadfast and trustworthy partner to our customers, protecting their interests and our own with immense dedication and expertise.

- Governance

Risk #4

IT landscape

Description
Our current IT landscape includes several legacy applications that may raise concerns about system efficiency and security. Additionally, we are in the process of separating our remaining shared systems with Nuuday. Our ongoing transformation of IT, while aimed at addressing these issues, involves complexities that require meticulous management.

Potential impact
Operating legacy IT applications could potentially entail risks such as security vulnerabilities and operational challenges. This dependence often involves relying on specific personnel and incurring ongoing expenses to support and manage ageing systems. Sharing systems with Nuuday can introduce some additional considerations, and if our transformation efforts overlap, unexpected costs may arise. The shared systems could potentially raise security concerns and reliance on Nuuday for vulnerability management.

Mitigating actions
Our transformation of IT is designed to handle the challenges our organisation faces to enhance our operational efficiency and strategically position us for the future. One aspect involves our plans to decommision legacy applications and introduce new solutions. This transition is expected to yield efficiency gains, improve workflow and increase productivity. We maintain a strict adherence to the highest standards in both cybersecurity and general IT practices. We have a proactive collaboration with Nuuday, as we continuously monitor and address potential threats, ensuring that our IT ecosystem remains robust and secure. Our proactive approach is integral to maintaining uninterrupted operations and protecting our organisation from any unforeseen challenges.

- Governance

Risk #5

Supply chain conduct

Description
We rely on an international network of suppliers that operate in diverse legislative jurisdictions and with varying degrees of maturity across various practices, including sustainability and compliance. Sustainability practices encompass considerations related to environment, health and safety, labour, and human rights and anti-corruption measures. We face risks related to labour-intensive services resulting from general cost and wage inflation locally and internationally.

Potential impact
The risk of suppliers being non-compliant with environmental and social legislation poses an ongoing threat to our operations, integrity and reputation. Such instances may give rise to legal disputes and require supply chain changes. The risk of price increases on labour-intensive services could add pressure to our financial and business activities.

Mitigating actions
Our process for supplier selection employs a risk-based and vendor management approach. Based on their sustainability practices, it identifies suppliers for focused scrutiny. Sustainability assessments are conducted for medium and high-risk suppliers, with selected high-risk suppliers undergoing additional audits through Joint Alliance for CSR. Ongoing category and supplier performance management, competitive sourcing processes and standardised contracts with our suppliers are instrumental tools in responding to increasing price pressure and securing a stable cost base.

Environment · Social · Governance

Risk #6

Legal compliance and data privacy

Description
Our strong market position in specific areas subjects us to sector-specific regulations, including emergency communications, security measures, sanctions aligned with EU, US and Danish legislation, and compliance with data privacy rules, notably GDPR.

Potential impact
Non-compliance may result in fines and adverse decisions from the Danish Business Authority, as well as the Danish Competition and Consumer Authority. Legal requirements for investors, customers and suppliers could be affected by Danish authorities. The Danish Centre for Cybersecurity could impose restrictions on agreements and arrangements in relation to our infrastructure. Furthermore, any GDPR compliance shortfalls could lead to potential legal disputes and reputational damage.

Mitigating actions
We are implementing a comprehensive compliance programme that involves training employees to conduct regulatory checks to ensure a proactive approach. Vigilantly monitoring legal and political developments in the market allows us to adapt swiftly. We conduct desktop studies on contractual relations in alignment with sanction regulations. Further, we have implemented security and data protection measures aligned with GDPR and Danish security regulations regarding security breaches and threats to personal data.

Governance

Risk #7

Recruiting a skilled workforce

Description
Recruiting resources with a background in IT, artificial intelligence, data and transformation with hands-on experience is particularly challenging. This is due to the rapidly evolving technological landscape, and overall high demand for specialised skill sets globally. Additionally, female resources in IT with the right capabilities are scarce in the industry, which makes recruitment of a diverse workforce challenging.

Potential impact
Recruiting challenges for IT and transformation backgrounds may result in a skills gap, hindering our transformation initiatives. The difficulty in recruiting international and female resources in IT hampers gender diversity, potentially limiting the organisation's ability to tap into a diverse talent pool.

Mitigating actions
We are adjusting our strategic recruitment approach and strengthening our value proposition in the market to attract national and international resources with IT and artificial intelligence backgrounds, and investing in ongoing training programmes to bridge skill gaps and ensure the workforce remains adaptable to evolving technologies. We prioritise succession planning by identifying key roles, and cross-train existing specialists to bridge technological gaps. In addition, we actively promote diversity and inclusion initiatives internally and externally to address the challenges of diversity. This involves fostering an inclusive workplace culture and establishing outreach programmes through partnerships to attract a more diverse talent pool.

● Social

Risk #8

Climate change adaptation

Description
Climate change and weather-related disasters pose a potential threat to our infrastructure, specifically heavy downpours causing flooding or landslides on our mobile equipment and crucial infrastructure at our sites, which are essential for maintaining uninterrupted telecommunication services.

Potential impact
The impacts of climate-induced events, such as flooding, can be severe. Direct exposure to water poses a threat to mobile equipment, power switchboards and batteries across our sites. Such damage can disrupt our operational capabilities and result in service outages. Furthermore, the financial implications of repairing or replacing equipment, coupled with potential service disruptions, could result in revenue losses and reputational damage.

Mitigating actions
Establishing three physical locations for our mobile network operation ensures full redundancy. In the event of a site being flooded, seamless continuity is assured through fail-over datacentres safeguarding against service disruptions. Furthermore, multiple climate protection activities at exposed sites are carried out, with more to come in the short-term future.

● Environment

Responding to climate risks

We apply the recommendations from the Task Force on Climate Related Financial Disclosures (TCFD) to understand, identify and report on climate-related risks and opportunities.

We identify short, mid- and long-term climate risks, and we report on them in our annual response to the Carbon Disclosure Project (CDP). As recommended by the TCFD, we describe our 1) governance, 2) strategy, 3) risk management and 4) metrics and targets in relation to climate risks.

Governance
Climate-related risks are identified via TDC NET's Enterprise Risk Management (ERM) process. Risk assessments cover all areas of our value chain – upstream, downstream and in our direct operations. Our ERM process is conducted every half year. Risks are assessed based on a two-dimensional heatmap rating system that estimates the impact of a risk on financials or reputation, and the likelihood of the risk materialising.
The most significant risks are reviewed and assessed by our Executive Leadership Team, Audit Committee and Board of Directors.

Strategy
Our strategic direction for sustainability is presented on pages 19-20 of this report. Supporting our corporate strategy, five priority areas have been identified through our materiality assessment:

- Climate action
- Health and safety
- Diversity and inclusion
- Digital trust
- Governance, compliance and conduct

See pages 28-47 of this report for more information on targets and achievements related to the priority areas.

Risk management
TDC NET identifies and monitors both physical and transition-related climate risks. In our annual CDP response, we describe the identified risks and the planned mitigation actions in detail.

Key risks and mitigation actions

See page 57 for risk #8 on climate change adaptation for a description of key climate related risk impacting on TDC NET's business. Climate change will lead to an increase in extreme weather events, such as heavy downpours and flooding, which could damage our facilities, equipment and infrastructure.

Specific mitigation measures at our most critical facilities include water sensors and water alarms in our facilities, emergency power supply, frequent examination of the pump and drainage system, and advanced pump, well and drainage systems for efficient water removal. We have increased the frequency of maintenance and have prepared emergency contingency plans, terrain changes etc. to mitigate the impact of these risks materialising.

Specific risks include acute and long-term risks related to climate change (for example, extreme weather events such as heavy downpours causing flooding and landslides) that can impact on our facilities and equipment, but also the introduction of carbon tax. Based on the risk score, some of the identified risks have been brought to the attention of the Audit Committee.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Metrics and targets
Our 2030 net-zero target for the entire value chain is validated by the Science Based Targets initiative.

Page 28 of this report gives an overview of performance against targets for our priority areas, including climate and nature. We also disclose our progress in our annual response to the CDP.

Corporate governance

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

Shareholders and general meeting
TDC NET is a privately held company, ultimately owned by three Danish pension funds, ATP, PKA and PFA comprising 50% of the ownership, with international infrastructure investment funds managed by Macquarie Group comprising the other 50% of the ownership. Our ultimate shareholders exercise their rights at the Annual General Meeting through a holding company, TDC Holding A/S, which owns 100% of TDC NET Holding directly, and TDC NET A/S indirectly.

The Board of Directors
Each year at the Annual General Meeting, our shareholder elects six members to the Board of Directors for a term of one year. Board members may be re-elected. In addition, our employees elect three members, pursuant to Danish mandatory rules, every four years. The next election will be held in 2024.

The Board of Directors is responsible for the overall and strategic management of the company and appoints an Executive Committee comprising the CEO and CFO. The members of the Executive Committee are not members of the Board of Directors. The Executive Committee is responsible for the day-to-day management of the company with the assistance of the Executive Leadership Team. The responsibilities and the division of duties between the Board of Directors and the Executive Committee are clearly outlined and described in the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Executive Committee.

Our governance model

Our Articles of Association are available at this **link →**

TDC NET also reports on the Danish Corporate Governance Recommendations to create further transparency for investors and other stakeholders. This is available at this **link →**

The Board of Directors' work in 2023

The Board of Directors has worked with the Executive Committee on defining our new ambitious transformation aimed at making TDC NET Denmark's undisputed market leader by 2030 – within mobile network, broadband and customer experience. The Board of Directors continuously monitors TDC NET's work with sustainability*. The entire Board oversees our sustainability priority: climate and nature. In late 2023, our Board of Directors adopted a new biodiversity strategy aligned with the 30-by-30 ambition set at COP15 in Montreal: To preserve 30% of nature on land and water by 2030.

With assistance from the Audit Committee, in 2023 the Board of Directors focused in particular on our management of cyber security risks. The Board of Directors conducted its annual evaluation in November 2023 with assistance from an external adviser based on inputs from each board member and the Executive Committee from a questionnaire and individual interviews. The result of the evaluation was discussed at a board meeting in December 2023. The evaluation revealed that the composition of and the competencies within the Board are satisfactory. The Board sufficiently monitors the operational and financial management of the company. The Chair manages the meetings well and ensures a safe forum for everyone to speak openly and honestly.

Roles and responsibilities

Each layer in our governance model has different responsibilities. Our Board of Directors approves our strategy, and our board committees review performance data and results to ensure we reach our targets. The Executive Committee is responsible for progress towards targets. Lastly, our ESG Governance Forums, which are chaired by members of the Executive Leadership Team, ensure coordination across the company to drive results to deliver on targets. The forums meet quarterly and include senior leaders with accountability for the relevant areas.

Meeting attendance:

Board member	Board of Directors	Audit Committee	Nomination & Compensation Committee	Health & Safety Committee
Henrik Clausen	●●●●●●●●●	●●●●●	●●●●●●○	●●●●
Frank Hyldmar	●●●●●●●●●		●●●●●●●	●●●●
Natalia Akst	●●●●●●●●●	○●●●●	●●●●●●●	●●●●
Susanne Juhl	◌●●○●●●●●	◌●●●●		
Martin Præstegaard	●◌◌◌◌◌◌◌◌	●◌◌◌◌		
Geoffrey Shakespeare	●●●●●●●●●			
Gabriela Styf Sjöman	●●●○●●●●●			
Ole Mølgaard Andersen	●●●●●●●●●			
Svend Bank Andreasen	●●●●●●●●●			
Pernille Bloch	◌●●●●●●●●			
Kurt Nielsen	●◌◌◌◌◌◌◌◌			
Total	9	5	7	4

● Attended ○ Not attended ◌ Not a Board/Chairship member at the time

Numbers above indicate number of meetings attended out of the total possible numbers of meetings.

*TDC NET Sustainability Policy, approved by the Board of Directors, is available here **link →**

Board committees

The Board of Directors has appointed an Audit Committee (AC), a Compensation & Nomination Committee (CNC), and a Health & Safety Committee (H&SC) to supervise certain fields and prepare cases to be decided on subsequently by the Board of Directors. Read about the mandate of each committee here **link →**

	Audit Committee	Compensation & Nomination Committee	Health & Safety Committee
Members	· Susanne Juhl (Chair) · Henrik Clausen · Natalia Akst	· Frank Hyldmar (Chair) · Henrik Clausen · Natalia Akst	· Frank Hyldmar (Chair) · Henrik Clausen · Natalia Akst
Purpose	The AC assists the Board of Directors in monitoring the financial and sustainability reporting as well as risk management of the company's key financial and business risks. The mandate of the AC is set out in the Committee Charter.	The CNC assists the Board of Directors in matters relating to the nomination and remuneration of the Board of Directors and the Executive Committee, and supervision of the remuneration of the management at all levels. The mandate of the CNC is set out in the Committee Charter.	The H&SC assists the Board of Directors in supervising and setting the strategy for our work with strengthening the health and safety of our employees and contractors' employees. The mandate of the H&SC is set out in the Committee Charter.
Focus areas in 2023	**Cyber security** The AC continuously monitors our management of cyber security risks and in 2023, the AC focused on the implementation of the new requirements from NIS2. **Sustainability reporting** The AC has supervised our readiness for sustainability reporting in accordance with the CSRD. The AC has adopted a new Committee Charter to reflect the new scope of supervisoury duties of the AC under CSRD. **Financial strategy** The AC focuses continuously on monitoring management of our financial strategy, especially our debt management.	**Incentives** The CNC has set out a new long-term incentive plan for our key managers to support our transformation for 2024-2026. **Diversity and Inclusion** We want our employees to reflect the diversity of the people connected by our infrastructure, and we work to employ and integrate underrepresented groups in society. The CNC assisted the board with developing our new diversity and inclusion policy in December 2022, and in 2023, the CNC worked with the Executive Leadership Team on initiatives to create a more diverse employee population in relation to nationality, age, and gender. **Nomination of new executive leaders** To execute our ambition to be Denmark's undisputed market leader by 2030, the CEO has recruited new skilled people for our Executive Leadership Team in close dialogue with the CNC.	**Reporting** Our data on health and safety is continuously being improved through the H&SC's scrutiny of our reporting. **Contractors' health and safety** We want to ensure that the people who work for us have a safe and healthy working environment, and the H&SC therefore also focuses on the health and safety of our contractors.
Oversees sustainability priorities	· Digital trust · Governance, compliance and conduct	· Diversity and inclusion	· Health and safety
Adopted policies	· Tax Principles · Information Security Policy	· Diversity and Inclusion Policy · Remuneration Policy · Statement on the competence required by the Board of Directors	

Board of Directors

Henrik Clausen

Chair since 2020
1963, male, Danish

- Elected by the shareholders
- Not independent[1]
- Joined in 2020
- Re-elected in 2023
- Term to expire in 2024

Education
MSc in Civil Engineering, Technical University of Denmark. MSc in Business. Administration, INSEAD, France.

Other managerial duties
Member of the Board of Directors of the Technical University of Denmark. Member of the Board of Directors of Dansk Erhverv.

Frank Hyldmar

Deputy Chair since 2021
1961, male, Danish

- Elected by the shareholders
- Not independent[2]
- Joined in 2021
- Re-elected in 2023
- Term to expire in 2024

Education
MSc in Economics, Copenhagen Business School, Denmark.

Other managerial duties
Chairman of the Board, Currenta GmbH, CEO of Currenta GmbH[3]. Member of the Board of Directors of YIT Oyj.

Gabriela Styf Sjöman

1969, female, Swedish

- Elected by the shareholders
- Independent
- Joined in 2021
- Re-elected in 2023
- Term to expire in 2024

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

Other managerial duties
Member of the Board of Directors of Global Legal Entity Identifier Foundation (GLEIF). Managing Director Research and Network Strategy, BT Group, United Kingdom.

[1] As the member stepped down as CEO of TDC Holding A/S on 8 December 2021.

[2] As of 1 January 2024, the board member has a business relationship with an ultimate shareholder.

[3] As of 1 January 2024, Frank Hyldmar has stepped down as CEO of Currenta GmbH and at the same time was appointed Chairman.

Board of Directors

Geoffrey Shakespeare
1961, male, Irish

- Elected by the shareholders
- Independent
- Joined in 2021
- Re-elected in 2023
- Term to expire in 2024

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

Other managerial duties
Managing Director of Shakespeare Advisory Ltd and Shakespeare Telecommunication Ltd.

Susanne Juhl
1971, female, Danish

- Elected by the shareholders
- Independent
- Joined in 2023
- Term to expire in 2024

Education
MSc, Political Science, Aarhus University, Denmark. Master's degree in Public Administration and Public Policy from London School of Economics and Political Science, UK. Executive MBA, Imperial College Business School, London, UK.

Other managerial duties
Chair of the Board of Directors of HOFOR A/S, BIOFOS A/S. Deputy Chair of the Board of Directors, M. J Eriksson A/S, Member of the Board of Directors in Evida A/S, Technical University of Denmark, A/S Politiken Holding and Politiken Fonden.

Natalia Akst
1988, female, German

- Elected by the shareholders
- Not independent
- Joined in 2022
- Re-elected in 2023
- Term to expire in 2024

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

Other managerial duties
Managing Director at Macquarie Asset Management, Member of the Board of Directors in Virtus Data Centres LTD.

Board of Directors

Ole Mølgaard Andersen

1965, male, Danish

- Elected by the employees
- Not independent
- Joined in 2021
- Term to expire in 2024

Service Technician at TDC NET.

Education
Blacksmith, Aalborg Technical School, Denmark.

Other managerial duties
Deputy Chairman and Secretary of Dansk Metal Tele Vest.

Svend Bank Andreasen

1959, male, Danish

- Elected by the employees
- Not independent
- Joined in 2021
- Term to expire in 2024

Senior Project Manager at TDC NET.

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

Other managerial duties
Deputy Chairman of the Board in LTD.

Pernille Bloch

1966, female, Danish

- Elected by the employees
- Not independent
- Joined in 2023
- Term to expire in 2024

Shift Supervisor at TDC NET.

Education
Diploma in commerce (in Danish: merkonom).

Other managerial duties
Deputy Chairman of the Board of LTD .

[1] Pernille Bloch replaced Kurt Nielsen on the Board of Directors per 27 March 2023.

Statutory report on gender diversity, pursuant to Sections 99b and 107d of the Danish Financial Statements Act

Board of Directors

The TDC NET's Board of Directors has a balanced gender distribution, as three out of six shareholder-elected Board members are women, corresponding to 50% men / 50% women.

Other management levels

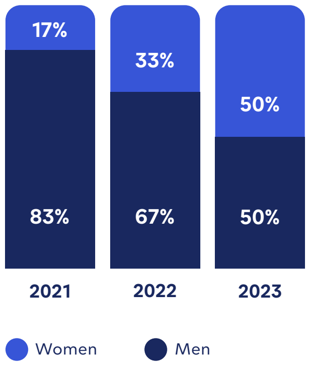
At management levels below Board of Directors, we have a target of 30/70 gender split in 2025, as described in TDC NET Diversity and Inclusion Policy.

In 2023, the split was 85% men / 15% women at our first level of management (ELT). At our second level of management (SLT) the split was 31% men / 69% women.

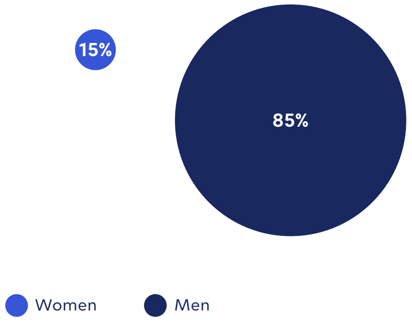
To reach our 2025 target, we will strengthen our pipeline by increasing our focus on diversity in our recruitment and promotion processes. This includes a structured review of qualifications, broader perspectives and discussions about diversity to ensure we find the right candidate.

Management level	Status 2023	Target	Year for reaching target
Board of Directors	Total number of shareholder elected board members: 6 3 men / 3 women 50% men / 50% women	40/60 composition	No target year as gender distribution is balanced
First level of management (Executive Leadership Team (ELT))	Total ELT: 13 11 men / 2 women 85% men / 15% women	30/70 composition	2025
Second level of management (Senior Leadership Team (SLT))	Total SLT: 39 27 men / 12 women 69% men / 31% women	30/70 composition	2025

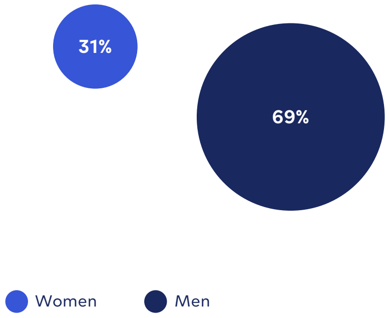
Board of Directors



First level of management (2023)
(Executive Leadership Team (ELT))



Second level of management (2023)
(Senior Leadership Team (SLT))



Executive Leadership Team

The 10 members of the Executive Leadership Team ensure alignment between company goals and mission.

Michel Jumeau (Chief Executive Officer) and Henrik Brandt (Chief Financial Officer) constitute the Executive Committee in TDC NET.

The Executive Committee is supported by the Executive Leadership Team, which is responsible for the day-to-day management of the company and the progress of reaching our strategic targets. Through a cohesive decision process, the Executive Leadership Team drives initiatives, promotes cross-functional teamwork, engages with stakeholders, and establishes partnerships for the broader goal of connecitivy to achieve our mission of connecting Denmark. For Everyone.

Standing from left to right:

Torben Svejgaard
Head of Delivery & Field Service

Selina Lomholdt
Chief Human Resources Officer

Robert Dogonowski
CCO, Head of Commercial & Partners

Jakob Dirksen
Chief Technology Officer

Christian Fröhlich
Head of Legal & Regulatory

Seated from left to right:

Angelos Cacouros
Head of Strategy, Transformation & Sustainability

Campbell Fraser
Chief Information Officer

Henrik Brandt
Chief Financial Officer

Michel Jumeau
Chief Executive Officer

Executive Comittee

Michel Jumeau
Chief Executive Officer

- Born in 1972
- Appointed in 2022

Education
MSc in Engineering, Télécom Paristech, France.

Career
TDC NET A/S
2022 –
EVP, Chief Executive Officer

Orange A/S
2005 - 2022
EVP, Deputy CEO, Consumer Business (2018-2022)
SVP, Marketing & Digital Officer (2011-2018)
VP, Market strategy (2008-2011)
Management positions (2005-2008)

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

Henrik Brandt
Chief Financial Officer

- Born in 1981
- Appointed in 2023

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

Career
TDC NET A/S
2023 –
EVP, Chief Financial Officer

Vestas A/S
2007 - 2022
SVP, Chief Financial Officer, South Europe, MENA & LATAM (2017-2022)
VP, Head of Group FP&A & Performance management (2016-2017)
VP, Operational Performance & Cost Control (2013-2016)
Various management positions (2007-2013)

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

Policies and grievance mechanism

Our policies
TDC NET policies constitute the framework for responsible business conduct and support the governance of risks. We raise awareness of our policies with new employees as part of their onboarding. Accountability and escalation routes for these policies culminate with the Board of Directors and related committees.

Our Whistleblower system
TDC NET is committed to providing a safe environment for employees to speak up if they witness misconduct. If employees or business partners see or suspect a violation of applicable laws or TDC NET's policies and procedures, we depend on them to report it to our Whistleblower system. This allows for the Whistleblower system to conduct a fair and objective investigation and address the issues. Our Whistleblower system is hosted on a secure, external website to ensure an independent and autonomous channel. Reports can be made anonymously, and all cases are kept confidential, except in instances when this is specifically prohibited by law. TDC NET has zero tolerance for retaliation taken against whistleblowers and witnesses. To support the availability of our Whistleblower system, the system is publicly accessible 24/7 on TDC NET's corporate website and internally on our intranet in Danish and English. Additional information about our Whistleblower system and how to file a report is available through the link provided in the table on the right side.

Our Whistleblower system is established in accordance with the Danish legislation on whistleblowers, and the implemented grievance mechanism is designed to adhere to the "Protect, Respect and Remedy" framework of the United Nations Guiding Principles on Business and Human Rights.

TDC NET policies[1]

Environment	Social	Governance
Sustainability Policy (external) Supplier Code of Conduct (external)		
Environmental Policy as part of Sustainability Policy (external)	HR Policy (internal)[2]	Anti-Corruption Policy as part of Sustainability Policy (external)
	Diversity and Inclusion Policy (external)	Data Ethics and Responsible Processing of Data Policy (external)
	Occupational Health and Safety Policy (internal)[3]	Disclosure Policy (internal)
	Remuneration Policy (external)	Information Security Policy (internal)
		Whistleblower Policy (external)
		Tax Principles (external)

[1] External TDC NET policies are available via this **link →**
[2] Approved by ESU.
[3] Adopted by the Main Work Council (HSU) after recommendation from the bi-party H&S Committee (AmU).

ESG statements

Environmental data

Intensity ratios	2023	2022	2021	2020	2019
Energy intensity (MWh of electrical energy / PB of data throughput)	7.8	9.2	9.8	11.0	12.1
Carbon emissions intensity (tCO_2e of Scope 1 and 2 market-based emissions / PB of data throughput)	1.4	3.6	4.5	4.7	5.1

Energy (MWh)					
Electricity	189,896	199,769	197,801	191,204	190,127
Heat	13,256	13,014	11,677	12,041	11,834
Transport	34,599	35,714	33,917	33,226	33,602
Total energy consumption (MWh)	**237,751**	**248,497**	**243,395**	**236,471**	**235,563**
Consumption of purchased or acquired electricity from renewable sources	135,235	-	-	-	-
Consumption of purchased or acquired electricity from non-renewable sources	54,661	-	-	-	-
Share of renewable electricity (%)	71%	-	-	-	-

Emissions (metric tonnes CO_2e)	2023	2022	2021	2020	2019
Scope 1	8,440	9,228	8,265	8,241	8,393
Scope 2 location-based	15,880	20,143	28,466	24,450	29,090
Scope 2 market-based	24,751	72,199**	81,873	72,825	71,678
Scope 3	83,719	88,478*	105,502*	126,012*	-
Total Scope 1, 2 and 3 market-based emissions (metric tonnes CO_2e)	**116,910**	**169,904***	**195,190***	**207,078***	**-**
Total Scope 1 and 2 market-based (metric tonnes CO_2e); target baseline	**33,191**	**81,426****	**90,138**	**81,066**	**80,071**

* These figures have been recalculated compared with the disclosed numbers in previous reports to ensure full year on year comparability between reporting years. Further details can be found in the Scope 3 accounting principles on page 83.

** Corrections have been made to Scope 2 market-based emissions due to an update of the electricity and heat emission factors that occurred after last year's reporting.

Environmental data

Scope 3 by category (metric tonnes CO_2e)	2023	2022	2021	2020	2019
1: Purchased goods and services & 2: Capital goods	70,653	71,051*	86,658*	105,901*	-
2: Capital goods	Included in cat. 1	Included in cat. 1	Included in cat. 1	Included in cat. 1	-
3: Fuel and energy-related activities	4,616	9,827*	10,974*	10,368*	-
4: Upstream transportation and distribution	942	1,268*	1,641*	1,372*	-
5: Waste generated in operations	32	67	32	23	-
6: Business travel	1,096	999*	806*	977*	-
7: Employee commuting	1,283	1,051	492	1,078	-
11: Use of sold products (direct)	2,994	2,650*	2,542*	4,503*	-
12: End-of-life treatment of sold products	1	1*	1*	2*	-
13: Downstream leased assets	2,103	1,564*	1,904*	1,788*	-
Total Scope 3 emissions (metric tonnes CO_2e)	**83,719**	**88,478***	**105,052***	**126,012***	-

* These figures have been recalculated compared with disclosed numbers in previous reports to ensure full year on year comparability between reporting years. Further details can be found on page 83.

Waste (metric tonnes)	2023	2022	2021	2020	2019
Non-hazardous – landfill	4.2	2.8	3.1	21.7	-
Non-hazardous – composting	0.0	14.6	5.5	18.7	-
Non-hazardous – recycling	927.9	870.6	921.4	1,014.4	-
Non-hazardous – energy recovery and incineration	342.6	360.5	370.8	519.8	-
Total non-hazardous waste (metric tonnes)	**1,274.8**	**1,248.4**	**1,300.9**	**1,574.6**	**-**
Hazardous – landfill	0.0	0.0	0.1	-	-
Hazardous – composting	0.0	0.0	0.0	-	-
Hazardous – recycling	3.6	17.6	28.2	8.1	-
Hazardous – energy recovery and incineration	1.0	0.6	0.7	0.5	-
Hazardous – other, incl. recycling and energy recovery	0.0	0.0	0.0	0.1	-
Total hazardous waste (metric tonnes)	**4.6**	**18.3**	**29.0**	**8.7**	**-**
Total waste disposed (metric tonnes)	**1,279.4**	**1,266.7**	**1,329.8**	**1,583.4**	-
Waste recycled (%)	73%	70%	71%	65%	-

Social data

Occupational health and safety – Employees	2023	2022	2021	2020	2019
Fatalities (number)	0	0	0	0	0
Injuries with lost time – LTI (number)	24	29	39	31	25
Injuries without lost time (number)	84	65	53	50	40
Total injuries – TRI (number)	**108**	**94**	**92**	**81**	**65**
Days of absence (number)	274	189	437	410	289
Injury incidence (injuries with lost time per 10,000 employees)	104	122	160	153	124
Rate of fatalities* [1]	0	0	0	0	0
Lost time injury frequency rate – LTIFR*[2]	5.2	6.1	8.0	7.6	6.2
Total recordable injury frequency rate – TRIFR*[3]	23.5	19.8	18.9	20.0	16.2
Near-miss accidents reported (number)	2,087	924	169	20	-
Rate of near-miss accidents*[4]	454	194	35	5	-

Fatalities - contractors	2023	2022	2021	2020	2019
Fatalities (number)	0	0	0	0	0

Employees by gender (headcount)	2023	2022	2021	2020	2019
Men (number)	2,130	2,318	2,375	2,181	-
Women (number)	587	639	633	495	-
Men (%)	78%	78%	79%	82%	-
Women (%)	22%	22%	21%	18%	-

* For calculation of rates from 2023 and onwards, we have changed yearly hours worked per employee from 1,645 hours to 2,000 hours in order to align with the methodology used in the European Sustainability Reporting Standards. Due to this change, we have also changed the historic data to ensure comparability year on year.
1 Calculated as number of fatal accidents per one million working hours.
2 Calculated as number of injuries with lost time per one million working hours.
3 Calculated as total injuries (with/without lost time) per one million working hours.
4 Calculated as number of near-miss accidents per one million working hours.

Employees by employment category (headcount – number)	2023	2022	2021	2020	2019
Executive Leadership Team – men	11	-	-	-	-
Executive Leadership Team – women	2	-	-	-	-
Senior Leadership Team – men	27	-	-	-	-
Senior Leadership Team - women	12	-	-	-	-
All people managers (total) – men	182	199	197	179	-
All people managers (total) – women	59	48	58	40	-
Non-managers – men	1,948	2,119	2,178	2,002	-
Non-managers – women	528	591	575	455	-

Employees by employment category (%)	2023	2022	2021	2020	2019
Executive Leadership Team – men	85%	-	-	-	-
Executive Leadership Team – women	15%	-	-	-	-
Senior Leadership Team – men	69%	-	-	-	-
Senior Leadership Team – women	31%	-	-	-	-
All people managers (total) – men	76%	81%	77%	82%	-
All people managers (total) – women	24%	19%	23%	18%	-
Non-managers – men	79%	78%	79%	81%	-
Non-managers – women	21%	22%	21%	19%	-

Social data

Employees by contract type (headcount – number)	2023	2022	2021	2020	2019
Employees on permanent contracts – men	2,125	2,316	2,354	2,173	-
Employees on permanent contracts – women	585	633	609	489	-
Employees on temporary contracts – men	5	2	21	8	-
Employees on temporary contracts – women	2	6	24	6	-
Employees by employment type (headcount – number)					
Employees in full-time employment – men	2,077	2,273	2,319	2,152	-
Employees in full-time employment – women	555	592	582	459	-
Employees in part-time employment – men	53	45	56	29	-
Employees in part-time employment – women	32	47	51	36	-
Employees by age group (headcount – number)					
Employees under 30 years old	275	320	292	243	-
Employees 30-50 years old	1,113	1,190	1,186	1,026	-
Employees over 50 years old	1,329	1,447	1,530	1,407	-

Employees by age group (%)	2023	2022	2021	2020	2019
Employees under 30 years old	10%	11%	10%	9%	-
Employees 30-50 years old	41%	40%	39%	38%	-
Employees over 50 years old	49%	49%	51%	53%	-
Employee performance reviews – by gender and employee category* (%)					
% of appraisal – managers/supervisors - men	84%	93%	93%	94%	-
% of appraisal – managers/supervisors - women	90%	83%	96%	100%	-
% of appraisal – non-management - men	94%	92%	95%	96%	-
% of appraisal – non-management - women	90%	91%	91%	99%	-
Employee training					
Average training hours (hours per FTE)	3.7	5.5	5.3	5.1	-
Employee statistics – other					
% of total employees covered by collective bargaining agreement (%)	88%	87%	-	-	-
Employee turnover rate – total (%)	16%	-	-	-	-
Fathers and non-birth mothers taking parental leave (%)*	88%	95%	86%	68%	-
Number of different nationalities (number)	30	30	30	24	-
Age of oldest employee (years)	71	70	69	71	-
Age of youngest employee (years)	17	18	17	16	-

*Excluding Dansk Kabel TV employees.

Governance data

Gender representation – Board of Directors	TDC NET	Dansk Kabel TV	TDC Holding A/S
Men (number)	3	4	4
Women (number)	3	0	2
Total	**6**	**4**	**6**
Men (%)	50%	100%	67%
Women (%)	50%	0%	33%

Gender representation – Board of Directors of TDC NET	2023	2022	2021	2020	2019
Men (number)	3	4	5	-	-
Women (number)	3	2	1	-	-
Total	**6**	**6**	**6**	-	-
Men (%)	50%	67%	83%	-	-
Women (%)	50%	33%	17%	-	-

Independent board members	2023	2022	2021	2020	2019
Percentage of independent board members (%)	50%	-	-	-	-

Data privacy	2023	2022	2021	2020	2019
GDPR and security e-learning					
Employees completing a GDPR e-learning course (%)	94%	70%	98%	99%	-
Employees completing a voluntary security e-learning course (%)	88%	74%	71%	77%	-

Data transported	2023	2022	2021	2020	2019
Data transported (TB of data throughput)	23,301,162	21,740,130	20,132,123	17,372,825	15,665,078

Supplier engagement	2023	2022	2021	2020	2019
JAC audits					
JAC audits conducted (number)	6	2	-	-	-
EcoVadis					
Suppliers eligible for EcoVadis (number)	86	92	-	-	-
Suppliers reporting to EcoVadis (number)	52	40	-	-	-
Risk covered (Spend on suppliers reporting to EcoVadis/Spend on suppliers eligible for EcoVadis) (%)	71%	64%	-	-	-
Weighted average score of suppliers reporting to EcoVadis (%)	65%	68%	-	-	-

Governance data

Whistleblower reports to TDC NET A/S	2023	2022	2021	2020	2019
Reports submitted to the whistleblower system (number)	9	2	0	1	-

ESG ratings					
CDP score	B	B	B	-	-
CDP supplier engagement score	A-	B	A-	-	-
EcoVadis award	*	Platinum	Platinum	Silver	Gold
GRESB infrastructure ESG score	95	96	86	65	61
Sustainalytics risk score	18.6 (Low)	-	12.8 (Low)	-	-

* Awaiting our 2023 EcoVadis score based on the submitted 2023 assessment.

EU Taxonomy reporting

The EU Taxonomy (Regulation (EU) 2020/852) is a classification system, for environmentally sustainable economic activities, that helps investors determine the sustainability of their investments.

Eligibility versus alignment
An economic activity is considered taxonomy-eligible if it is described in the Taxonomy's delegated acts. To be considered taxonomy-aligned (environmentally sustainable), the activity must also:

- Meet the substantial contribution criteria
- Meet the 'Does not significantly harm' criteria
- Be conducted in compliance with the minimum safeguards.

Assessing our Taxonomy-eligible activities
As a provider of digital infrastructure, TDC NET owns and operates data centres. TDC NET's eligible activities are related to the EU Taxonomy's activity 8.1 "Data processing, hosting and related activities" in the appendix on climate mitigation. These activities cover storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres including edge computing.

TDC NET's Taxonomy-eligible, but not Taxonomy-aligned data processing and hosting, is measured on three KPIs: 1) revenue, 2) capitalised expenditures (capex), and 3) operating expenses (opex). The financial figures are presented in our Consolidated Financial Statements 2023 on page 90 and onwards in this report, prepared in accordance with International Financial Reporting Standards (IFRS).

TDC NET's assessment is in compliance with Regulation (EU) 2020/852 and the associated amendments to the annexes of the disclosure Delegated Act as issued on 13 June 2023.

KPI 1: Turnover
Numerator
Taxonomy-eligible turnover is calculated as the turnover (revenue) generated from data processing and hosting activities.

Denominator
Turnover (revenue) is defined on page 100 of this report, note 2.1: Revenue.

KPI 2: Capex
Numerator
Taxonomy-eligible capex is defined as capex related to investment in the efficiency of our data centres.

Denominator
Additions of tangible and intangible assets during the financial year considered before depreciation, amortisation and any remeasurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. Additions of tangible and intangible assets are presented in notes 3.1-3.3 in our Consolidated Financial Statements.

KPI 3: Opex
Numerator
Taxonomy-eligible opex includes overall operational expenses for the operation, maintenance and servicing of our data centres.

Denominator
Opex is defined as direct non-capitalised costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenses relating to day-to-day servicing of property, plant and equipment assets.

Double counting
We avoid double counting as the numbers are divded into different data categories within the same data dimension (area of responsibility). This ensures that data cannot be double counted.

Assessing our Taxonomy-aligned activities
Using the EU Taxonomy Compass, we have assessed whether our eligible activities also meet the substantial contribution and 'does not significantly harm' criteria while complying with minimum safeguards. For an eligible activity to be considered aligned, all criteria must be met.

The EU Taxonomy regulation is still evolving, and the requirements for claiming Taxonomy-alignment continue to increase. We have reviewed our eligible economic activity 8.1 against the extensive substantial contribution and 'does not significant harm' criteria as well as minimum safeguards, and we have evaluated that we currently do not have all the required detailed documentation available. We have therefore chosen to apply a conservative approach and not disclose any Taxonomy alignment for the financial year of 2023.

As part of our ongoing preparations for compliance with the EU Corporate Sustainability Reporting Directive, we are developing detailed documentation that will also meet the 'does not significantly harm' criteria and minimum safeguards.

Potential to enable other sectors
The telecommunications sector has a potential to enable other sectors to reduce their own carbon emissions via green digital solutions. The current version of the EU Taxonomy does not reflect the critical role of the telecommunications sector in building infrastructure for the successful digitalisation of society – now and in the future. Digital solutions are necessary to achieve the EU Green Deal's sustainability goals. With the purpose of connecting Denmark, TDC NET is rolling out both fibre and the 5G mobile network. Both solutions are considered more energy efficient than previous alternatives. The EU Taxonomy regulation does not include criteria for the economic activity "Provision and operation of a network infrastructure for telecommunications", which is the core of TDC NET's business and has significant potential for enabling for the green transition.

TDC NET is a member of the European Telecommunications Network Operators Association (ETNO). Here, telco operators collaborate for the inclusion of such criteria and improved guidance in future versions of EU Taxonomy.

Proportion of turnover/Total turnover

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0.23%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of capex/Total capex

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	1.09%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Proportion of opex/Total opex

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	5.98%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

KPI 1: Turnover

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	Turnover DKKm (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional			0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Data processing, hosting and related activities	8.1	15	0.23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.23%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	**8.1**	**15**	**0.23%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.23%**		
A. Turnover of Taxonomy eligible activities (A.1+A.2)	**8.1**	15	**0.23%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.23%**		
B. Taxonomy-non-eligible activities																			
Turnover of Taxonomy-non-eligible activities		**6,446**	**99.77%**																
Total		**6,461**	**100%**																

KPI 2: Capex

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	Capex DKKm (3)	Proportion of capex, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) capex, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional			0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Data processing, hosting and related activities	8.1	33	1.09%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.83%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	**8.1**	**33**	**1.09%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.83%**		
A. Capex of Taxonomy eligible activities (A.1+A.2)	**8.1**	**33**	**1.09%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0.83%**		
B. Taxonomy-non-eligible activities																			
Capex of Taxonomy-non-eligible activities		**3,004**	**98.91%**																
Total		**3,037**	**100%**																

KPI 3: Opex

Financial year 2023	Year			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')(h)									
Economic Activities (1)	Code (a) (2)	Opex DKKm (3)	Proportion of opex, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) opex year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
A. Taxonomy-eligible activities																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)			**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0%**		
Of which Enabling			0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	N	0%	E	
Of which Transitional			0%	0%						N	N	N	N	N	N	N	0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
Data processing, hosting and related activities	8.1	57	5.98%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								5%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	**8.1**	**57**	**5.98%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**5%**		
A. Opex of Taxonomy eligible activities (A.1+A.2)	**8.1**	**57**	**5.98%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**5%**		
B. Taxonomy-non-eligible activities																			
Opex of Taxonomy-non-eligible activities		**896**	**94.02%**																
Total		**953**	**100%**																

ESG accounting principles

Boundary setting

Based on our materiality assessment, the content of this report focuses on the issues that we consider most material to our business and society.

TDC NET's ESG accounting principles set out the criteria, assumptions and principles for calculating our environmental, social and governance (ESG) data, aligned with international reporting standards such as the Global Reporting Initiative (GRI) and the GHG Protocol. This includes our energy consumption, greenhouse gas emissions, waste, safety, employee-related and governance data. The share of TDC Group's emissions is fully covered by TDC NET.

The scope covers our facilities in Denmark, equipment, supply chain, operations and administration. Our ESG data includes all companies under the umbrella of TDC NET, unless otherwise stated. Dansk Kabel TV is included in all the environmental data figures as well as employee figures reported, unless otherwise stated. For health and safety figures, Dansk Kabel TV is not included, as it has no system for safety reporting. Fiberkysten's transport-related consumption is also considered, as TDC NET has partial ownership of the company.

Data collection period

Our ESG data was collected from 1 January to 31 December 2023.

Environment

Energy and carbon intensity ratios

Energy intensity is calculated based on electrical energy consumed (MWh) per petabyte of actual data traffic output in TDC NET's network. The traffic reported is the average output traffic measured at the periphery of the network over a year.

Carbon emissions intensity is calculated based on total direct emissions from operations (Scope 1 and 2 greenhouse gas emissions measured in tonnes of CO_2e) per petabyte of actual data traffic output in our network. The traffic reported is the output traffic measured at the periphery of the network over a year.

Energy

Electricity (MWh) measured directly by meters across our sites.

Heat (MWh) covering oil, natural gas and district heating taken directly from supplier invoices as volume or cost.

Transport (MWh) covering fuel data from petrol and diesel based on data from company fuel cards. From 2023 onwards, electric vehicle electricity consumption is sourced from TDC NET's electric vehicle partner, Homecharge

Share of renewable electricity consumed is calculated by dividing consumption of purchased or acquired electricity from renewable sources (MWh) by consumption of purchased or acquired electricity from non-renewable sources (MWh), both obtained from EnergiDanmark and the other electricity suppliers.

Consumption of purchased or acquired electricity from renewable sources (MWh) is solely made up of TDC NET's Purchase Power Agreement (PPA) with Better Energy, through which a fixed 140 GWh of solar electricity is delivered as part of the commitment to renewable energy.

CO_2e emissions calculation methodology

We report our emissions in line with the World Business Council for Sustainable Development GHG Protocol methodology which classes emissions into three groups: Scopes 1, 2 and 3.

2020 is our baseline year for our all scopes.

To calculate emissions, we apply specific conversion factors to our activity data. We use emission factors from our suppliers, from Energinet and from DEFRA (*Department for Environment, Food & Rural Affairs (2019) – UK Government GHG Emission Conversion Factors for Company Reporting*) to translate this activity data into CO_2 and greenhouse gas (GHG) or CO_2e emissions.

Scopes 1 and 2

To calculate our CO_2e emissions, we collect activity data, e.g., litres of gasoline and diesel and GWh consumed by our technicians in their vans as well as GWh of electricity purchased across our operations on an annual basis.

This data is sourced from:

- **Electricity:** consumption is measured directly from ~15,000 meters across our sites.
- **Oil, natural gas, district heating:** taken directly from supplier invoices as volume or cost.
- **Transportation fuels:** diesel and gasoline data from company fuel cards, as these cards should be used for 100% of fossil fuel purchased. From 2023 onwards, electric vehicle electricity consumption is sourced from TDC NET's electric vehicle partner, Homecharge.

We use fuel conversion factors to convert our fuel into kWh. For petrol, diesel, oil and natural gas, we use the official UK government / DEFRA fuel conversion factors. These factors are updated on an annual basis, according to the newest published factors from DEFRA.

For location-based emission factors, there is a significant time lag between our publication and the issuance of the correct factor for the given year. In our reporting, we use the latest available emission factors. Once the actual emission factors are made available, we update our emissions to reflect any possible change.

Emissions related to TDC Group are allocated to TDC NET.

Scope 3

Nine of the fifteen Scope 3 categories have been found to be relevant for our business. In 2020, we performed our first Scope 3 inventory and reported for 2019 and 2020. In 2023, data calculation was further automated and methodological improvements were applied. All changes were applied retroactively going back to 2020 to ensure comparability year-on-year. We report in line with the Scope 3 Guidance for Telecommunication Operators published by GMSA/GeSI/ITU, which complements the Greenhouse Gas Protocol.

Changes made in 2023 occurred in the following categories:

- **Categories 1 & 2:**
  - Inventories calculated automatically through the CO_2e module of the spend visibility tool Sievo going back to 2020. New inflation factors and exchange rates were used compared with previous reporting years, as well as consistent mappings for all years between the Exiobase database of emission factors used by Sievo and our procurement spend taxonomy.
  - More suppliers moved from EEIO to Supplier Allocation Method. Where previous years' data was not available, the closest full year data was applied retroactivily to years without data.
  - Product carbon footprint data was used for Radio Access Network Hardware. Data is available for 2022 and 2023, previous years' was estimated based on CO_2/DKK.
  - All spend at subsidiaries is now included going back to 2020
- **Category 3** underwent methodological changes due to unavailability of geography specific emission factors used in previous years. Methodological changes have been applied retroactively to ensure comparability.
- **Category 4** has an addition of spend on minor suppliers that were previous reported in categories 1 & 2 and all transportation spend at subsidiaries now goes back to 2020
- **Category 6** has additional activity allocated from subsidiaries and also includes fuel purchased by employees for business related travel.
- **Category 11** now assumes a 5-years lifetime for routers, including a first time use of 3 years and a second life of a refurbished device of two years.
- **Category 13** uses activity data for floorspace from the Scope 1 and 2 tool in 2022 and 2023.

Category 1: Purchased goods and services & Category 2: Capex

These two categories are reported together. There are two different methodologies for calculating emissions, depending on data availability. They range from most to least accurate:

a) **Product carbon footprint:** When PCF data is available, it is used. Spend on items with PCFs is then removed from the total spend on those suppliers, and method b) or c) is applied on the portion of the spend without PCFs.

b) **Supplier allocation method:** If the transparency of supplier data for Scopes 1, 2 and 3 is 'sufficient', then we calculate our share of their emissions by using the following formula:

TDC spend / Supplier revenue * Supplier footprint (Scope 1, Scope 2 market & Scope 3 upstream).

There is a threshold for what is considered 'sufficient', where the supplier must:

- Publish Scope 1 emissions
- Publish preferably, market-based Scope 2 emissions but location-based emissions are used otherwise
- Have a full Scope 3 inventory for upstream emissions, with a minimum of purchased goods and services

The 'sufficiency' criteria are expected to be updated every year for the top 100 suppliers ranked by EEIO. Average annual exchange rates are used and the best available 12-month data from each supplier.

c) **Environmentally extended input output method:** If suppliers' Scope 1, 2 and 3 data is insufficient, then we estimate the footprint using EEIO modelling, based on the Exiobase database.

Calculations are automated with the Sievo CO_2 module.

Category 3: Fuel and energy-related activities
To calculate these emissions, we use activity data from Scope 1 and market-based Scope 2 emission factors from EnergiNet, DEFRA (*Department for Environment, Food & Rural Affairs (2021) – UK Government GHG Emission Conversion Factors for Company Reporting*) to CO_2 equivalent emissions.

Category 4: Upstream transportation
All transportation is accounted for in this category as we source the transportation. Actual activity data is provided by our transportation supplier, and we use estimated data based on spend for subsidiaries and minor suppliers.

Category 5: Waste
We use supplier-specific tonnage for all waste. We use emission factors from DEFRA (Department for Environment, Food & Rural Affairs (2021) – UK Government GHG Emission Conversion Factors for Company Reporting) to translate this activity data into CO_2 equivalent emissions.

Category 6: Business travel
- **Air**: use supplier specific data on km travelled on short, medium, long-haul, business and economy, with DEFRA emission factors
- **Hotel**: use nights spent in each country and the DEFRA emission factor
- **Rental cars**: use supplier-specific and invoice data and assume 50/50 split of petrol and diesel
- **Taxi**: use invoice data and DEFRA emission factor for taxis
- **Public transport**: use invoice data and supplier specific emission factor (spend/revenue*CO_2 footprint of Danske Statsbaner (DSB railway company)
- **Sea travel**: estimate number of cars on ferry and used CO_2/kg transported

Category 7: Employee commuting
A 2020 survey of employees provided detailed responses on the commuting habits of 115 employees. Using this information to model trends for the whole organisation, we adjust it according to office occupancy rates from facility management.

Category 11: Use of sold products
This category includes routers sold/leased as well as Optical Network Terminals (ONT). To calculate the emissions generated, we first determine the energy consumed by the devices, based on the wattage for a typical user profile. To calculate the lifetime of the device, we make type-specific assumptions. Using the activity data generated from the exercise, we calculate emissions using the location-based grid emission factor from the national grid.

Category 12: End of life of sold products
This category includes ONTs sold to third parties over the reporting year, and the number installed in that year. Assumptions are made for the average composition of WEEE and the end-of-life treatment.

Category 13: Downstream leased assets
For floor space leased for commercial and residential purposes, we used m^2 data for each site. We estimated the electrical consumption in kWh/m^2 for commercial using assumptions based on TDC locations that are purely administrative, and used the average residential kWh/m^2 for Denmark calculated by Statistics Denmark.

Waste
TDC NET's suppliers provide our consumption data. The data is then split, based on the location of the waste, into three categories; TDC Group, Nuuday and TDC NET. The waste flows belonging to TDC Group are then assigned to Nuuday and TDC NET based on the employee ratio, excluding the employees who are "on-site" technicians. The waste flows are assigned to GRI categories, based on the type of waste and the final waste route. The detailed guidance for the split of the waste flows is provided in the waste data tool, which

is updated annually. Dansk Kabel TV is also included in the overall waste volumes for TDC NET.

Social

Occupational health and safety

Fatalities is the number of fatal accidents reported during the year. We report on number of fatalities for our own employees and contractors separately.

Injuries with lost time (LTI) is the number of incidents reported during the year where the employees did not come to work on the following day due to the accident.

Injuries without lost time is the number of incidents reported during the year where the employees came to work on the day after the accident.

Total injuries (TRI) is the sum of fatalities, injuries with lost time and injuries without lost time.

Days of absence is the total combined number of days where employees were absent from work due to work-related incidents.

Injury incidence is calculated as: (Number of injuries with lost time/number of employees) x 10,000.

Rate of fatalities is calculated as the number of fatal accidents per one million working hours. We calculate 2,000 hours worked yearly per FTE.

Lost time injury frequency rate (LTIFR) is calculated as the number of injuries with lost time per one million working hours. We calculate 2,000 hours worked yearly per FTE.

Total recordable injury frequency rate (TRIFR) is calculated as the number of injuries with/without lost time per one million working hours. We calculate 2,000 hours worked yearly per FTE.

Near-miss accidents is the number of near-miss accidents reported during the year.

Rate of near-miss accidents is calculated as the number of near-miss accidents per one million working hours. We calculate 2,000 hours worked yearly per FTE.

Employee data

Employees by gender is the number/percentage of employees who are men and women, employed at the company at year end.

Employees by employment category is the number/percentage of employees who are employed at the company during the reporting year at year end, who have managerial or non-managerial responsibilities, divided by gender (men/women).

We report on the following leadership levels:

- Executive Leadership Team (ELT) covering people managers reporting to the CEO
- Senior Leadership Team (SLT) covering people managers reporting to ELT
- All people managers (total) incl. ELT and SLT
- Non-managers

People managers are defined as managers with minimum one direct report.

Employees by contract type is the number of employees who are employed at the company at year end, who had either a permanent or temporary contract, divided by gender (men/women).

Employees by employment type is the number of employees who are employed at the company at year end, who were either employed in a full-time or a part-time capacity, divided by gender (men/women). A 37-hours workweek is considered full-time, while working less than 37 hours a week is considered part-time.

Employees by age group is the number/percentage of employees who are employed at the company at year end, divided into three age brackets: 1) employees under 30 years old, 2) employees 30-50 years old and 3) employees over 50 years old.

Employee performance reviews is the percentage of employees who are employed at the company during the reporting year and at year end, who have received a performance review during the reporting year, divided by gender (men/women) and employee category (managerial responsibility/non-managerial responsibility). Managers are defined as people managers with minimum one direct report.

Average training hours (hours per FTE) is calculated as the total number of hours of training provided to employees in 2023 at TDC NET locations and paid for by TDC NET (internally and externally), divided by the total number of employees at year end (headcount).

Percentage of total employees covered by collective bargaining agreements is the percentage of employees who are employed at the company at year end, who were covered by collective bargaining agreements.

Employee turnover rate (total) is the share of employees who have left TDC NET within the last 12 months compared with the average number of employees in the same period. The total turnover rate covers both involuntary and voluntary turnover.

Percentage of fathers and non-birth mothers taking parental leave includes every father or non-birth mother who started or took paternity leave (maximum 2–4 weeks) in the period 1 January – 31 December 2022. Of these, we calculated how many have subsequently taken parental leave with pay (up to 18 weeks, depending on the collective agreement) until (and including) 31 December 2023. Employees who have not taken additional leave and who have resigned up to 250 days after paternity leave are excluded from the calculations. Source: salary system.

Number of different nationalities counts from the Statistics Denmark report.

Age of the oldest employee is the age in years of the employee who is employed at the company at year end with the earliest birthday compared with all other employees employed at the company at the same time.

Age of the youngest employee is the age in years of the employee who is employed at the company at year end with the latest birthday compared with all other employees employed at the company at the same time.

Due to changes in our company structure, historical figures before 2020 are not available.

Dansk Kabel TV employees are part of the employee reporting and figures.

Governance

Gender representation – Board of Directors is a number/ percentage of the number of directors on the Board of Directors of TDC NET, Dansk Kabel TV and TDC Holding A/S who are men and women, at year end of the reporting year.

Gender representation – Board of Directors of TDC NET is a number/percentage of the number of directors on the Board of Directors who are men and women, at year end of the reporting year. This includes only directors elected by the Annual General Meeting; employee representatives are excluded.

Percentage of independent board members is calculated as number of independent board members divided by the total number of board members elected by the general meeting. For definition of independent board members, we follow the Danish recommendation for corporate governance.

Data privacy

Percentage of employees who completed a GDPR e-learning course is calculated as the number of employees who were employed at the company at the time of the last report end of day at the 30 November and who completed a GDPR e-learning course during the period of the campaign from the start of October to the end of November, divided by the total number of employees at the time of the 30 November who were eligible to complete the training.

Percentage of employees who completed a voluntary security e-learning course is the percentage of employees who completed at least one NanoLearning activity by the end of the reporting year. The figure only considers employees who were employed at TDC NET, at year end, and were eligible to take the training.Year end is defined as 31 December, only e-learnings completed before this date are to be included in the calculation for the reported figure.

Data transported

Data transported is delivered as total Terabytes (TB) of output data for the whole network of TDC NET from 1 January to 31 December. This is based on average traffic measurements sampled every 5 minutes, from which an average per second per year is calculated and converted into a 'Terabytes per year' datapoint.

Supplier engagement

JAC audits: TDC NET applies a risk-based Category Management approach to determine eligibility for JAC audits. Suppliers with a weighted average risk score of medium and high for environmental or social impacts, that also have >DKK 10m are eligible, provided there is a fixed site to audit, such as a factory. Data is consolidated annually, as are supplier risk scores. Spend data is extracted from the spend visibility tool Sievo, and audit reports are accessed through the JAC Audit Management Platform. Factories in TDC NET's supply chain with on-site audits are defined as the number of JAC audits conducted by any JAC member on sites belonging to or used by a TDC NET supplier or sub-supplier.

EcoVadis: TDC NET applies a risk-based Category Management approach to determine eligibility for EcoVadis reporting. Suppliers with a weighted average risk score of medium or high for environmental or social impacts, that also have >DKK 1m, are eligible. Data is consolidated annually, as are supplier risk scores. Spend data is extracted from the spend visibility tool Sievo, and EcoVadis participation and scores are determined through the EcoVadis platform.

Whistleblower reports to TDC NET A/S

Reports submitted to the whistleblower system is measured as the total number of reports submitted to TDC NET's whistleblower system from 1 January to 31 December.
TDC NET's whistleblower system is handled by an external law firm.

External ratings

ESG ratings include our annual ratings in different rating systems, for example our CDP score, CDP supplier engagement score, the EcoVadis award, the GRESB infrastructure ESG score and Sustainalytics risk score. This information can also be found in publicly available sources and on the rating systems' websites.

About the sustainability pages

The annual report represents TDC NET's compliance with sections 99a, 99b, 99d and 107d of the Danish Financial Statements Act.

International standards
The sustainability pages of this report have been prepared in accordance with the Global Reporting Initiative Standards 'Core' option. The GRI Reference Index table is available on our **website link →**, which specifies the GRI standards used and lists the disclosures together with the appropriate references.

We have also provided information in alignment with the Task Force on Climate Related Financial Disclosures (TCFD).

We have assessed eligibility according to the EU Taxonomy for sustainable investment and the disclosure obligation in Article 8 of the regulation. See pages 77-81.

TDC NET's participates in the UN Global Compact (UNGC). The UN Global Compact has introduced a new Communication on Progress (COP) system, hence TDC NET's COP reporting will be available on the UNGC's COP platform together with our CEO's statement of continued support.

External assurance
Independent external assurance has been obtained for this report.

The independent auditor's report for our ESG data on pages 71-76 is provided by Deloitte and can be found on pages 160-161.

Availability
TDC NET's sustainability reports for previous years are available at tdcnet.dk.

For ESG data before 2020, read the annual reports for TDC Group available at tdcgroup.com.

Please consult **sustainability@tdcnet.dk** for questions or feedback on sustainability at TDC NET.

Financial statements

Consolidated financial statements

Income statement

(DKKm)	Note	2023	2022
Revenue	2.1	6,461	6,639
Cost of sales	2.2	(236)	(262)
Gross profit		6,225	6,377
External expenses	2.3	(914)	(1,102)
Personnel expenses	2.4	(994)	(1,027)
Other income	2.1	378	272
Operating profit before depreciation, amortisation and special items (EBITDA)		4,695	4,520
Depreciation, amortisation and impairment losses	2.5	(2,926)	(2,491)
Special items	2.6	(78)	(50)
Operating profit (EBIT)		1,691	1,979
Financial income and expenses	4.4	(1,898)	411
Profit before income taxes		(207)	2,390
Income taxes	2.7	(157)	(472)
Profit/(loss) for the year		**(364)**	**1,918**
Attributable to:			
Shareholders		(364)	1,918
Profit/(loss) for the year		**(364)**	**1,918**

Statement of comprehensive income

(DKKm)	Note	2023	2022
Profit/(loss) for the year		(364)	1,918
Total comprehensive income		**(364)**	**1,918**

EBITDA

(Development)

3.9%

Balance sheet

Assets (DKKm)	Note	2023	2022
Non-current assets			
Intangible assets	3.1,3.2	11,377	11,726
Property, plant and equipment	3.3	16,807	16,242
Lease assets	3.4	971	1,227
Joint ventures and associates		2	2
Amounts owed by group companies		1,438	2,114
Other receivables		27	27
Prepaid expenses		21	30
Total non-current assets		**30,643**	**31,368**
Current assets			
Inventories		33	33
Trade receivables	3.5	379	365
Other receivables		11	37
Contract assets	3.6	69	57
Amounts owed by group companies		1,103	1,008
Derivative financial instruments		496	1,174
Prepaid expenses		127	138
Cash		1,855	2,240
Total current assets		**4,073**	**5,052**
Total assets		**34,716**	**36,420**

Equity and liabilities (DKKm)	Note	2023	2022
Equity			
Share capital		-	-
Retained earnings		1,867	2,964
Total equity	4.1	**1,867**	**2,964**
Non-current liabilities			
Deferred tax liabilities	2.7	499	451
Provisions	3.7	289	309
Loans	4.2,4.5	20,298	22,275
Spectrum licence fee liabilities	4.5	1,417	1,636
Lease liabilities	3.3	672	1,036
Other payables		140	141
Total non-current liabilities		**23,315**	**25,848**
Current liabilities			
Loans	4.2,4.5	5,105	3,583
Spectrum licence fee liabilities	4.5	268	190
Lease liabilities	3.4	352	296
Trade payables		1,778	1,941
Other payables		1,126	530
Contract liabilities	3.6	606	473
Amounts owed to group companies		124	253
Income tax payable	2.7	22	147
Derivative financial instruments		120	176
Provisions	3.7	33	19
Total current liabilities		**9,534**	**7,608**
Total liabilities		**32,849**	**33,456**
Total equity and liabilities		**34,716**	**36,420**

Statement of cash flows

(DKKm)	Note	2023	2022
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		4,695	4,520
Adjustment for non-cash items		(44)	(1)
Payments related to provisions	3.7	(12)	(7)
Special items	2.6	(57)	(89)
Change in working capital	5.1	93	56
Interest received		528	140
Interest paid		(1,642)	(1,022)
Income tax paid	2.7	(234)	(402)
Total cash flow from operating activities		**3,327**	**3,195**
Investing activities			
Investment in enterprises	5.2	-	(126)
Investment in property, plant and equipment	3.3	(2,323)	(2,579)
Investment in intangible assets	3.2	(610)	(728)
Investments in other non-current assets		(1)	(1)
Sale of property, plant and equipment		1	1
Loans to parent		-	(2,045)
Total cash flow from investing activities		**(2,933)**	**(5,478)**

(DKKm)	Note	2023	2022
Financing activities			
Proceeds from long-term loans	4.2	8,359	25,982
Repayments of long-term debt	4.2	(8,922)	(12,633)
Settlement of derivatives related to long-term loans		63	181
Costs relating to long-term loans		-	(45)
Lease payments		(301)	(277)
Change in interest-bearing receivables and payables		-	59
Capital contribution		17	-
Dividend paid		-	(8,750)
Total cash flow from financing activities		**(784)**	**4,517**
Total cash flow		**(390)**	**2,234**
Cash and cash equivalents at 1 January		2,240	12
Effect of exchange rate changes on cash and cash equivalents		5	(6)
Cash and cash equivalents at 31 December		**1,855**	**2,240**

Cash flow from operating activities
(DKKm)

3,327

A strong result from operating activities, notably due to improved EBITDA of DKK 175m achieved through opex efficiencies and effective working capital management.

Statement of changes in equity

(DKKm)	Share capital	Retained earnings[1]	Total
Equity at 1 January 2022	**-**	**9,796**	**9,796**
Profit for the year	-	1,918	1,918
Total comprehensive income	-	1,918	1,918
Distributed dividends	-	(8,750)	(8,750)
Total transactions with shareholders	-	(8,750)	(8,750)
Equity at 31 December 2022	**-**	**2,964**	**2,964**
Loss for the year	-	(364)	(364)
Total comprehensive income	-	(364)	(364)
Capital contribution	-	17	17
Distributed dividends	-	(750)	(750)
Total transactions with shareholders	-	(733)	(733)
Equity at 31 December 2023	**-**	**1,867**	**1,867**

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

Notes to consolidated financial statements

Notes

Section 1

Basis of preparation

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

1.1 | Accounting policies

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

The group's financial statements for 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

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

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

The accounting policies are unchanged compared with the policies applied in the Annual Report 2022.

Consolidation policies
The consolidated financial statements include the financial statements of the parent company and subsidiaries of which the parent has direct or indirect control.

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

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

1.2 | Critical accounting estimates and judgements

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

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

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

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

1.3 | New accounting standards

The group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2023. None of the changes have affected recognition or measurement in the financial statements, nor are they expected to have any future impact.

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

Section 2

Profit for the year

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

Revenue
(Development)

(2.7)%

YoY driven by acceleration in the consumer transition towards high-speed technologies

2023:
6,461m

2022:
6,639m

Operational expenses
(Development)

(17.6)%

Compared with 2022, achived through mitigation of the electricity prices through PPAs

2023:
1,530m

2022:
1,857m

2.1 | Revenue

Specification of revenue from products (DKKm)	2023	2022
Landline voice	386	455
Mobile services	2,717	2,748
Internet & network	2,411	2,391
TV	413	443
Other services	534	602
Total	**6,461**	**6,639**

Comments

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

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

Critical accounting estimates and judgements

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

Management applies judgement when determining whether revenue from a contract shall be recognised at a point of time or over time. When the Group concludes contracts involving the sale of complex products and services, management judgements are required to determine whether complex products or services shall be recognised together or as separate products and services.

Revenue streams from Internet & Network
(Development)

0.8%

YoY due to shifts in our RGU bases towards high-speed technologies with a higher ARPU

2023 (DKKm) 2,411

2022 (DKKm) 2,391

2.1 | Revenue (continued)

§ Accounting policies

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

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

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

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

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

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

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

In case of contracts for longer periods, and if the payment exceeds the services rendered, contract liabilities are recognised, see note 3.6.

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

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

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

Other income

Other income comprises mainly accounting items of a secondary nature such as profit from sale of assets, termination of lease contracts and sale of other services compared with the company's principal activities.

2.2 | Cost of sales

(DKKm)	2023	2022
Landline voice	(42)	(56)
Internet & network	(81)	(96)
TV	(4)	(8)
Other services	(109)	(102)
Total	**(236)**	**(262)**

§ Accounting policies

Cost of sales includes transmission costs and cost of goods sold. Transmission costs include external expenses related to operation of mobile and landline networks and leased transmission capacity as well as interconnection costs related directly to the primary income. Cost of sales also includes terminal equipment and transmission material.

2.3 | External expenses

(DKKm)	2023	2022
Properties and cars	(370)	(534)
IT and equipment regarding service contracts	(269)	(295)
Contractors and consultants	(122)	(117)
Temps and personnel-related expenses	(91)	(90)
Other	(62)	(66)
Total	**(914)**	**(1,102)**

Comments

The lower costs of properties and cars are primarily due to costs related to power. The reduction is caused by lower prices and a switch to solar power.

§ Accounting policies

External expenses include expenses related to IT, property, expenses related to staff, capacity maintenance, service contracts. Contracts regarding solar parks are accounted as external expenses.

2.4 | Personnel expenses

(DKKm)	2023	2022
Wages and salaries (including short-term and long-term bonuses)	(1,626)	(1,631)
Pensions (defined contribution plans)	(189)	(186)
Social security	(30)	(35)
Total	**(1,845)**	**(1,852)**
Of which capitalised as tangible and intangible assets	851	825
Total personnel expenses recognised in the income statement	**(994)**	**(1,027)**

Remuneration for the Executive Committee[1] and the Board of Directors (DKKm)	2023	2022
Base salary (incl. benefits)	7,5	6,7
Cash bonus	2,8	2,4
Pensions	1,1	1,1
Long-term incentive programme	2,2	1,4
Management incentive programme	0,1	4,0
	13,7	15,6
Redundancy compensation	1,7	2,5
Key management in total	15,4	18,1
Fee to the Board of Directors	8,2	6,7
Total	**23,6**	**24,8**

[1] During 2023, the remuneration to the Executive Committee comprised 2 members on average (2022: 2 members).

Comments

In 2023, the average number of full-time employee equivalents was 2,696 (2022: 2,808).

Incentive programmes
See note 6.1.

§ Accounting policies

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

2.5 | Depreciation, amortisation and impairment losses

(DKKm)	2023	2022
Amortisation of intangible assets, cf. note 3.2	(502)	(534)
Depreciation of property, plant and equipment, cf. note 3.3	(1,822)	(1,679)
Depreciation of lease assets, cf. note 3.4	(307)	(286)
Impairment losses, cf. notes 3.2 and 3.3	(312)	(11)
Of which capitalised as tangible and intangible assets	17	19
Total	**(2,926)**	**(2,491)**

Impairment losses in 2023 are affected by reassessment of software that lead to a write-down of DKK 265m.

2.6 | Special items

(DKKm)	2023	2022
Costs related to redundancy programmes	(73)	(43)
Loss from rulings	(5)	-
Other restructuring costs, etc.	-	(7)
Special items before income taxes	**(78)**	**(50)**
Income taxes related to special items	17	11
Total special items	**(61)**	**(39)**

Cash flow from special items(DKKm)	2023	2022
Redundancy programmes	(54)	(45)
Other	(3)	(44)
Total	**(57)**	**(89)**

Critical accounting judgements

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

§ Accounting policies

Special items are significant amounts that Management considers are not attributable to normal operations such as restructuring costs and special write-downs for impairment of intangible assets and property, plant and equipment.

Special items are disclosed on the face of the income statement.

2.7 | Income taxes

	2023			2022		
Income taxes (DKKm)	Income taxes expensed	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)	Income taxes expensed	Income tax payable/ (receivable)	Deferred tax liabilities/ (assets)
At 1 January		147	451		174	354
Income taxes for the year	(189)	139	50	(489)	390	99
Adjustment of tax for previous years	32	(30)	(2)	17	(15)	(2)
Income tax paid		(234)			(402)	
Total	**(157)**	**22**	**499**	**(472)**	**147**	**451**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities		22	499		147	451
Tax receivable/deferred tax assets		-	-		-	-
Total		**22**	**499**		**147**	**451**
Income taxes are specified as follows:						
Income excluding special items	(174)			(483)		
Special items	17			11		
Total	**(157)**			**(472)**		

2.7 | Income taxes (continued)

Deferred tax (DKKm)	2023 Deferred tax assets	2023 Deferred tax liabilities	2023 Total[1]	2022
Other	(37)	-	(37)	(5)
Current	**(37)**	**-**	**(37)**	**(5)**
Intangible assets	-	735	735	726
Property, plant and equipment	(179)	-	(179)	(194)
Lease assets and liabilities	(11)	-	(11)	(24)
Other	(9)	-	(9)	(52)
Non-current	**(199)**	**735**	**536**	**456**
Deferred tax at 31 December	**(236)**	**735**	**499**	**451**

Comments

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

2.7 | Income taxes (continued)

	2023		2022	
Effective tax rate (DKKm)	DKKm	%	DKKm	%
Danish corporate income tax rate	28	22.0	(536)	22.0
Limitation on the tax deductibility of interest expenses	(243)	(187.8)	24	(1.0)
Adjustment of tax for previous years	32	24.7	17	(0.7)
Other	9	6.2	12	(0.5)
Effective tax excluding special items	**(174)**	**(134.9)**	**(483)**	**19.8**
Special items	17	59.1	11	(0.1)
Effective tax including special items	**(157)**	**(75.8)**	**(472)**	**19.7**

Comments

The effective tax rate in 2023 is higher than the statutory tax rate, which is due to a negative effect from the limitation on the tax deductibility of interest expenses.

§ Accounting policies

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

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

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

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

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

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

Section 3

Operating assets and liabilities

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

Intangible assets
(Development)

(3.0)%

2023: **11,377m**

2022: **11,726m**

Property, plant and equipment
(Development)

3.5%

2023: **16,807m**

2022: **16,242m**

3.1 | Impairment

Impairment test of assets

The annual impairment test is an assessment of whether the cash generating unit will be able to generate sufficient positive net cash flow in the future to support the carrying amount of the assets related to the unit. The carrying amount of assets with indefinite useful lives is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out on 1 October 2023 and on 1 October 2022,
respectively.

Management has concluded any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of assets to exceed the recoverable value.

Cash-generating unit

There is only one cash-generating unit in TDC NET which reflects the way management makes decisions for the future activities and assesses the business performance.

Key assumptions

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

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

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

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

The impairment test is sensitive to possible changes in the key assumptions, which may result in future impairments. If the WACC applied as discounting factor in the calculations increases/ decreases by 1.0% and all other things being equal, the value in use would decrease/increase by DKK 10.2bn and 16.8bn, respectively. Under the same assumptions, a 1.0% decrease/increase in the market-based growth rate would the value in use decrease/increase by DKK 8.2bn and 13.4bn, respectively. A 10% increase/decrease in EBITDA during the forecast period as well as the terminal period would change the value in use by DKK 6.9bn. All the above-mentioned changes in key assumptions would not cause the carrying amount of goodwill to exceed the recoverable value. With the present relation between WACC and growth rate the WACC can increase to approximately 13.3% pre-tax with a growth rate at 3.7% before the carrying amount of goodwill will exceed the recoverable value. The impairment test has been prepared on the basis that the company continues to operate with the current set-up.

Assumptions regarding recoverable amounts and projected earnings

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

- Steady growth in mobility services gross profit
- Increased gross profit from highspeed broadband, stemming from the group's growing fibre footprint, continued large coax customer base and increased ARPU from higher average speed on products
- Customer base for legacy products such as landline, TV and DSL assumed to decrease at higher rates than historically
- Short term increase in capital expenditure as part of our end-to-end transformation to support long term profitability in terms of both revenue growth and cost savings. From 2025 and onwards there will be a steady decrease in capex due to cost optimisation and optimisation of ongoing investments to maintain capacity, quality etc. in the networks
- Savings driven by initiatives generated by our end-to-end transformation programme with reductions of both external and personnel expenses.

Key assumptions for calculating the value in use for the significant goodwill and brand amounts (DKKm)	2023	2022
Carrying amount of goodwill at 31 December (DKKm)	6,980	6,980
Carrying amount of brand at 31 December (DKKm)	1,287	1,287
Market-based growth rate applied at 1 October to extrapolated projected future cash flows for the period following 2030	2.3%	2.3%
Applied pre-tax discount rate at 1 October	8.2%	8.5%

3.1 | Impairment (continued)

Critical accounting estimates and judgements

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

The sensitivity of changes in the assumptions used to determine the recoverable amount may be significant. Furthermore, the use of other estimates or assumptions when determining the recoverable amount of the assets may result in other values and could result in required impairment of assets.

§ Accounting policies

Impairment tests on intangible assets with indefinite useful lives and other non-current assets are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying amounts may not be recoverable. All assets are tested if an event or circumstance indicates that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, an impairment loss is recognised. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

3.2 | Intangible assets

	2023					2022				
(DKKm)	Goodwill	Brands	Licences	Other rights, software, etc.	Total	Goodwill	Brands	Licences	Other rights, software, etc.	Total
Cost at 1 January	6,980	1,287	3,941	4,337	16,545	6,980	1,287	4,423	3,798	16,488
Additions	-	-	-	418	418	-	-	-	536	536
Additions related to acquisition of activities	-	-	-	-	-	-	-	-	126	126
Assets disposed of or fully amortised	-	-	(2)	(598)	(600)	-	-	(482)	(123)	(605)
Cost at 31 December	**6,980**	**1,287**	**3,939**	**4,157**	**16,363**	**6,980**	**1,287**	**3,941**	**4,337**	**16,545**
Amortisation and impairment losses at 1 January	-	-	(1,505)	(3,314)	(4,819)	-	-	(1,840)	(3,049)	(4,889)
Amortisation	-	-	(148)	(354)	(502)	-	-	(147)	(387)	(534)
Impairment	-	-	-	(265)	(265)	-	-	-	(1)	(1)
Assets disposed of or fully amortised	-	-	2	598	600	-	-	482	123	605
Amortisation and impairment losses at 31 December	**-**	**-**	**(1,651)**	**(3,335)**	**(4,986)**	**-**	**-**	**(1,505)**	**(3,314)**	**(4,819)**
Carrying amount at 31 December	**6,980**	**1,287**	**2,288**	**822**	**11,377**	**6,980**	**1,287**	**2,436**	**1,023**	**11,726**

Cash flow (DKKm)	2023	2022
Additions, cf. table on previous page	(418)	(536)
Instalments regarding mobile licences	(192)	(192)
Cash flow from investment in intangible assets	**(610)**	**(728)**

3.2 | Intangible assets (continued)

Comments

Assets with indefinite useful lives other than goodwill related to the TDC brand were unchanged at DKK 1,287m compared with 2022.

The carrying amount of software amounted to DKK 822m (2022: DKK 1,023m). The addition of internally developed software totalled DKK 140m (2022: DKK 139m).

Software in progress amounted to DKK 277m (2022 DKK 348m)

The carrying amount of Danish spectrum mobile licences amounted to DKK 2,288m (2022: DKK 2,436m) and is shown in the next table. Of this, DKK 228m relates to licences not yet in use, which is unchanged from last year.

Spectrum licences

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

3.2 | Intangible assets (continued)

Critical accounting estimates and judgements

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

§ Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated write-downs for impairment. Write-downs of goodwill are not reversed.

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

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

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

The main amortisation periods are as follows:

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

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

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

3.3 | Property, plant and equipment

	2023					2022				
(DKKm)	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total
Cost at 1 January	502	43,898	1,271	666	46,337	495	41,625	1,185	715	44,020
Transfers (to)/from other items	1	435	31	(467)	-	2	482	12	(496)	-
Additions	1	1,914	82	438	2,435	5	1,861	98	447	2,411
Assets disposed of	(1)	(30)	(39)	-	(70)	-	(70)	(24)	-	(94)
Cost at 31 December	**503**	**46,217**	**1,345**	**637**	**48,702**	**502**	**43,898**	**1,271**	**666**	**46,337**
Depreciation and impairment losses at 1 January	(164)	(28,637)	(955)	(339)	(30,095)	(158)	(27,167)	(837)	(337)	(28,499)
Depreciation	(4)	(1,683)	(135)	-	(1,822)	(6)	(1,531)	(142)	-	(1,679)
Impairment	-	(29)	(1)	(17)	(47)	-	(9)	-	(2)	(11)
Assets disposed of	-	30	39	-	69	-	70	24	-	94
Depreciation and impairment losses at 31 December	**(168)**	**(30,319)**	**(1,052)**	**(356)**	**(31,895)**	**(164)**	**(28,637)**	**(955)**	**(339)**	**(30,095)**
Carrying amount at 31 December	**335**	**15,898**	**293**	**281**	**16,807**	**338**	**15,261**	**316**	**327**	**16,242**

Cash flow (DKKm)	2023	2022
Additions, cf. table above	(2,435)	(2,411)
Non-cash additions/deductions regarding decommissioning obligations	(38)	(35)
Change in additions not yet paid	125	(152)
Capitalised interest	8	-
Capitalised depreciations cf. note 2.5	17	19
Cash flow from investment in property, plant and equipment	**(2,323)**	**(2,579)**

3.3 | Property, plant and equipment (continued)

Critical accounting estimates

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

In 2023 copper estimated useful lives are revaluated due to the technological developments and depreciation plans are adjusted in accordance to this. The effect in 2023 are DKK 77m higher depreciations.

§ Accounting policies

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

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

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

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

Buildings	20 years
Network infrastructure:	
mobile networks	20 years
copper	17-20 years
coax	20 years
fibre	30 years
exchange equipment	3-15 years
other network equipment	3-20 years
Equipment (computers, tools and office equipment)	3-15 years

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

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

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

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

Customer-placed equipment is capitalised and depreciated over the estimated useful life of the individual asset.

3.4 | Lease assets and liabilities

Lease assets (DKKm)	2023				2022			
	Land and buildings	Network infrastructure	Vehicles and equipment	Total	Land and buildings	Network infrastructure	Vehicles and equipment	Total
Carrying amount at 1 January	1,022	9	196	1,227	1,065	12	141	1,218
Additions	130	-	54	184	181	-	119	300
Disposals	(124)	-	(9)	(133)	(1)	-	(4)	(5)
Depreciation	(244)	(2)	(61)	(307)	(223)	(3)	(60)	(286)
Carrying amount at 31 December	**784**	**7**	**180**	**971**	**1,022**	**9**	**196**	**1,227**

Lease liabilities (DKKm)	2023	2022
Recognised in the balance sheet at present value:		
External lease liabilities	484	487
Lease liabilities due to group companies	540	845
Total	**1,024**	**1,332**
Of which presented as current	(352)	(296)
Total non-current	**672**	**1,036**
Maturing between 1 and 3 years	400	488
Maturing between 3 and 5 years	119	374
Maturing between 5 and 10 years	104	114
Maturing between 10 and 20 years	49	60
Total non-current	**672**	**1,036**

Amounts recognised in the income statement (DKKm)	2023	2022
Expense relating to short-term leases	(36)	(58)
Expense relating to leases of low-value assets	(1)	(1)
Depreciation charge of lease assets, cf. above	(307)	(286)
Interest expense (included in financing costs)	(35)	(36)

Comments

The total cash outflow for leases in 2023 amounted to DKK 336m (2022: DKK 313m). The amount is excluding short-term leases and leases of low-value assets.

TDC NET is continuously aiming at decommissioning legacy networks as a measure to obtain costs savings. The decommissioning plans imply a reduced need for leasing square meters for technical equipment and as a result TDC NETs leasing agreement with TDC Holding related to technical premises were amended with regard to the notice period. Based on the new contracts the lease periods for the lease assets and liabilities have been reassessed which resulted in a net gain of DKK 58m recognised in other income.

3.4 | Lease assets and liabilities (continued)

Reconciliation of lease liabilities (DKKm)	2023	2022
Carrying amount at 1 January	1,332	1,313
Lease payments	(301)	(277)
New lease contracts	183	300
Other non-cash movements	(190)	(4)
Carrying amount at 31 December	**1,024**	**1,332**

Comments

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

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

§ Accounting policies

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

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

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

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

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

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

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

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

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

Lease assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the lease asset is depreciated over the underlying asset's useful life cf. note 3.3.

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

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

3.5 | Trade receivables

(DKKm)	2023	2022
Trade receivables	400	382
Expected credit losses	(21)	(17)
Trade receivables, net	**379**	**365**
Expected credit losses at 1 January	(17)	(19)
Expected credit losses recognised	(8)	(10)
Realised credit losses	2	2
Reversed expected credit losses	2	10
Expected credit losses at 31 December	**(21)**	**(17)**

Trade receivables (DKKm)	Not yet due	Less than 1 month past due	More than 1 month past due	More than 3 months past due	More than 6 months past due	Total
2023						
Expected loss rate	0%	0%	0%	50%	83%	6%
Gross carrying amount	273	97	4	2	24	400
Expected credit losses	-	-	-	(1)	(20)	(21)
2022						
Expected loss rate	0%	0%	0%	50%	64%	4%
Gross carrying amount	334	19	2	2	25	382
Expected credit losses	-	-	-	(1)	(16)	(17)

Comments

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

§ Accounting policies

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

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

3.6 | Contract assets and liabilities

(DKKm)	2023	2022	1 January 2022
Work in progress for the account of third parties	69	57	52
Total contract assets	**69**	**57**	**52**
Deferred subscription income	183	193	184
Deferred subscription income from contracts with group companies	325	269	280
Other deferred income	98	11	13
Total contract liabilities	**606**	**473**	**477**

Comments

Revenue recognised in 2023 that was included in deferred subscription income at the beginning of the period amounted to DKK 461m (2022: DKK 464m).

§ Accounting policies

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

3.7 | Provisions

	2023				2022
(DKKm)	Decom-missioning obligations	Restruc-turing obligations	Other provisions	Total	
Provisions at 1 January	275	23	30	328	360
Provisions made	4	73	3	80	42
Change in present value	(28)	-	-	(28)	(31)
Provisions used (payments)	(1)	(57)	-	(58)	(36)
Unused provision reversed	-	-	-	-	(7)
Provisions at 31 December	**250**	**39**	**33**	**322**	**328**
Of which recognised through special items in the income statement		**34**	**2**	**36**	**19**
Recognised as follows in the balance sheet:					
Non-current liabilities	250	6	33	289	309
Current liabilities	-	33	-	33	19
Total	**250**	**39**	**33**	**322**	**328**

Specification of how payments regarding provisions are recognised in the statements of cash flow (DKKm)	2023	2022
Payments related to provisions	(12)	(7)
Cash flow related to special items	(46)	(29)
Total	**(58)**	**(36)**

3.7 | Provisions (continued)

Comments

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

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

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

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

§ Accounting policies

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

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

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

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

Section 4

Capital structure and financing costs

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

Net Interest Bearing Debt
(DKK)

9m

2023:
24,823m

2022:
24,814m

4.1 | Equity

Comments

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

During 2023, total equity decreased by DKK 1,097m primarily due to non-cash dividend distribution of DKK 750m and loss for the year of DKK 364m. The non-cash dividend financed TDC Holdings partially repayment of the up-stream loan that decreased to DKK 1,438m including accrued interests at year-end 2023.

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

The parent company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK 1,055m at 31 December 2023 before dividend distribution (2022: DKK 2,067m).

§ Accounting policies

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

4.2 | Loans

Comments

The group is financed through the European bond market (EMTN), bilateral term loans and the market for syndicated senior secured bank loans (Senior Term Facilities - STF). The group also has a Revolving Credit Facility to support its daily liquidity management.

In 2023 we have issued two fixed rate Eurobonds each in benchmark size of EUR 500m with maturities in respectively 2030 and 2031. Two bilateral bank facilities have been entered into during 2023 in a total of EUR 129m.

The group's term loan facilities have, apart from one in of size DKK 400m, all been issued in EUR mainly with floating interest rates. Loans with floating interest rates were swapped to fixed interest rates due to the hedge requirements set by the Common Terms Agreement defined along with establishing the new financing platform.

All TDC NET's funding including loan, bond and liquidity facilities are governed by a common terms agreement defining financial and legal covenants. The financial covenant has not been breached in 2023, and is not expected to be breached in 2024.

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

4.2 | Loans (continued)

2023	2024	2026	2027	2027	2028	2029	2030	2030	2031	Total
Maturity	Feb 2024[3]	Jun 2026	Feb 2027	Feb 2027	May 2028	Jun 2029	Feb 2030	Oct 2030	Jun 2031	
Fixed/floating rate[1]	Floating	Floating	Floating	Floating	Fixed	Floating	Fixed	Fixed	Fixed	
Coupon	Margin + floored Euribor[2]	Margin + floored Cibor[2]	Margin + floored Euribor[2]	Margin + floored Euribor[2]	5.056%	Margin + floored Euribor[2]	5.618%	5.870%	6.500%	
Currency	EUR	DKK	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Type	STF loan	STF loan	STF loan	STF loan	EMTN Bond	STF loan	EMTN Bond	STF loan	EMTN Bond	
Nominal value (currency)	685	400	75	900	500	100	500	110	500	
Nominal value (DKKm)	5,106	400	559	6,709	3,727	745	3,727	820	3,727	25,520
– Of which nominal value swapped to or with fixed interest rate (currency)	685		75	900	500	100	500	110	500	

[1] EMTNs and STF loans are in EUR, apart from one STF loan nominated in DKK. Nominal EUR 1bn is swapped to fixed DKK interest rates and the remaining part is in or swapped to fixed EUR interest rates.
[2] STF loans have a 0% Euribor or Cibor floor.
[3] In January 2024 EUR 650m of the STF loan maturing in 2024 was extended into 2025 with an option for an extension of +1+1.
EUR exposures are not considered a significant risk due to the fixed EUR/DKK exchange rate policy. NET has hedged nominal EUR 1bn to DKK.
As of 31 December 2023 there were no drawings on Revolving Credit Facilities. That is, undrawn RCFs amount to EUR 350m, maturing February 2027.

4.2 | Loans (continued)

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

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

4.2 | Loans (continued)

Net interest-bearing debt (DKKm)	2023	2022
EMTN bonds incl. short-term part	11,083	3,637
Senior term facilities incl. short-term part	14,320	18,638
Loans from TDC Holding A/S	-	3,583
Debt regarding leasing incl. short-term part	1,024	1,332
Spectrum licences fee liabilities	1,685	1,826
Derivatives	4	152
Interest-bearing receivables and investments	(1,438)	(2,114)
Cash	(1,855)	(2,240)
Total	**24,823**	**24,814**

	2023			2022
Reconciliation of loans (DKKm)	Loan from TDC Holding A/S	Loans	Total	Total
Carrying amount at 1 January	3,583	22,275	25,858	12,712
Proceeds from new loans	-	8,359	8,359	25,982
Repayment of loans	(3,599)	(5,323)	(8,922)	(12,633)
Other non-cash movements[1]	16	92	108	(203)
Carrying amount at 31 December	**-**	**25,403**	**25,403**	**25,858**
Recognised as follows in the balance sheet:				
Non-current liabilities	-	20,298	20,298	22,275
Current liabilities	-	5,105	5,105	3,583
Total	**-**	**25,403**	**25,403**	**25,858**

Comments

Events after the balance sheet date:

- In January 2024 EUR 650m of the STF loan maturing in 2024 was extended into 2025 with an option for an extension of +1+1.

§ Accounting policies

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

Other financial liabilities are measured at amortised cost.

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

The group does not apply hedge accounting.

4.2 | Loans (continued)

Net interest-bearing debt (DKKm)

2023	At 1 January 2023	Cash flow	Non-cash changes: Acquisition/disposal	Non-cash changes: Debt from new licences and leases	Non-cash changes: Currency translation adjustment	Other[2]	At 31 December 2023
Loans incl. short-term part	25,858	(563)			75	33	25,403
Lease liabilities incl. short-term part	1,332	(301)		183		(190)	1,024
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	152	63			(9)	(202)	4
Interest-bearing receivables and payables	-						-
Spectrum licence fee liabilities incl. short-term part	1,826						1,685
Amounts owed by group companies	(2,114)						(1,438)
Cash	(2,240)						(1,855)
Net interest-bearing debt	**24,814**						**24,823**

2022	At 1 January 2023	Cash flow	Non-cash changes: Acquisition/disposal	Non-cash changes: Debt from new licences and leases	Non-cash changes: Currency translation adjustment	Other[2]	At 31 December 2023
Loans incl. short-term part	12,712	13,349	-	-	(231)	28	25,858
Lease liabilities incl. short-term part	1,313	(277)	-	296	-	-	1,332
Corrections for derivatives and reversals of fixed fair values on loans due to hedge accounting[1]	-	181	-	-	274	(303)	152
Interest-bearing receivables and payables	(59)	59	-	-	-	-	-
Spectrum licence fee liabilities incl. short-term part	1,964						1,826
Amounts owed by group companies	-						(2,114)
Cash	(12)						(2,240)
Net interest-bearing debt	**15,918**						**24,814**

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

4.3 | Financial risks

Comments

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

Interest-rate risks
The group is mainly exposed to interest-rate risks in the euro area, as a majority of the nominal gross debt is de-nominated in or swapped to EUR.

Throughout 2023, the group monitored and managed its interest-rate risks using financial instruments in line with the group's financial policy targets.

The interest rate is hedged 5 years on average. This secure a stable base rate cost. The derivatives are marked to market which implies a short term risk of losses in valuation if interest rates in general decreases.

The group is exposed to potential widening of credit spread in future years. This exposure is unhedged.

Exchange-rate risks
The group has limited operational exchange-rate risks related to payables from equipment suppliers. These risks are monitored and hedged by the Treasury team.
The group has very limited exchange-rate risk in relation to its loan portfolio or RCF commitment, as all are issued in or swapped to EUR or DKK (EURDKK pegged).

Counterparty risks
The group has limited credit risk as a provider of mobile network and landline connections in Denmark, where most of its revenue stems from large, well-established service providers. The group handles the counterparty risk emanating from providing services to these customers, while the counterparty risks in relation to financial contracts are handled by the Treasury team.

Liquidity risks
As of 31st December 2023, the group holds a Revolving Credit Facility (RCF) of EUR 350m to service its daily operations. In addition, the company also has a Debt Service Reserve (DSR) Liquidity Facility Agreement of EUR 155m and an Operational and Capex Reserve (O&C) Liquidity Facility Agreement of EUR 75m.

Undrawn credit lines
At year-end 2023, the group had undrawn committed credit lines totalling EUR 580m under the SFA. This includes the RCF, DSR and O&C facilities.

Credit rating
TDC NET holds an external rating by Fitch.

TDC NET company ratings at 31 December 2023	Fitch	
	Company	Instrument
TDC NET	BB	BBB-

4.4 | Financial income and expenses

(DKKm)	2023	2022
Interest income	91	75
Interest expenses	(1,507)	(1,032)
Net interest	**(1,416)**	**(957)**
Currency translation adjustments	(60)	224
Fair value adjustments	(422)	1,144
Total	**(1,898)**	**411**

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

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 1,898m in 2023. The increase of DKK 2,309m compared with 2022 was driven primarily by a negative development in fair value adjustments as well as higher interest expense:

- Interest: At year end 2023 the groups Senior Term Facility loan amounts to EUR 1.87bn and DKK 0.4bn and the EMTN amounts to EUR 1.5bn. This resulted in a higher interest due primarily to the higher level of long-term loans as well as higher interest rates when compared to 2022.
- Fair value adjustments: The group has hedged its floating Senior Term Facilities (and future debt issuances) from floating interest rates to fixed interest rates (nominal EUR 1.76bns as of 31 December 2023). In 2022 increasing market interest rates impacted the period positively. In 2023 the positive unrealised fair value declined due to decreasing market interest rates in
- 2023 as well as time value, this was partly offset by an interest saving from the derivatives relating to the STF.
- Currency adjustments: During 2023, the EUR exchange rate increased, resulting in unrealised losses relating to loans denominated in or swapped to EUR.

(DKKm)	Net interest	Currency translation adjustments	Fair value adjustments	Total
2023				
Senior Term Facilities (STF) loans	(761)	(39)	(3)	(803)
Euro Medium Term Notes (EMTNs)	(548)	(20)	21	(547)
Hedge of Senior Term Facilities/future debt issuance	222	(3)	(674)	(455)
Loans group companies	19	1	-	20
Lease liabilities	(35)	-	-	(35)
Other	(84)	6	-	(78)
Total	**(1,187)**	**(55)**	**(656)**	**(1,898)**

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

4.5 | Maturity profiles of financial instruments

2023							
Maturity profiles of expected cash flows[1] (DKKm)	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Financial assets and liabilities measured at fair value through profit or loss							
Assets[2]:							
Derivatives							
Inflow	418	2,268	144	38	2,868		
Outflow	(125)	(2,085)	(98)	(31)	(2,339)		
Total derivatives assets	**293**	**183**	**46**	**7**	**529**	**496**	**496**
Liabilities:							
Derivatives							
Inflow	377	5,894	65	13	6,349		
Outflow	(371)	(5,949)	(112)	(19)	(6,451)		
Total derivatives liabilities	**6**	**(55)**	**(47)**	**(6)**	**(102)**	**(120)**	**(120)**
Total derivatives	**299**	**128**	**(1)**	**1**	**427**	**376**	**376**
Financial liabilities measured at amortised cost							
Senior Term Facilities (STF) loan	(5,106)	(400)	(7,268)	(1,565)	(14,339)	(14,380)	(14,319)
Euro Medium Term Notes (EMTNs)	-	-	(3,727)	(7,454)	(11,181)	(11,696)	(11,084)
Total loans	(5,106)	(400)	(10,995)	(9,019)	(25,520)	(26,076)	(25,403)
Spectrum licence liabilities	(271)	(483)	(483)	(642)	(1,879)	(1,685)	(1,685)
Lease liability	(358)	(426)	(136)	(197)	(1,117)	(1,024)	(1,024)
STF and EMTN, interest[3]	(1,177)	(2,006)	(1,505)	(1,259)	(5,947)	(533)	(533)
Amounts owed to group companies	(124)	-	-	-	(124)	(124)	(124)
Trade and other payables[4]	(956)	-	-	-	(956)	(956)	(956)
Total financial liabilities measured at amortised cost	**(7,992)**	**(3,315)**	**(13,119)**	**(11,117)**	**(35,543)**	**(30,398)**	**(29,725)**
Total	**(7,693)**	**(3,187)**	**(13,120)**	**(11,116)**	**(35,116)**	**(30,022)**	**(29,349)**

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

4.5 | Maturity profiles of financial instruments (continued)

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

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

Section 5

Cash flow

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

§ Accounting policies

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

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

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

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

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

5.1 | Change in working capital

(DKKm)	2023	2022
Change in receivables	(109)	54
Change in contract assets	(12)	(5)
Change in trade payables	(225)	19
Change in contract liabilities	133	(3)
Change in prepaid expenses	11	(1)
Change in other items, net	295	(8)
Total	**93**	**56**

5.2 | Investment in enterprises

In 2023 no transactions concerning investment in enterprises has occurred.

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

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

5.3 | Equity free cash flow

(DKKm)	2023	2022
Cash flow from operating activities	3,327	3,195
Cash flow from investing activities	(2,933)	(5,478)
Hereof investment in enterprises	-	126
Hereof loans to TDC Holding	-	2,045
Lease repayments	(301)	(277)
Equity free cash flow	**93**	**(389)**

Section 6

Other disclosures

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

6.1 | Incentive programmes

To drive both short-term performance and long-term financial success, the Group offers comprehensive incentive programmes for executives and managers. The remuneration of top management shall seek to align management incentives with shareholder value creation including a strong link to our ambitious ESG leadership targets.

Short-term incentive programmes (STI)
These programmes are intrinsically linked to our core strategy. They focus on critical performance measures such as EBITDA, capital expenditures (capex), efficiency in fibre connection, and the ability to sustain and grow dividend capacity.

Bonus payments are determined by multiplying the individual's base salary by a specific bonus percentage, which is then adjusted according to the degree of target achievement.

For Executive Committee members, this bonus percentage typically falls between 25% and 50%. For other management roles, it ranges from 10% to 33%. The upper limit for target fulfilment is set at a robust 200%

Long-Term Incentive programme (LTI)
The LTI is a cash-based incentive aligned with the long-term strategic objectives of the Group. This forward-thinking programme issues grants annually, which are usually subject to a 3-year vesting schedule to underscore our commitment to sustained growth and strategic goals. The LTI is designed to meet targets over a triennial horizon, including improvements in EBITDA, expansion of fibre connectivity to more homes, enhancements in health & safety standards, and solidifying dividend capacity. Recognising these costs over the vesting period ensures a transparent and accountable approach to executive remuneration. The calculation of LTI bonus payments mirrors that of the STI, involving the individual's base salary and an LTI percentage, which is influenced by target achievement levels.

The LTI percentages vary from 12% to 36%, with the potential for target fulfilment reaching up to 200%.

Together, these incentive programmes are structured to align the interests of our executives and managers with those of our shareholders and to promote a culture of excellence and accountability across the Group

Long-Term Incentive programme 2024-2026
In the strategic planning for our LTI programme for 2024-2026, it has been important for us to include ESG key performance indicators other than financial targets, which are fundamental for driving performance towards
our sustainability commitments:

- Climate net-zero targets
- Health & Safety targets
- Diversity targets

Management Incentive Programme (MIP)
In July 2020, the parent company TDC Holding A/S established a new cash-based incentive programme which includes the Executive Committee and certain key managers of the group. In total 13 managers are participating the MIP programme. Under the MIP, the participants are required to place a deposit to TDC Holding A/S to qualify for a return. The payback amounts are based on the development in certain financial performance measures of the TDC Holding group as well as certain business and Health & Safety KPIs over the period until 2023. The investment programme covers the time period 2019-2023. The participants have 40% of the deposits at risk of being lost in downside scenarios and we have recognised an accrual of 1.21x in payout to the participants' deposit.

The group participants' total deposits amount to DKK 17m and the expenses for 2023 relating to the programme amounted to DKK 0m (2022: DKK 14m). At 31 December 2023 the total liabilities related to the management incentive programme amounted to DKK 36m (2022: DKK 38m).

6.2 | Related parties

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

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

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

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

Purchase commitments towards group companies are shown in note 6.4.

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

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

Related parties (DKKm)	2023	2022
TDC Holding A/S		
Income	116	328
Expenses, lease payments and capital expenditure	(479)	(818)
Payables	(631)	(742)
Loans receivables	1,438	2,114
Loans payables	-	(3,583)
Joint ventures and associates		
Income	1	1
Expenses	(3)	(4)
Other related parties		
Income	5,238	5,397
Expenses and capital expenditure	(21)	(103)
Receivables	1,235	1,008
Payables	(425)	(269)

6.3 | Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2023	2022
Statutory audit	**2**	**2**
Other assurance engagements	1	2
Tax advisory services	-	-
Other services	-	2
Total non-statutory audit services	**1**	**4**
Total	**3**	**6**

6.4 | Other financial commitments

(DKKm)	2023	2022
Lease commitments for short-term and low-value leases		
Short-term leases	20	41
Leases of low-value assets	1	2
Total	**21**	**43**
Capital and purchase commitments		
from group companies		
Investments in intangible assets	11	103
Investments in property, plant and equipment	236	99
Commitments related to outsourcing agreements	4	107
Other purchase commitments	306	27

Comments

Leases
Except for short-term leases and leases of low-value assets, leases are recognised as a lease asset and a corresponding liability at the date at which the leased asset is available for use by the Group, cf. note 3.4.

Purchase commitments
As part of TDC NET's commitment to reduce our emissions with a target of 100% renewable energy in operations by 2028, TDC NET has entered into 10 years Power Purchase Agreements (PPA) with Better Energy delivering electricity from their solar parks.

The PPA is fixed 140 GWh and the solar parks covered 71% of TDC NET's electricity consumption in 2023. These agreements are fixed price agreements. As these agreements are entered into and will continue to be held for the purpose of receiving energy for own usage within TDC NET's operations, they are recognised as power costs (note 2.3) and other purchase commitments.

6.5 | Pledges and contingencies

Pledges
Receivables from group companies with a carrying amount of DKK 1,438m (2022: DKK 2,114m), cash with a carrying amount of DKK 1,750m (2022: DKK 2,164m), receivables DKK 329m (2022: DKK 321m) and Spectrum Licence with a carrying amount of DKK 2,288m (2022: DKK 2,436m) are pledged as security for the long-term loans in TDC NET A/S.

Contingent assets
In the spring of 2023, TDC NET received a decision from the Center for Cyber Security (CFCS) necessitating the discontinuation of our current Central Transport (DWDM) network supplier by January 1, 2027. TDC NET will comply with the security policy decision of the authorities and adheres to CFCS's decision to replace the supplier for its DWDM network. However, as TDC NET has assessed this action as an expropriation, this led TDC NET to initiate legal proceedings. It is Management's opinion that the matter is fundamental to protect the company's rights, but the outcome of the legal proceedings is not virtually certain, and therefore no asset has been recognised in the financial position of TDC NET.

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

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

6.6 | Events after the balance sheet date

In January 2024 EUR 650m of the STF loan maturing in 2024 was extended into 2025 with an option for an extension of +1+1

There have been no other events that materially affect the assessment of this Annual Report 2023 after the balance sheet date and up to today.

6.7 | Overview of group companies at 31 December 2023

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

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

Parent company financial statements

Income statement

(DKKm)	Note	2023	2022
Revenue	2.1	6,154	6,318
Cost of sales		(182)	(200)
Gross profit		5,972	6,118
External expenses		(910)	(1,101)
Personnel expenses	2.2	(944)	(932)
Other income		457	325
Operating profit before depreciation, amortisation and special items (EBITDA)		4,575	4,410
Depreciation, amortisation and impairment losses		(2,910)	(2,465)
Special items	2.3	(70)	(46)
Operating profit (EBIT)		1,595	1,899
Profit from subsidiaries	3.4	79	60
Financial income and expenses	4.3	(1,904)	415
Profit before income taxes		(230)	2,374
Income taxes	2.4	(134)	(456)
Profit/(loss) for the year		**(364)**	**1,918**

Statement of comprehensive income

(DKKm)	Note	2023	2022
Profit/(loss) for the year		(364)	1,918
Total comprehensive income		**(364)**	**1,918**

Balance sheet

Assets (DKKm)	Note	2023	2022
Non-current assets			
Intangible assets	3.1	11,307	11,665
Property, plant and equipment	3.2	17,014	16,434
Lease assets	3.3	916	1,164
Investment in subsidiaries	3.4	617	538
Investment in joint ventures and associates		2	2
Amounts owed by group companies		1,438	2,114
Other receivables		27	26
Prepaid expenses		21	30
Total non-current assets		**31,342**	**31,973**
Current assets			
Inventories		21	24
Trade receivables	3.5	329	321
Amounts owed by group companies		1,231	1,149
Other receivables		4	34
Income tax receivables	2.4	4	-
Derivative financial instruments		496	1,174
Prepaid expenses		112	126
Cash		1,855	2,240
Total current assets		**4,052**	**5,068**
Total assets		**35,394**	**37,041**

Equity and liabilities (DKKm)	Note	2023	2022
Equity			
Share capital	4.1	-	-
Other reserves		812	897
Retained earnings		1,055	2,067
Total equity		**1,867**	**2,964**
Non-current liabilities			
Deferred tax liabilities	2.4	547	496
Provisions		288	307
Loans	4.2	20,298	22,275
Spectrum licence fee liabilities		1,417	1,636
Lease liabilities	3.3	647	999
Other payables		122	124
Total non-current liabilities		**23,319**	**25,837**
Current liabilities			
Loans	4.2	5,105	3,583
Spectrum licence fee liabilities		268	190
Lease liabilities	3.4	328	274
Trade payables		1,694	1,881
Amounts owed to group companies		1,071	1,048
Contract liabilities	3.6	582	449
Other payables		1,007	492
Income tax payable	2.4	-	128
Derivative financial instruments		120	176
Provisions		33	19
Total current liabilities		**10,208**	**8,240**
Total liabilities		**33,527**	**34,077**
Total equity and liabilities		**35,394**	**37,041**

Statement of cash flows

(DKKm)	Note	2023	2022
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		4,575	4,410
Adjustment for non-cash items		(43)	1
Payments related to provisions		(12)	(7)
Special items		(49)	(86)
Change in working capital	5.1	150	231
Interest received		528	138
Interest paid		(1,640)	(1,017)
Income tax paid	2.4	(215)	(379)
Total cash flow from operating activities		**3,294**	**3,291**
Investing activities			
Investment in enterprises		-	(126)
Investment in property, plant and equipment		(2,359)	(2,601)
Investment in intangible assets		(594)	(714)
Investments in other non-current assets		(1)	(1)
Sale of property, plant and equipment		1	-
Loans to parent		-	(2,045)
Total cash flow from investing activities		**(2,953)**	**(5,487)**

(DKKm)	Note	2023	2022
Financing activities			
Proceeds from long-term loans		8,359	25,982
Repayments of long-term debt		(8,922)	(12,633)
Settlement of derivatives related to long-term loans		63	181
Costs relating to long-term loans		-	(45)
Lease payments		(277)	(253)
Change in interest-bearing receivables and payables		29	(40)
Capital injection		17	-
Dividend paid		-	(8,750)
Total cash flow from financing activities		**(731)**	**4,442**
Total cash flow		**(390)**	**2,246**
Cash and cash equivalents at 1 January		2,240	-
Effect of exchange rate changes on cash and cash equivalents		5	(6)
Cash and cash equivalents at 31 December		**1,855**	**2,240**

Statement of changes in equity

(DKKm)	Share capital	Reserve for net revaluation under the equity method	Reserve for capitalised development projects	Retained earnings[1]	Total
Equity at 1 January 2022	**-**	**61**	**545**	**9,190**	**9,796**
Profit for the year	-	60	231	1,627	1,918
Total comprehensive income	-	60	231	1,627	1,918
Distributed dividends	-	-	-	(8,750)	(8,750)
Total transactions with shareholders	-	-	-	(8,750)	(8,750)
Equity at 31 December 2022	**-**	**121**	**776**	**2,067**	**2,964**
Loss for the year	-	79	(164)	(279)	(364)
Total comprehensive income	-	79	(164)	(279)	(364)
Capital contribution	-	-	-	17	17
Distributed dividends	-	-	-	(750)	(750)
Total transactions with shareholders	-	-	-	(733)	(733)
Equity at 31 December 2023	**-**	**200**	**612**	**1,055**	**1,867**

Notes to parent company financial statements

1.1 | Accounting policies

The Financial statements 2023 of the parent company have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act (reporting class D).

The accounting policies are unchanged from last year.

The parent company accounting policies are the same as those applied to the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the Group's accounting policies. The accounting policies are unchanged com-pared with the policies applied in the Annual Report 2022.

Supplementary accounting policies for the parent company

Investments in subsidiaries, joint ventures and associates

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

Reserve for capitalised development projects

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

1.2 | Critical accounting estimates and judgements

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

1.3 | New accounting standards

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

2.1 | Revenue

(DKKm)	2023	2022
Sales of goods recognised at a point in time	-	-
Sales of services recognised over time	6,154	6,318
Total	**6,154**	**6,318**

Specification of revenue from products (DKKm)	2023	2022
Landline voice	382	450
Mobile services	2,717	2,748
Internet & network	2,280	2,249
TV	413	443
Other services	362	428
Total	**6,154**	**6,318**

2.2 | Personnel expenses

(DKKm)	2023	2022
Wages and salaries (including short-term and long-term bonuses)	(1,380)	(1,377)
Pensions (defined contribution plans)	(166)	(165)
Social security	(25)	(28)
Total	**(1,571)**	**(1,570)**
Of which capitalised as tangible and intangible assets	627	638
Total personnel expenses recognised in the income statement	**(944)**	**(932)**
Average number of full-time employee equivalent1	2,209	2,288

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

2.3 | Special items

(DKKm)	2023	2022
Costs related to redundancy programmes	(65)	(40)
Loss from rulings	(5)	-
Other restructuring costs, etc.	-	(6)
Special items before income taxes	**(70)**	**(46)**
Income taxes related to special items	15	10
Total special items	**(55)**	**(36)**

2.4 | Income taxes

Income taxes (DKKm)	2023 Income taxes expensed	2023 Income tax payable/ (receivable)	2023 Deferred tax liabilities/ (assets)	2022 Income taxes expensed	2022 Income tax payable/ (receivable)	2022 Deferred tax liabilities/ (assets)
At 1 January		128	496		149	398
Income taxes for the year	(167)	113	54	(473)	372	101
Adjustment of tax for previous years	33	(30)	(3)	17	(14)	(3)
Income tax paid		(215)			(379)	
Total	**(134)**	**(4)**	**547**	**(456)**	**128**	**496**
Income taxes are specified as follows:						
Income excluding special items	(149)			(466)		
Special items	15			10		
Total	**(134)**			**(456)**		

Effective tax rate (%)	2023	2022
Danish corporate income tax rate	22.0	22.0
Profit from subsidiaries, joint ventures and associates	10.6	(0.5)
Limitation on the tax deductibility of interest expenses	(151.9)	(1.0)
Adjustment of tax for previous years	20.4	(0.7)
Other	5.8	(0.5)
Effective tax excluding special items	**(93.1)**	**19.3**
Special items	34.8	(0.1)
Effective tax including special items	**(58.3)**	**19.2**

Deferred tax (DKKm)	2023	2022
Other	(37)	(5)
Current	**(37)**	**(5)**
Intangible assets	729	720
Property, plant and equipment	(123)	(143)
Lease assets and liabilities	(13)	(24)
Other	(9)	(52)
Non-current	**584**	**501**
Deferred tax at 31 December	**547**	**496**

3.1 | Intangible assets

	2023					2022				
(DKKm)	Goodwill	Brands	Licences	Other rights, software, etc.	Total	Goodwill	Brands	Licences	Other rights, software, etc.	Total
Cost at 1 January	6,948	1,287	3,935	4,170	16,340	6,948	1,287	4,417	3,637	16,289
Additions	-	-	-	402	402	-	-	-	522	522
Additions related to acquisition of activities	-	-	-	-	-	-	-	-	126	126
Assets disposed of or fully amortised	-	-	-	(500)	(500)	-	-	(482)	(115)	(597)
Cost at 31 December	**6,948**	**1,287**	**3,935**	**4,072**	**16,242**	**6,948**	**1,287**	**3,935**	**4,170**	**16,340**
Amortisation and impairment losses at 1 January	-	-	(1,499)	(3,176)	(4,675)	-	-	-1,834	-2,917	(4,751)
Amortisation	-	-	(148)	(346)	(494)	-	-	(147)	(373)	(520)
Impairment	-	-	-	(265)	(265)	-	-	-	(1)	(1)
Assets disposed of or fully amortised	-	-	-	499	499	-	-	482	115	597
Amortisation and impairment losses at 31 December	**-**	**-**	**(1,647)**	**(3,288)**	**(4,935)**	**-**	**-**	**(1,499)**	**(3,176)**	**(4,675)**
Carrying amount at 31 December	**6,948**	**1,287**	**2,288**	**784**	**11,307**	**6,948**	**1,287**	**2,436**	**994**	**11,665**

3.2 | Property, plant and equipment

(DKKm)	2023					2022				
	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total	Land and buildings	Network infra-structure	Equipment	Assets under construction	Total
Cost at 1 January	501	44,184	1,242	665	46,592	494	41,910	1,155	714	44,273
Transfers (to)/from other items	1	435	31	(467)	-	2	482	12	(496)	-
Additions	-	1,946	80	438	2,464	5	1,886	96	447	2,434
Assets disposed of	(1)	(46)	(39)	-	(86)	-	(94)	(21)	-	(115)
Cost at 31 December	**501**	**46,519**	**1,314**	**636**	**48,970**	**501**	**44,184**	**1,242**	**665**	**46,592**
Depreciation and impairment losses at 1 January	(164)	(28,723)	(933)	(338)	(30,158)	(158)	(27,263)	(816)	(336)	(28,573)
Transfers (to)/from other items	-	-	-	-	-	-	-	-	-	-
Depreciation	(3)	(1,701)	(132)	-	(1,836)	(6)	(1,545)	(138)	-	(1,689)
Impairment	-	(29)	(1)	(17)	(47)	-	(9)	-	(2)	(11)
Assets disposed of	-	46	39	-	85	-	94	21	-	115
Depreciation and impairment losses at 31 December	**(167)**	**(30,407)**	**(1,027)**	**(355)**	**(31,956)**	**(164)**	**(28,723)**	**(933)**	**(338)**	**(30,158)**
Carrying amount at 31 December	**334**	**16,112**	**287**	**281**	**17,014**	**337**	**15,461**	**309**	**327**	**16,434**

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2023				2022			
	Land and buildings	**Network infrastructure**	**Vehicles and equipment**	**Total**	**Land and buildings**	**Network infrastructure**	**Vehicles and equipment**	**Total**
Carrying amount at 1 January	1,011	9	144	1,164	1,059	12	95	1,166
Additions	130	-	40	170	170	-	97	267
Disposals	(124)	-	(9)	(133)	(1)	-	(4)	(5)
Depreciation	(237)	(2)	(46)	(285)	(217)	(3)	(44)	(264)
Carrying amount at 31 December	**780**	**7**	**129**	**916**	**1,011**	**9**	**144**	**1,164**

Lease liabilities (DKKm)	2023	2022
Recognised in the balance sheet at present value:		
Current	328	274
Non-current	647	999
Total	**975**	**1,273**
Maturing within 1 year	328	274
Maturing between 1 and 3 years	381	463
Maturing between 3 and 5 years	113	362
Maturing after 5 years	153	174
Total non-current	**975**	**1,273**

The total cash outflow for leases in 2023 was DKK 311m (2022: DKK 288m), of which DKK 34m (2022: DKK 35m) related to interest payments on lease liabilities.

Amounts recognised in the income statement (DKKm)	2023	2022
Expense relating to short-term leases	(36)	(58)
Expense relating to leases of low-value assets	(1)	(1)
Depreciation charge of lease assets, cf. above	(285)	(264)
Interest expense (included in financing costs)	(34)	(35)

3.4 | Investments in subsidiaries

(DKKm)	2023	2022
Cost at 1 January	417	417
Additions	-	-
Cost at 31 December	**417**	**417**
Value adjustments at 1 January	121	61
Share of profit/(loss)	79	60
Value adjustments at 31 December	**200**	**121**
Carrying amount at 31 December	**617**	**538**

Overview of subsidiaries at 31 December 2023

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

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

3.5 | Trade receivables

(DKKm)	2023	2022
Trade receivables	349	336
Expected credit losses	(20)	(15)
Trade receivables, net	**329**	**321**
Expected credit losses at 1 January	(15)	(17)
Expected credit losses recognised	(8)	(9)
Realised credit losses	1	2
Reversed expected credit losses	2	9
Expected credit losses at 31 December	**(20)**	**(15)**

Trade receivables (DKKm)	Not yet due	Less than 1 month past due	More than 1 month past due	More than 3 months past due	More than 6 months past due	Total
2023						
Expected loss rate	0%	0%	0%	50%	79%	6%
Gross carrying amount	233	90	-	2	24	349
Expected credit losses	-	-	-	(1)	(19)	(20)
2022						
Expected loss rate	0%	0%	0%	50%	70%	4%
Gross carrying amount	298	15	1	2	20	336
Expected credit losses	-	-	-	(1)	(14)	(15)

3.6 | Contract liabilities

(DKKm)	2023	2022	1 January 2022
Deferred subscription income	173	180	170
Deferred subscription income from contracts with group companies	325	269	280
Other deferred income	84	-	-
Total contract liabilities	**582**	**449**	**450**

4.1 | Equity

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

4.2 | Loans

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

4.3 | Financial income and expenses

(DKKm)	2023	2022
Interest income	22	5
Interest expenses	(1,463)	(764)
Interest income from group companies	69	69
Interest expenses to group companies	(50)	(263)
Net interest	**(1,422)**	**(953)**
Currency translation adjustments	(60)	224
Fair value adjustments	(422)	1,144
Total	**(1,904)**	**415**

5.1 | Change in working capital

(DKKm)	2023	2022
Change in receivables	(93)	22
Change in trade payables	(115)	191
Change in contract liabilities	133	(1)
Change in prepaid expenses	14	4
Change in other items, net	211	15
Total	**150**	**231**

6.1 | Related parties

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

Subsidiaries (DKKm)	2023	2022
Income	88	82
Expenses	(675)	(578)
Receivables	138	149
Payables	(949)	(795)

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

Interest expenses to group companies are shown in note 4.3.

All transactions with related parties are made on market terms.

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

6.2 | Fees to auditors elected by the Annual General Meeting

Fees to auditors elected by the Annual General Meeting (DKKm)	2023	2022
Statutory audit	**2**	**1**
Other assurance engagements	1	2
Tax advisory services	-	-
Other services	-	2
Total non-statutory audit services	**1**	**4**
Total	**3**	**5**

6.3 | Other financial commitments

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

6.4 | Pledges and contingencies

Receivables from group companies with a carrying amount of DKK 1,438m (2022: DKK 2,114m), cash with a carrying amount of DKK 1,750m (2022: DKK 2,164m), receivables DKK 329m (2022: DKK 321m), Spectrum Licence with a carrying amount of DKK 2,288m (DKK 2,436m) and shares in subsidiaries with a carrying amount of DKK 617m (2022: DKK 538m) are pledged as security for the long-term loans in TDC NET A/S.

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

Contingent assets
In the spring of 2023, TDC NET received a decision from the Center for Cyber Security (CFCS) necessitating the discontinuation of our current Central Transport (DWDM) network supplier by January 1, 2027. TDC NET will comply with the security policy decision of the authorities and adheres to CFCS's decision to replace the supplier for its DWDM network. However, as TDC NET has assessed this action as an expropriation, this led TDC NET to initiate legal proceedings. It is Management's opinion that the matter is fundamental to protect the company's rights, but the outcome of the legal proceedings is not virtually certain, and therefore no asset has been recognized in the financial position of TDC NET.

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

6.5 | Events after the balance sheet date

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

Statements

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the annual report of TDC NET A/S for 2023.

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

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the financial position at 31 December 2023 of the Group and the parent company and of the results of the Group and parent company operations and cash flows for 2023.

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

The sustainability pages have been prepared in accordance with the Danish Financial Statements Act. Our ESG statements have been prepared in accordance with the stated ESG accounting principles. In our opinion, the ESG statements give a true, fair, reasonable and balanced representation of the Group's environmental, social and governance performance.

In our opinion, the annual report of the TDC NET group and the parent company for the financial year January 1 to December 31, 2022, with the file name 549300SH2G3R15Y3FX20-2023-12-31-en.zip, is prepared in all material respects, in accordance with the ESEF Regulation

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

Copenhagen, 7 March 2024

Executive Committee

Michel Daniel Roger Jumeau
Chief Executive Officer

Henrik Nørgaard Brandt
Chief Financial Officer

Board of Directors

Henrik Clausen
Chair

Frank Hyldmar
Vice Chair

Natalia Axt

Susanne Juhl

Geoffrey David Shakespeare

Gabriela Alejandra Styf Sjöman

Ole Mølgaard Andersen

Svend Bank Andreasen

Pernille Bloch

Independent auditor’s report

To the shareholder of TDC NET A/S

Report on the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of TDC NET A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group as well as for the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2023, and of the results of their operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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

Basis for opinion

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

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

We were appointed auditors of TDC NET A/S for the first time on 31.05.2021 for the financial year 2021. We have been reappointed annually by decision of the general meeting.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 01.01.2023 - 31.12.2023. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for revenue contracts containing multiple items

Refer to note 2.1 and 3.6 in the consolidated financial statements.

Revenue recognition of contracts containing multiple elements require judgements made by Management to evaluate recognition of contract items as a bundle or separately.

We focus on this area since TDC NET A/S has numerous application systems handling revenue contracts with multiple elements and performing the same function such as mediation, rating and billing, depending on their product offerings and revenue streams, which adds complexity to the revenue recognition process.

We have tested internal controls, including general IT controls that address the accounting for revenue contracts containing multiple elements and tested the appropriateness of accounting treatment of such contracts in accordance with IFRS 15, including:

- tested samples of revenue contracts containing multiple elements
- assessed reasonableness of the performed judgements by having discussions with Management in order to understand how they allocate revenue to the multiple elements in the contracts
- corroborated the information obtained for the selected contracts in order to assess the appropriateness of accounting treatment in accordance with IFRS 15
- performed testing on manual postings related to revenue contracts
- carried out audit procedures related to the model calculating contract assets and the system calculating the contract liabilities and further performed substantive analytical procedures to assess the values

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

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by the Danish Financial Statements Act and article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation). We did not identify any material misstatement of the management commentary.

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

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

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

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

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

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

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

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

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of TDC NET A/S we performed procedures to express an opinion on whether the annual report for the financial year 01.01.2023- 31.12.2023, with the file name 549300SH2G3R15Y3FX20-2023-12-31-en, is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements including notes.

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

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

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

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

Copenhagen, 7 March 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Lars Siggaard Hansen

State Authorised Public Accountant

Identification No (MNE) mne32208

In our opinion, the annual report of TDC NET A/S for the financial year 01.01.2023 - 31.12.2023, with the file name 549300SH2G3R15Y3FX20-2023-12-31-en, is prepared, in all material respects, in compliance with the ESEF Regulation.

Christian Sanderhage

State Authorised Public Accountant

Identification No (MNE) mne23347

Independent Auditor's Assurance Report on the ESG statement

To stakeholders of TDC NET A/S

TDC NET A/S engaged us to provide limited assurance on the consolidated ESG performance data, presented in the ESG statements on pages 71 to 76 as well as the Achieved Emissions KPIs and adjusted 2020 baseline for Scope 1 and 2 and for Scope 3, presented in the Sustainability Performance Report on page 35 in the Annual Report 2023 for the period 1 January - 31 December 2023 (hereinafter referred to as 'the ESG statement').

Management's responsibility
Management of TDC NET A/S is responsible for designing, implementing and maintaining internal controls over information relevant to the preparation of the ESG data and information in the ESG statement, ensuring it is free from material misstatement, whether due to fraud or error. Furthermore, Management is responsible for establishing objective accounting policies for the preparation of the ESG statement, for the overall content of the ESG statement, and for measuring and reporting ESG data in accordance with the ESG accounting principles included on pages 82-87 in the Annual Report 2023.

Auditor's responsibility
Our responsibility is to express a limited assurance conclusion based on our engagement with Management and in accordance with the agreed scope of work. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE 3410 Assurance Engagements on Greenhouse Gas Statements, and additional requirements under Danish audit regulation, to obtain limited assurance about our conclusion. Greenhouse Gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

We are responsible for:
- planning and performing the engagement to obtain limited assurance about whether the ESG statement is free from material misstatement, whether due to fraud or error, and prepared, in all material respects, in accordance with the ESG accounting principles;
- forming an independent conclusion, based on the procedures we performed and the evidence we obtained; and
- reporting our conclusion to the stakeholders of TDC NET A/S.

Deloitte Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management 1 (ISQM 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the requirements for independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and ethical requirements applicable in Denmark.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Work performed
We are required to plan and perform our work in order to consider the risk of material misstatement in the ESG statement. To do so, we have:

- conducted interviews with data owners and internal stakeholders to understand the key processes and control activities for measuring, recording and reporting the ESG data;
- reviewed evidence on a selective basis to check that data has been appropriately measured, recorded, collated and reported;
- performed analysis of data, selected based on risk and materiality;
- made inquiries regarding significant developments in the reported data;
- considered the presentation and disclosure of the ESG statement;
- assessed that the process for reporting greenhouse gas emissions data follows the principles of relevance, completeness, consistency, transparency and accuracy outlined in The Greenhouse Gas Protocol Corporate Standard Revised edition (2015); and
- evaluated the evidence obtained.

Our conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us not to believe that the ESG statement, including 2020 baseline and Achieved Emissions KPIs, presented on pages 71 to 76 and page 35, respectively for the period 1 January - 31 December 2023, have been prepared, in all material respects, in accordance with the ESG accounting principles.

Copenhagen, 7 March 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Lars Siggaard Hansen
State Authorised Public Accountant
Mne32208

Mads Stærdahl Rosenfeldt
ESG Partner

Forward-looking statements

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

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

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

tdc net

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CVR no. 40075267

Design and production: **Noted**