

# TDC NET Holding highlights H1 2023

- **Revenue** decline of 2.6% YoY and totalled in DKK 3,272m. Increase in revenue from mobile contract and high-speed broadband are more than offset by decline in revenue streams from legacy products and mobility services. Mobility services affected by development in power prices and decline in national roaming.
- **EBITDA** growth of 1.0% YoY, driven by lower power prices due to PPA having full effect in 2023, improvements in opex from fewer fixed network faults and higher productivity
- **Capital expenditures** totalled DKK 1,469m, up by 1.0% YoY with continued high investments in fibre rollout with increased homes connected; 47k new homes were passed with fibre in H1 2023
- Halfway through 2023, TDC NET **confirms our full-year guidance** with low single-digit EBITDA growth and an investment level similar to 2022
- TDC NET issued EUR 1.000m in two bonds and raised EUR 54m of bilateral loans. The proceeds from the issuance was used to redeem existing debt with short maturities in the Group. Furthermore associated companies in the DKT Holdings group finalised the refinancing of existing debt in Group companies by issuing EUR 500m of long term loans at DK Telekommunikation and Nuuday.
- TDC NET delivers **Denmark's best mobile network** experience for the eighth year in a row cf. Danish Technological Institute. Also, TDC NET as the only telecom has a nationwide and fully developed 5G network with 99% access across the country
- **TDC NET partners with the housing association AAB to successfully deliver fibre to 20k rental units.** The collaboration showcases our dedication to fostering digital empowerment and driving technological progress
- TDC NET maintain its position in the **top 1% of the world's most sustainable companies**, as recognised by Ecovadis for the second consecutive year, reflecting commitment to translating ambitions into actions

# TDC NET Holding performance

## Revenue

In H1 2023, TDC NET's revenue decreased by 2.6% or DKK 88m to DKK 3.272m compared with the same period in 2022. On fixed broadband products revenue increased by DKK 10m due to increased net-adds on high speed on Fibre and COAX with its higher ARPU's offset by loss of RGU's on low speed, especially copper lines. Revenue on mobility decreased by DKK 13m due to increase on mobile contracts offset by national roaming revenues and the development in power prices transferred to service providers on mobile. Decrease in revenue is driven by legacy products on landline voice and other services.

## Gross profit

TDC NET's gross profit decreased by 2.7% or DKK -87m compared with H1 2022. Decrease in gross profit was driven by the lower revenue. TDC NET's gross profit margin is approx. stable on 96.1% in H1 2023.

## Operating expenses

In H1 2023, operating expenses decreased by DKK 12.1% or DKK 111m and totalled in DKK 806m. The decline was primarily driven optimisations within contractor costs in relation to lower fault rates and errors as well as reduced power costs. TDC NET is dependent on power prices on the power supply on fixed line, while energy costs on mobility are paid by service providers

## EBITDA

EBITDA increased by 1.0% or DKK 24m, accumulating to DKK 2,340m in H1 2023. The EBITDA margin improved by 2.6 percentage points due to the improved cost development.

## Capital expenditure

In H1 2023, capital expenditure totalled in DKK 1,469m, an increase of 1.0% or DKK 15m compared with the same period last year. The high investment level continued in H1 2023 within fibre rollout primarily as a result of increase in homes connected YoY. TDC NET rolled out -47k new fibre homes passed in H1 2023.

Key figures (DKKm)	H1 2023	H1 2022	Change in %
Revenue	3,272	3,360	(2.6)
Hereof external revenue	717	716	0.1
Gross profit	3,146	3,233	(2.7)
Operational expenses	(806)	(917)	(12.1)
EBITDA	2,340	2,316	1.0
Profit for the period excluding special items	197	655	(69.9)
Profit for the period	178	631	(71.8)
Capital expenditure	(1,469)	(1,454)	1.0
Total cash flow from operating activities	1,210	1,513	(20.0)
Total cash flow from investing activities	(1,587)	(3,719)	(57.3)
Total cash flow from financing activities	(1,027)	3,718	(127.6)
Total cash flow	(1,404)	1,512	(192.9)
Net interest-bearing debt (NIBD) <sup>1</sup>	(25,685)	(24,821)	3.5
Adjusted net interest-bearing debt (NIBD) <sup>2</sup>	(24,129)	(23,766)	1.5
Gross margin, %	96.1	96.2	-
EBITDA margin, %	71.5	68.9	-
NIBD/EBITDA, x	5.7	5.5	-
Adjusted NIBD/EBITDA <sup>3</sup> , x	5.7	5.6	-

<sup>1</sup> Includes effect of upstream loan to TDC Holding (Interest-bearing receivables group companies) as defined in Note 6.

<sup>2</sup> Excluding lease and spectrum liabilities as well as effect from upstream loan to TDC Holding.

<sup>3</sup> Calculated with the adjusted net interest-bearing debt and EBITDA adjusted with the effect of lease payments

## Cash flow

In H1 2023, the total cash flow for TDC NET accumulated to DKK (1,404m) driven by financing activities DKK (1,027) and interests increase and timing DKK (337m). Decrease of DKK 2,916m compared with H1 2022 driven by financing activities DKK (4,745m), partly offset by investment activity related to upstream loan to TDC Holding in 2022 DKK 2,045m.

Cash flow from operating activities excluding interests increased DKK 34m, but in total a decrease of DKK 303m including increase of interests and timing of interests paid.

Cash flow from investing activities decreased by DKK 2,132m to DKK (1,587m) in H1 2023, primarily due to the one-off loan issued to TDC Holding of DKK 2,045m in H1 2022. The further decline in investing cash flow in H1 2023 is due to the finalisation of the 5G mobile network swap and the related payments, but continued high investments in fibre rollout.

Cash flow from financing activities decreased by DKK 4,745m to DKK (1,027m), due to prefunding in 2022 and Euro Medium Term Note (EMTN) repayment in February 2023.

## Profit for the period

Profit for the period (including special items) decreased by DKK 453m to DKK 178m. The decrease is mainly due to higher financial expenses due to the financing platform established in 2022 partly offset by the corresponding tax.

## Financing

On 31 January 2022, TDC NET established a long-term secured infrastructure financing platform and under this platform, TDC NET entered its first financing in the aggregate amount of EUR 3,300m (DKK 24,552m), which includes term loan, revolving credit and liquidity facilities.

Since its first financing, TDC NET has issued three Euro Medium Term Notes (EMTNs) of total EUR 1.5bn and four bilateral loans with relationship- and infrastructure banks of total EUR 338m (EUR 52m undrawn). All facilities are issued under the secured financing platform. As a part of the funding strategy to take out term loan facilities and enter into medium/long term bonds and loans in the capital markets, the proceeds have been used to partly prepay the original term loan facilities and used to support investments e.g. fibre investments.

As of 30 June 2023, TDC NET NIBD<sup>1</sup> is EUR 3,452m (DKK 25,685m) and Adjusted NIBD is EUR 3,243m (DKK 24,129m). the outstanding debt has an average maturity of 5 years and the interest rate risk in respect of such debt is fully hedged.

Upstream loan to TDC Holding has decreased from DKK 2,114m to DKK 1,380m through non-cash distributed dividends DKK 750m partly offset by interests.

## Consolidated financial statements

Income statement (DKKm)	Note	H1 2023	H1 2022	Change in %
<b>Revenue</b>	2	<b>3,272</b>	<b>3,360</b>	<b>(2.6)</b>
Cost of sales		(126)	(127)	(0.8)
<b>Gross profit</b>		<b>3,146</b>	<b>3,233</b>	<b>(2.7)</b>
External expenses		(479)	(538)	(11.0)
Personnel expenses		(475)	(519)	(8.5)
Other income		148	140	5.7
<b>Operating profit before depreciation, amortisation and special items (EBITDA)</b>		<b>2,340</b>	<b>2,316</b>	<b>1.0</b>
Depreciation, amortisation and impairment losses	3	(1,316)	(1,232)	6.8
Special items	4	(24)	(31)	(22.6)
<b>Operating profit (EBIT)</b>		<b>1,000</b>	<b>1,053</b>	<b>(5.0)</b>
Financial income and expenses	5	(747)	(230)	-
<b>Profit before income taxes</b>		<b>253</b>	<b>823</b>	<b>(69.3)</b>
Income taxes		(75)	(192)	(60.9)
<b>Profit for the period</b>		<b>178</b>	<b>631</b>	<b>(71.8)</b>
<b>Profit attributable to:</b>				
Owners of the parent company		178	631	(71.8)

Statement of comprehensive income (DKKm)	Note	H1 2023	H1 2022
Profit/(loss) for the period		178	631
Other comprehensive income		-	-
Total comprehensive income		178	631

## Balance sheet

Assets (DKKm)	Note	30 June 2023	31 December 2022	30 June 2022
<b>Non-current assets</b>				
Intangible assets		11,661	11,726	11,693
Property, plant and equipment		16,526	16,242	15,811
Lease assets		1,145	1,227	1,172
Joint ventures, associates and other investments		2	2	2
Receivables		27	27	26
Amounts owed by group companies		1,380	2,114	2,045
Prepaid expenses		26	30	25
<b>Total non-current assets</b>		<b>30,767</b>	<b>31,368</b>	<b>30,774</b>
<b>Current assets</b>				
Inventories		32	33	39
Receivables		365	459	416
Amounts owed by group companies		1,152	1,008	1,030
Derivative financial instruments		976	1,174	302
Prepaid expenses		225	138	247
Cash		836	2,240	1,522
<b>Total current assets</b>		<b>3,586</b>	<b>5,052</b>	<b>3,556</b>
<b>Total assets</b>		<b>34,353</b>	<b>36,420</b>	<b>34,330</b>

Equity and liabilities (DKKm)	Note	30 June 2023	31 December 2022	30 June 2022
<b>Equity</b>				
Retained earnings		2,409	2,964	1,677
<b>Total equity</b>		<b>2,409</b>	<b>2,964</b>	<b>1,677</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities		440	451	400
Provisions		318	309	353
Loans	6	19,869	22,275	21,507
Spectrum licence liabilities		1,425	1,636	1,642
Lease liabilities		973	1,036	1,005
Other non-current liabilities		144	141	143
<b>Total non-current liabilities</b>		<b>23,169</b>	<b>25,848</b>	<b>25,050</b>
<b>Current liabilities</b>				
Loans	6	5,096	3,583	3,730
Spectrum licence liabilities		265	190	188
Lease liabilities		273	296	265
Trade and other payables		2,923	2,944	2,694
Amounts owed to group companies		57	253	234
Income tax payable		133	147	261
Derivative financial instruments		9	176	215
Provisions		19	19	16
<b>Total current liabilities</b>		<b>8,775</b>	<b>7,608</b>	<b>7,603</b>
<b>Total liabilities</b>		<b>31,944</b>	<b>33,456</b>	<b>32,653</b>
<b>Total equity and liabilities</b>		<b>34,353</b>	<b>36,420</b>	<b>34,330</b>

## Statements of cash flow (DKKm)

	H1 2023	H1 2022	Change in %
EBITDA	2,340	2,316	1.0
Adjustment for non-cash items	14	10	40.0
Payments related to provisions	(3)	(2)	50.0
Special items	(28)	(63)	(55.6)
Change in working capital	(106)	(118)	(10.2)
Interest paid, net	(908)	(571)	59.0
Income tax paid/received	(99)	(59)	67.8
<b>Total cash flow from operating activities</b>	<b>1,210</b>	<b>1,513</b>	<b>(20.0)</b>
Investment in enterprises	-	(126)	-
Investment in property, plant and equipment	(1,218)	(1,153)	5.6
Investment in intangible assets	(368)	(395)	(6.8)
Investment in other non-current assets	(1)	-	-
Change in loans to parent company	-	(2,045)	-
<b>Total cash flow from investing activities</b>	<b>(1,587)</b>	<b>(3,719)</b>	<b>(57.3)</b>
Proceeds from long-term loans	7,962	25,225	(68.4)
Repayment of long-term loans	(8,859)	(12,654)	(30.0)
Lease repayments	(147)	(137)	7.3
Costs relating to long-term loans	-	(69)	-
Change in short-term bank loans	-	44	-
Change in interest-bearing debt and receivables	-	59	-
Capital contribution	17	-	-
Dividends paid <sup>1</sup>	-	(8,750)	-
<b>Total cash flow from financing activities</b>	<b>(1,027)</b>	<b>3,718</b>	<b>(127.6)</b>
<b>Total cash flow</b>	<b>(1,404)</b>	<b>1,512</b>	<b>(192.9)</b>
Cash and cash equivalents (beginning of period)	2,240	12	-
Effect of exchange-rate changes on cash and cash equivalents	-	(2)	-
<b>Cash and cash equivalents (end of period)</b>	<b>836</b>	<b>1,522</b>	<b>(45.1)</b>

<sup>1</sup> Partial repayment of loan to TDC Holding was financed by dividends of DKK 750m in a non-cash transaction

Statement of changes in equity(DKKm)	Share capital	Retained earnings	Total
Equity at 1 January 2022	-	9,796	9,796
Profit/(loss) for the period	-	631	631
<b>Total comprehensive income</b>	-	<b>631</b>	<b>631</b>
Distributed dividends	-	(8,750)	(8,750)
<b>Total transactions with shareholders</b>	-	<b>(8,750)</b>	<b>(8,750)</b>
<b>Equity at 30 June 2022</b>	-	<b>1,677</b>	<b>1,677</b>
Equity at 1 January 2023	-	2,964	2,964
Profit for the period	-	178	178
<b>Total comprehensive income</b>	-	<b>178</b>	<b>178</b>
Capital contribution	-	17	17
Distributed dividends	-	(750)	(750)
<b>Total transactions with shareholders</b>	-	<b>(733)</b>	<b>(733)</b>
<b>Equity at 30 June 2023</b>	-	<b>2,409</b>	<b>2,409</b>



## 1 | Accounting policies

TDC NET Holding's interim financial report for H1 2023 has been prepared in accordance with IAS 34 Interim Financial Reporting and further disclosure requirements in the Danish Financial Statements Act (reporting class "C stor").

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

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

When preparing the consolidated financial statements, Management makes assumptions that affect the reported amount of assets and liabilities at the balance sheet date, and the reported income and expenses for the accounting period. The accounting estimates and judgements considered material to the preparation of the consolidated financial statements are shown in note 1.2 of the consolidated financial statements for 2022, cf. TDC NET Holding's Annual Report 2022.

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

## 2 | Revenue

Revenue specified by services (DKKm)	H1 2023	H1 2022	Change in %
Landline voice	194	239	(18.8)
Mobile services	1,367	1,380	(0.9)
Internet & network	1,214	1,204	0.8
TV	214	223	(4.0)
Other services	283	314	(9.9)
Total	3,272	3,360	(2.6)

TDC NET Holding derives the vast majority of its revenue from contracts with Nuuday A/S. In 2020, TDC NET entered 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.

### 3 | Depreciation, amortisation and impairment losses

(DKKm)	H1 2023	H1 2022
Amortisation of intangible assets	(259)	(265)
Depreciation on property, plant and equipment	(906)	(832)
Depreciation of lease assets	(144)	(140)
Impairment losses	(16)	(5)
Capitalised as tangible or intangible assets	9	10
<b>Total</b>	<b>(1,316)</b>	<b>(1,232)</b>

### 4 | Special items

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

Special items (DKKm)	H1 2023	H1 2022
Costs related to redundancy programmes	(24)	(28)
Other restructuring costs, etc.	(0)	(3)
<b>Special items before income taxes</b>	<b>(24)</b>	<b>(31)</b>
Income taxes related to special items	5	7
<b>Total special items</b>	<b>(19)</b>	<b>(24)</b>

## 5 | Financial income and expenses

Financial income and expenses (DKKm)	H1 2023	H1 2022	Change in %
Interest income	44	28	57.1
Interest expenses	(716)	(440)	62.7
<b>Net interest</b>	<b>(672)</b>	<b>(412)</b>	<b>63.1</b>
Currency translation adjustments	(40)	122	(132.8)
Fair value adjustments	(35)	60	(158.3)
<b>Total</b>	<b>(747)</b>	<b>(230)</b>	<b>-</b>

## 5 | Financial income and expenses (continued)

	H1 2023				H1 2022			
	Interest	Currency translation adjustments	Fair value adjustments	Total	Interest	Currency translation adjustments	Fair value adjustments	Total
Senior Term Facility	(375)	(23)	(3)	(401)	(207)	10	(7)	(204)
Hedge of Senior Term Facility /future debt issuances	69		(133)	(64)				
Loans from TDC Holding	(8)	(1)		(9)	(121)	113		(8)
Euro Medium Term Notes	(217)	(7)	17	(207)	(47)	(113)	210	50
Lease liabilities	(17)			(17)	(18)			(18)
Other	(50)	1	-	(49)	(50)	(2)	2	(50)
<b>Total</b>	<b>(598)</b>	<b>(30)</b>	<b>(119)</b>	<b>(747)</b>	<b>(443)</b>	<b>8</b>	<b>205</b>	<b>(230)</b>

Interest, currency translation adjustments and fair value adjustments represented an expense of DKK 747m in H1 2023. The increase of DKK 517m compared with H1 2022 was driven primarily by a negative development in fair value adjustments as well as higher interest expense:

- Interest: As of H1 2023 the groups Senior Term Facilities amounts to EUR 1.87bn 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 H1 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 down from EUR 2.25bn as of Q1 2023), as interest rates have decreased this has resulted in a loss in H1 2023.

## 6 | Loans

### Senior term facilities, bonds and revolving credit facilities (RCF)

	2024	2026	2027	2027	2028	2029	2030	2030	2031	Total
Maturity	Feb 24 <sup>2</sup>	Jun 26 <sup>2</sup>	Feb 27	Feb 27	May 28	Jun 29	Feb 30	Oct 30	Jun 31	
Fixed/Floating rate	Floating	Floating	Floating	Floating	Fixed	Floating	Fixed	Fixed	Fixed	
	Margin	Margin	Margin	Margin		Margin				
	+floored	+floored	+floored	+floored		+floored				
Coupon	Euribor	Euribor	Euribor	Euribor	5.056%	Euribor	5.618%	5.870%	6.500%	
Currency	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	
Type	STF Loan	STF Loan	STF Loan	STF Loan	Bond	STF Loan	Bond	STF Loan	Bond	
Nominal value (DKKm)	5,101	372	558	6,701	3,723	372	3,723	819	3,723	25,092
Nominal value (currency)	685	50	75	900	500	50	500	110	500	3,370
– of which nominal value swapped to or with fixed interest rate (EURm)	685	50	75	900	500	50	500	110	500	3,370

<sup>1</sup> Bank facilities have a 0% Euribor floor.

<sup>2</sup> Extendible on TDC NETS discretion to February 2027 and June 2029, respectively.

General note(s):

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

b) As of 30-06-2023 there were no drawings on RCFs. That is, undrawn RCFs amount to:

– EUR 350m, maturing February 2027

Net interest-bearing debt (DKKm)	30 June 2023	31 December 2022	30 June 2022
EMTN bonds incl. short-term part	11,063	3,637	3,690
Term Loans	13,902	18,638	17,817
Loans from group companies incl. short term part	-	3,583	3,685
Debt regarding leasing incl. short-term part	1,246	1,332	1,271
Spectrum licence liabilities	1,690	1,826	1,830
Short-term bank loans	-	-	44
Derivatives	-	152	51
Interest-bearing receivables group companies	(1,380)	(2,114)	(2,045)
Cash	(836)	(2,240)	(1,522)
<b>Net interest-bearing debt</b>	<b>25,685</b>	<b>24,814</b>	<b>24,821</b>

## 7 | Events after the balance sheet date

There have been no events that materially affect the assessment of this interim financial report January – June 2023 after the balance sheet date and up to today.

# Corporate matters

## Risk factors

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

## Forward-looking statements

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

Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this financial report. Key factors that may have a direct bearing on TDC NET Holding group's results include: the competitive environment and the industry in which TDC NET Holding group operates; contractual obligations in TDC NET Holding group's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including TDC NET Holding 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 any risk factors referred to in this report could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this report, undue reliance is not to be placed on any of these forward-looking statements. New factors will emerge in the future that TDC NET Holding group cannot predict. In addition, TDC NET Holding group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.



# Management statement

Today, the Board of Directors and the Executive Committee considered and approved the interim financial statements of TDC NET Holding Group for H1 2023.

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

In our opinion, the financial report gives a true and fair view of the Group's assets, liabilities and financial position at 30 June 2023 as well as the results of operations and cash flows for H1 2023. Furthermore, in our opinion, the management's review provides a fair review of the developments in the Group's activities and financial position and describes the significant risks and uncertainties that may affect the Group.

Copenhagen, 11 August 2023

## Executive Committee

**Michel Daniel Roger Jumeau**  
Chief Executive Officer

**Henrik Nørgaard Brandt**  
Chief Financial Officer, TDC NET A/S

## Board of Directors

**Henrik Clausen**  
Chair

**Frank Hyldmar**  
Vice Chair

**Susanne Juhl**

**Geoffrey David Shakespeare**

**Gabriela Alejandra Styf Sjöman**

**Natalia Axt**

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