Nuuday
Annual report
2020

nuuday

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Shortcut to reading the Annual report

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

In brief

The Essentials

Nuuday at a glance

Nuuday is a market-leading service provider consisting of nine leading brands, spanning connectivity, communication and entertainment that share a common goal of delivering innovative digital customer experiences

Revenue (DKKbn)

14.8

EBITDA (DKKbn)

1.9

CAPEX (DKKbn)

1.4

6.1m

Customer relations in Nuuday

Our customer relations

1.8m

Business incl. mobile partners

4.3m

Consumer

3,985

Employees

Our brands

youSee, TELMORE, HIPER, eesy Bare mobil, you TV, BLOCKBUSTER, NetDesign, Relatel, TDC Erhverv

Management review

A year of change and commitment

COVID-19 revealed Nuuday's instrumental role in keeping our society connected. This included delivering fibre connections to Danish test centres and the COVID-19 hotline and enabling our customers to work and study from home. A highlight was our continued support for BørneTelefonen through TDC Erhverv. Children in need of support and guidance were helped and guided by BørneTelefonen 52,721 times in 2020.

We would like to thank all Nuuday employees for their tremendous efforts in leading the way through our transformation journey while in the grip of the COVID-19 pandemic, which affected people and businesses in ways previously unimagined.

We would also like to thank all our stakeholders for what we were able to achieve together under these unprecedented circumstances. Together, we adapted fast and found innovative solutions to serve and support our many loyal customers during challenging times.

Key events 2020

Fibre for COVID-19 test centres

TDC Erhverv delivered fibre to COVID-19 test centres across the country within 2 days

Xee nominations and prices

Our own TV and streaming channel Xee received several nominations including a Robert for the original series "31".

30%

Increasing broadband speed

We increased broadband speed with 30% for more than 400.000 customers across Denmark

eesy
Bare mobil

Hello Eesy!

Launch of our new mobile brand with attractive price points on Denmark's best network

you TV

Hello YouTv!

Launch of Denmark's new streaming service with all entertainment in one place

5 utility partnerships

By the end of 2020, Nuuday had signed 5 agreements with utility companies, enabling us to deliver high-speed broadband to the majority of Danish households

Q1 • • • • • • Q2 • • • • • • Q3 • • • • • • Q4 • • • • • •

YouSee & Fullrate merger

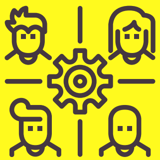
A merger of Fullrate into YouSee was announced on 20th January and initiated soon after to provide the best digital products and innovative solutions for both brands

Enterprise agile

We launched our new agile organization with +200 autonomous teams to ensure we can continue to deliver world class digital services

Helping consumers during COVID-19

We increased the broadband capacity to enable families to both work and study from home



5G speed

Our brands were the first and only brands throughout 2020 to offer 5G to both business customers and consumers

5G SPEED

Telmore reached record high customer satisfaction

with an NPS above 50, cementing Telmore as a loved brand

50

We are Nuuday

Nuuday is the largest connectivity, communication and entertainment service provider in Denmark, and consist of nine leading brands with a common goal of delivering innovative digital customer experiences to a variety of customer segments.

2020 financial performance

Nuuday is the market leader within all segments where we operate: mobility services, internet & network, TV and landline. Revenue from our Mobility services declined by 1.7%, driven by lower sales in the consumer segment in the first half of 2020. We saw an increase in subscribers in H2 2020 as well as growth in average revenue per user (ARPU) for the full year. In the business segment we saw lower ARPU, partly driven by less roaming income due to COVID19, but our growing subscriber base, enabled us to maintain our leading market position.

We managed to grow within fibre and coax in 2020, but not sufficiently to offset our loss on DSL, resulting in broadband revenue declining by 5.1 % in 2020, driven mainly by a significant commercial headwind in the first half of 2020 in the consumer segment, and the increasing churn of DSL connections, as the demand for high-speed broadband connectivity increased. We expanded the reach of our high-speed fibre across Denmark, adding five new agreements with the utility companies Norlys, Nord Energi, Fibia, Thy-Mors Energi and EnergiFyn to our already well-established agreements with Eniig and Ewii.

We grew our subscriber base within digital entertainment offers, including YouSee Bland Selv TV, Telmore Play and our newly launched YouTv, but not sufficiently to off-set the decline in the traditional fixed TV packages. The TV market remains under pressure as customers shift from traditional TV to streaming services, and content costs increase due to price rises on sports rights. In 2020, our TV revenue declined by 11.6%, due to the strong commercial headwind in H1 2020, and compounded by the structural decline in the customer base.

To adjust our organisation to the market developments and the expected increasingly competitive future, we implemented a new agile organisational model. In April we moved from working within traditional functional silos to cross-functional teams and reduced the organisational hierarchy from five to three layers to support our ambition to simplify the business, improve our customer experience and drive a faster time to market.

Already in 2020, we achieved good results based on our re-organisation, which enabled us to reduce our operating expenses by 12.4%. This partially mitigated the expected decline in earnings and helped to stabilise EBITDA, which declined by 4.9% YoY. In addition, our continued efforts to simplify our processes and our IT infrastructure enabled us to reduce our investments (CAPEX) by 5.7%.

Two important new product launches

We continuously change and adapt to customer demands to ensure that we offer relevant solutions for every customer need.

In September, we launched two new brands – YouTv and Eesy, expanding our reach and relevance to additional customer segments. YouTv is a flexible new TV streaming service that enables customers to combine their preferred TV channels and streaming services in one application independent of location and underlying network or subscriptions. We also launched our new mobile brand Eesy, which complements the current mobile services from YouSee and Telmore by offering a simple mobile service at a competitive price on Denmark's best mobile network.

Future growth drivers

Like many other service providers in our industry, Nuuday is seeing exciting opportunities emerging, while demand for some mature services is slowing.

At Nuuday we differentiate clearly between growth services, e.g. nationwide 5G mobile coverage, high-speed broadband and digital entertainment services, and mature services, e.g. low-speed broadband, fixed TV packages and landline telephony, where we see a structural decline in demand.

We expect growth services to remain our foundation for growth for many years ahead. All trends show that demand for high-speed broadband (coax and fibre connections), mobility services and streaming services will continue to increase for many years to come. We continue to invest significantly in our growth services to enable us to provide services that will meet customer demand in the future, as they convert from mature services.

Over the past three years, the percentage of customers who subscribe to our growth services has increased from 63% in 2018 to 70% in 2020. As we expect the decline in mature services to continue, we will proactively seek to convert customers from mature to growth services.

In the next couple of years, we expect our mature services to decline more than our growth services increase, which will naturally have some impact on our total revenue and earnings. However, in the medium term, we expect our new and innovative growth services to compensate for these losses while, in the longer termgenerate healthy growth in both revenue and earnings.

Expectations for 2021

As we progress with the separation from TDC Group towards creating a financially and organisationally independent company, we continue to focus on simplifying our IT landscape to reduce costs, secure a faster time to market and deliver a stronger digital customer experience.

In 2021, we expect our growth services to continue to grow, while we expect a continued decline in our mature services including landline voice, DSL broadband and fixed TV packages.

From an earnings perspective our growth services will be unable to offset the decline in our mature products. However, we will continue to optimise our cost base to partly offset the expected decline in gross profit. EBITDA in 2021 is expected to be lower than in 2020.

John Henriksen
Head of TDC Business

Born
1969

Education
IT professional

Niels Eldrup Meidahl
CFO (registered management)

Born
1973

Education
LL.M. & MSc in Business Economics and Auditing

Jens Grønlund
Head of Nuubrands

Born
1984

Education
MSc in Strategy and Organisation

Jacob Mortensen
Head of YouSee

Born
1979

Education
MSc in Business Economics

Christian Philip Morgan
CSO

Born
1984

Education
MSc in Economics & Business Administration

Hens Henrik H. Knudsen
Head of Products

Born
1981

Education
PhD in Nuclear Physics

Michael Moyell Juul
CEO (registered management)

Born
1974

Education
MSc in Economics

Maj Britt Andersen
CHRO

Born
1967

Education
MSc in International Business & Modern Languages

Haktan Bulut
Head of Technology

Born
1973

Education
MSc in Computer Science

Financial overview

	2020	2019
Income statement (DKKm)[1]		
Revenue	14,756	15,625
Gross profit	5,318	5,895
EBITDA	**1,936**	**2,035**
Operating profit/(loss) (EBIT)	**(77)**	**164**
Profit/(loss) before income taxes	(470)	(204)
Profit/(loss) for the year	(410)	(128)
Profit/(loss) for the year	**(410)**	**(128)**
Income statement, excluding special items		
Operating profit (EBIT)	**46**	**219**
Profit before income taxes	(347)	(151)
Profit/(loss) for the year	**(313)**	**(87)**
Balance sheet (DKKm)		
Total assets	17,669	19,101
Net interest-bearing debt (*NIBD*)	9,647	9,861
Total equity	776	1,192
Capital expenditure (DKKm)	**(1,431)**	**(1,517)**
Statement of cash flow (DKKm)		
Operating activities	1,643	1,322
Investing activities	(1,348)	(1,601)
Financing activities	(323)	298
Total cash flow	**(28)**	**19**

	2020	2019
Key financial ratios (%)		
Revenue growth	-5.6	-1.1
Gross margin	36.0	37.7
EBITDA margin	13.1	13.0
EBIT margin	-0.5	1.0
Equity ratio	4.5	6.3
Retail RGUs ('000)		
Mobile subscriptions	2,722	2,756
TV	1,036	1,177
Broadband	1,061	1,154
Landline voice[2]	466	470
Employees		
FTEs (end-of-year)	3,985	4,515
FTEs Consumer	2,009	2,366
FTEs Business	959	1,058
FTEs other	1,017	1,091

1 Nuuday A/S was established 7 December 2018. On 11 June 2019, the parent company TDC A/S demerged parts of its rights and obligations to Nuuday A/S. The financial statements reflect the demerger of TDC A/S. The demerger had accounting effect from 1 January 2019. Prior to the demerger, Nuuday A/S had no activities, and the comparative figures for 2018 are not restated.

2 Following internal migration of customers and alignment of counting methods in Q2 2020, the level of landline voice RGUs has increased. The migration had no impact on revenue or the result

Our position and strategy

Direction

Our competitive position

Market-leading brands, with scale in reach, distribution and customer insights
We serve all customer segments through our portfolio of market leading brands supported by a significant distribution scale. We have customer relations with about 70% of Danish households and businesses, giving access to unique data that support up- & cross sales potential

Technology scale with skilled talent base delivering competitive digital customer experience
Our scale advantage in development and our agile way of working enable us to attract and retain a diverse and skilled talent base. We can then continuously focus on delivering the best customer experiences while driving competitive cost to serve profitability through simplification and digitization

Unique access to high-speed networks & partnerships supports our competitive service portfolio
Our longstanding and sizable partnerships with key content, software and hardware providers, combined with our national high-speed infrastructure footprint, including exclusive access to Denmark's best mobile network, support our competitive and unique service portfolio

Our strategy

Nuuday is on a journey towards becoming an independent digital service provider. To succeed, we are changing old practices in five focus areas to guide our strategic direction towards simplification, faster time to market and attractive as well as profitable offerings

1

Living Good Rebels United

New organisational setup
We are transforming our organisation from a traditional hierarchical setup with cumbersome decision-making processes and many middle managers to Denmark's first fully enterprise agile company ensuring a rapid market response

2

Transitioning into a lean digital service provider

Building a lean, simple, digital-first operating model
We are working our way from being an integrated telco provider with decreasing gross profit, increasing operating expenses, and investments driven by our portfolio of mature services to a pure and lean digital service provider

3

Building value through essential connectivity

Best high-speed infrastructure
We are the market leader but face decreasing market shares within mature services and segments. A strong focus on customer value management and partnership opportunities with utility providers will help us stabilise our market shares

4

Optimising for next generation entertainment

Leading aggregator position in Denmark
Challenging market trends have led to decreasing cash generation from entertainment services. By carefully balancing our customer base across key services, we are transitioning from mature to growing entertainment services

5

Delivering peace of mind as a service

Our solutions for Danish organisations and institutions
We are shifting focus from traditional telco services to managed network and security services on top of key telco services

1 | Living Good Rebels United

New organisational setup

We have started our agile journey, by developing our practices to reflect our core values and agile mindset, which are becoming embedded in our DNA

Our agile transformation

To ensure our competitiveness in an industry changing faster than ever, we implemented agile ways of working across the entire organisation. This followed the implementation of agile work procedures in a subset of our organisation, some years ago, which revealed strong results, including better customer satisfaction and faster time to market.

A flat organisational structure

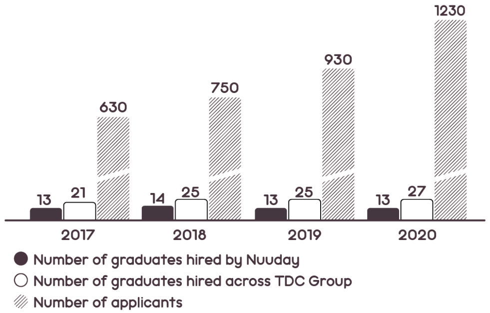
We are now organised into 200+ autonomous cross-functional teams with responsibility for parts of the customer journey. We believe in a flat structure with empowered teams, where decisions are made by those close to the customers. When we break down silos and bureaucracy, the road from insight to action becomes short, meaning we can deliver better products and services and achieve a faster time to market.

We live by our Good Rebels United principle

We transformed our culture by basing our virtues on "Good Rebels United". We understand that we need to be good at what we do, while seizing any opportunity to improve both our skillsets and as a responsible company. We want to rebel against what no longer works – never taking conventional hierarchies, norms or processes for granted. And together, we act as a united family of strong brands with the shared purpose of creating a more meaningful future for our customers.

Securing talent

Our employees are our most valuable asset, and we are fully committed to attracting and retaining a diverse and skilled talent base. One way we do that is through the Nuuday Graduate Program, which secures a pipeline of critical skills.



Enterprise Agile outcomes

Less hiearchy

5 ⇨ 3

layers

More simplicity

600+ ⇨ 15

titles → chapters

Less silo

200+ teams with E2E customer journey responsibility

2 | Transitioning to a lean digital service provider

Building a lean, simple, digital first operating model

We are intent on simplifying and modernising our IT platforms and processes, optimising our cost structure to continue to increase the competitiveness of our services, and staying ahead of our customers' increasingly digital needs

Cost efficiency boost in 2020 to continue in 2021

Our agile transformation supports our increased focus on becoming more efficient based on working smarter and more efficiently.

We are continuing to shift our resources towards our growth services to counter the structural decline in our mature services. We succeeded in streamlining our businesses considerably, reduced costs by 12.4%, and expect this journey to continue in 2021 with further significant cost reductions.

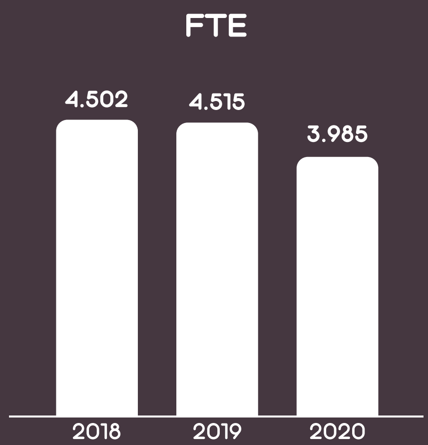
In 2020, we finalised the closure and migration of Fullrate into our YouSee portfolio, focusing our brand portfolio. Furthermore, we have lowered our external spending on consultant services to keep critical knowledge in-house and lower the cost of providing the best products and services in the market.

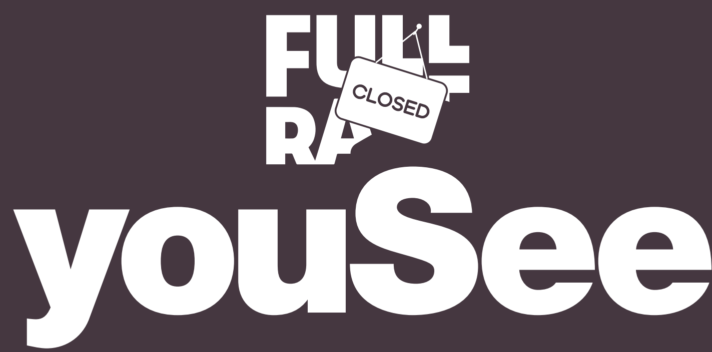
Simplified IT landscape enhances efficiency

In 2021, we will continue to invest in technology simplification and separation from TDC Net, following our 2023 IT strategy to become a fully independent company.

We will also focus on reducing the number of applications to remove complexity and give our customers a better experience.

With more than 500 IT developers, Nuuday is equipped for the future as an independent service provider, leveraging scale to develop a keen competitive advantage.





3 | Building value in essential connectivity

Best high-speed infrastructure

We have access to the best mobile network in Denmark, and with our recent deals with five utility companies, we offer the largest high-speed broadband coverage in Denmark

New partnerships, increased broadband speed and first with 5G

After signing agreements with five new utility companies, Norlys, Fibia, Nord-Energi, Thy-Mors Energi and EnergiFyn in 2020, we can deliver fibre to more than 900,000 new households and companies. This ensures that we can offer high-speed broadband services to the majority of Danish households and businesses.

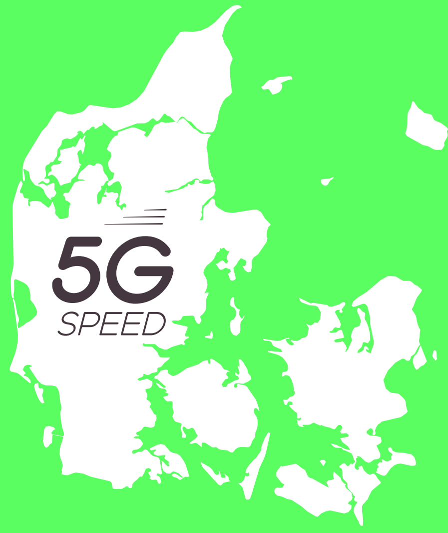
We increased broadband speeds for more than 400,000 of our customers, raising the average broadband speed throughout Denmark by 39%.

Finally, in September we became the first service provider in Denmark to offer nationwide 5G across YouSee, TDC Erhverv and Telmore, and now Nuuday is a first mover with 5G speeds across our brand portfolio.

Launch of Eesy

In September, we launched Eesy to provide simple mobile services at low prices on the best network in Denmark. Eesy was well received in the market and has so far contributed positively to our mobile voice portfolio.

In 2020, Nuuday concluded five new partnerships with utility companies, including Fibia. Above is Christian Morgan, CSO of Nuuday and Casper Holst-Christensen, CEO of Fibia



4 | Optimising for next generation entertainment

Leading aggregator position in Denmark

We want to deliver a simple portfolio of entertainment offerings to satisfy multiple needs and segments. We also see value in convergence between entertainment and connectivity, which we will continue to strengthen in the years to come

YouSee offerings and a new TV brand
In July 2020, YouSee launched TV2 Play, one of Denmark's most preferred streaming services for our Bland Selv customers. Together with TV2, we can provide customers with even more flexibility and Danish content in the future.

In September 2020, we launched YouTv – a new stand-alone entertainment solution. YouTv combines the best of the traditional TV packages and streaming services. It is fully digital and for Danish consumers who want a digital alternative to the traditional TV packages. Through an app, users can mix and match content across TV and streaming services in order to tailor the content to their personal preferences.

New TV series from Xee and awards
Xee, Nuuday's TV and streaming channel, celebrated its first birthday in January 2020. Xee launched six original TV series in 2020, including "32" – season four of "29", "Enten/Eller", "Limboland", "Junglen", "Cold Hawaii" and season three of "Sunday".

In 2020 we really put Xee on the map and began the year with six nominations at "Tv Prisen" - the largest award show in the Danish TV industry. We won two awards. "Sunday" was voted best satire/comedy and "31", season three of the popular show "29" won the category for best short-form scripted show. Perhaps even more impressively, "31" also won the prestigious Robert award for best short-form TV series.

At the same time, our YouSee Originals were discovered internationally, and our scripted shows have so far been sold to broadcasters in Sweden, Norway, Finland, Germany and Spain

6 nominations at TV Prisen

2 awards
for our show "29"

Xee streams (series)

2019: 6.3M
2020: 22.3M

In Denmark, streaming is an integrated part of our lives. With YouTv, Danish consumers can get a TV solution that does not depend on where they live or which broadband provider they use

- **Michael Moyell Juul, CEO at Nuuday.**

you TV

5 | Delivering peace of mind as a service

Our solutions for Danish organisations and institutions

We want our solutions to provide Danish companies and institutions with the best coverage, capacity, stability and security while helping people to work smarter with meaningful solutions

Strong business partnerships

We continued to build on our well-established business partnerships with industry leaders such as Cisco and Microsoft. That enables us to offer our customers flexible, best-in-class solutions to our customers in a constantly changing environment.

Launch of SmartSecurity by Cisco Meraki and 24/7 Security Operations

Digitalisation accelerates the pace at which companies are dependent on the connection, be it to their IT in the cloud, employees working from home, online sales channel or IoT sensors. This drives a need for the necessary quality of service, and speed capacity. On top of this, the connection needs to be secure, as cyber-crime continues to grow.

To meet customer demands and support them in their digitalisation efforts, in 2020, TDC Business launched SmartSecurity, powered by Cisco Meraki. The router has a built-in cloud based next-generation firewall that updates to defend against the latest global cyber security threats.

With Smart Security, our SMB customers enjoy state-of-the-art protection out of the box.

For larger enterprises, NetDesign launched a 24/7 Security Operations Center for surveilling customers' infrastructure to detect abnormalities and react immediately to any security breach to keep our customers' businesses running.

Creating a strong market position for Relatel

Relatel was formed in November 2019 when Fullrate Pro and Firmafon merged into one brand. Relatel is on a mission to strengthen the competitiveness of small and medium-sized businesses by offering a cloud based mobile-voice switchboard solution that enables businesses to engage in close relationships with their customers.

Gold
Microsoft Partner
Microsoft

cisco
Partner
Gold Certified
Master Specialized in Collaboration
Master Specialized in Security

Performance

Nuuday performance

- **Revenue declined by 5.6% in 2020 driven primarily by RGU losses mainly on mature services**
- **EBITDA declined by 4.9% in 2020, driven largely by decreasing gross profit, but partly offset by opex savings of 12.4%**
- **Capital expenditure of DKK 1,431m in 2020 decreased by 5.7% compared with 2019. This decrease resulted from lower costs related to customer installations, privately owned networks and IT**
- **Cash flow from operating activities in 2020 rose by DKK 321m to DKK 1,643m, driven primarily by strong working capital improvements**

Revenue
In 2020, Nuuday's revenue decreased by 5.6%, or DKK 870m, to DKK 14,756m. This was driven primarily by RGU losses on mature services in the beginning of the year. This negative development was partly offset by the larger fibre customer base, accompanied by the mobility net adds turning positive in Q4. RGU loss trends across the remaining services also improved and stabilised in Q4.

Gross profit
Nuuday's gross profit decreased by 9.8%, or DKK 577m, to DKK 5,318m in 2020. Mobility services gross profit decreased by 7.6%, or DKK 132m, internet & network gross profit decreased by 8.1% or DKK 153m and TV gross profit decreased by 14.7% or DKK 200m, vs. 2019 all driven by decreasing customer bases, especially early in the year. These declines were partly offset by increasing ARPU in internet & network and mobility services in Consumer, driven by speed upgrades and price increases, respectively. The structural decline in landline voice in both the consumer and business segments resulted in a gross profit decrease of 13.3%, or DKK 76m.

Operating expenses
Nuuday's operating expenses in 2020 totalled DKK 3,382m, down by DKK 478m, or 12.4%, from 2019. The improvement in costs resulted from a general cost focus and savings across all opex categories, especially acquisition costs and personnel expenses, which declined by DKK 123m and DKK 294m respectively.

EBITDA
Nuuday recorded an EBITDA decline of 4.9%, or DKK 99m, to DKK 1,936m in 2020.

Revenue (DKKm) **14,756**

Gross profit (DKKm) **5,318**

Operating expenses (DKKm) **3,382**

EBITDA (DKKm) **1,936**

Capital expenditure

In 2020, Nuuday's capital expenditure was reduced by 5.7%, or DKK 86m, to DKK 1,431m, a reduction fuelled by lower volume-driven capex, including lower costs related to customer installations and lower investments in privately owned networks and IT.

Overall, the main focus of Nuuday's investments centres on three main areas. We invest in adopting digital technologies to improve our customer experience and operational efficiency, while continuing to focus on separating and differentiating to create our own identity. Lastly, we are striving to transform Nuuday into a lean digital telco and entertainment provider.

Loss for the year

Excluding special items, loss for the year increased by DKK 226m to DKK 313m. The increase was driven mainly by the lower EBITDA mentioned above as well as increased amortisation following higher amortisation based on software.

Loss for the year (including special items) decreased by DKK 282m to DKK 410m due to a higher level of redundancies.

Cash flow

Cash flow from operating activities in 2020 rose by DKK 321m to DKK 1,643m. The increase was driven primarily by net working capital (DKK 633m) including the COVID-19 temporary liquidity support package (postponing payments of VAT and employee tax) from the Danish State (approx. DKK 200m). The increased cash flow was partly offset by higher income tax paid (DKK 115m) as no payments in 2019 relating to the activities contributed via the demerger of TDC A/S. In addition, the increase in cash flow was partly offset by a higher cash outflow related to special items (DKK 100m) due to a higher level of redundancies and lower EBITDA (DKK 99m).

The DKK 253m decrease in cash outflow from investing activities, to DKK 1,348m, was caused primarily by the acquisitions of Firmafon and Secu in 2019 as well as lower capex.

The net cash flows from operating and investing activities (DKK 295m) were used primarily to reduce amounts owed to group companies (DKK 229m) and lease repayments (DKK 87m).

2021 guidance

In 2021, we expect our growth services including mobile, high speed broadband and streaming services to continue to grow, accompanied by a continued decline in our mature services including landline voice, DSL broadband and mature TV services.

From an earnings perspective our growth services will be unable to offset the decline in our mature services. However, we will continue to optimise our cost base to partly offset the expected decline in gross profit. EBITDA for 2021 is expected to be lower than in 2020.

Capital expenditure (DKKm) **1,431**

Loss excl. special items (DKKm) **313**

Cash flow from operating activities (DKKm) **1,643**

Employees (FTE) **3,985**

Our brands & reach

#1 market position in DK across broadband, TV, mobile voice, B2B services

6.1m customer relationships in total and relationships with 2/3 households and organisations

We serve all customer segments and needs through our portfolio of market-leading brands

Consumer brands

HIPER

Broadband
Providing giga-speeds across Denmark at market-leading prices and with increasing market share

youSee

TV, mobile and broadband
Market leading brand in DK connecting families and gathering products and services in one place

TELMORE

Mobile
Brand loved by its customers and strong position in the mobile voice market

eesy

Mobile
Launched in 2020 as a new challenger brand focusing on simplicity and price

YOU TV

OTT TV streaming services
Launched in 2020 as a flexible TV solution where customers can build their own entertainment universe

BLOCKBUSTER®

OTT TVOD streaming service
A well-known brand in Denmark with a strong position and ready to give endless entertainment in the Nordics

Business brands

TDC Erhverv

Mobile, broadband & network services, security, unified communications & digital collaborating and IoT
An iconic brand offering customers a full suite of solutions every step of the way covering all segments

NetDesign

Advanced network, advanced unified communications & digital collaboration and advanced Security
30 years of delivering expert knowledge and solutions to the biggest enterprises in Denmark

Relatel

Mobility services and switch boards
Customer-centric mobile telephony and seamless communication technology targeting the SMB segment

Consumer

Highlights and financials

- **Nuuday introduced YouTv and Eesy in 2020 to supplement its TV and mobile product portfolios**
- **Five new utility agreements were concluded to strengthen Nuuday's broadband offerings**
- **In 2020, Nuuday cut operating expenses by 11.3% by transforming the organisation and applying a clearer cost focus**

Revenue decreased by 6.4%, or DKK 704m, to DKK 10,330m due mainly to RGU losses early in the year. The RGU developments were partly offset by increased ARPU from mobility services and internet & network, due to price increases and speed upgrades, respectively.

The smaller customer base was also the main driver for the decreasing gross profit compared with last year, with a setback of 11.4%, or DKK 449m, to DKK 3,506m.

In 2020 we managed to reduce our operating expenses in the consumer segment by 11.3%, or DKK 190m, to DKK 1,497m. The decrease was a result of our ongoing cost focus and the operating expenses were reduced across categories; personnel costs driven by lower average FTEs, lower costs related to marketing accompanied by reduced acquisition costs.

These events led to an EBITDA decrease for the period of 11.4%, or DKK 259m, to DKK 2,009m.

In August the new mobile brand Eesy was launched to complement the existing mobile portfolio. Eesy offers simple and cost competitive mobile services and has aided the turnaround of the negative trend in net adds earlier in the year. YouTv was launched in September to strengthen the TV offering.

To be able to offer high speed broadband in areas, we have not previously covered, we have concluded agreements with five utility companies, in addition to our two existing agreements, to expand our presence and offer high-speed broadband services across Denmark to all of our current and potential customers.

Revenue DKKm	10,330
OPEX DKK	1,497
Gross profit DKKm	3,506
Employees FTEs	1,970
EBITDA DKKm	2,009

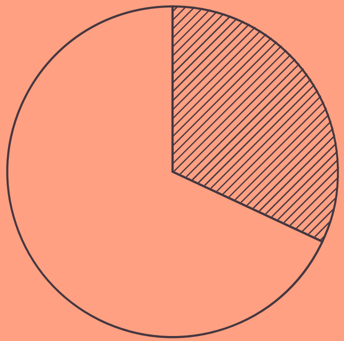
Headquarters and Products & Technology are not included in the numbers

Our B2C brands

youSee
BLOCKBUSTER®
HIPER
eesy
you TV
TELMORE

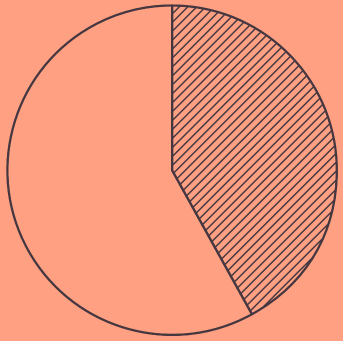
Consumer

Development of product lines



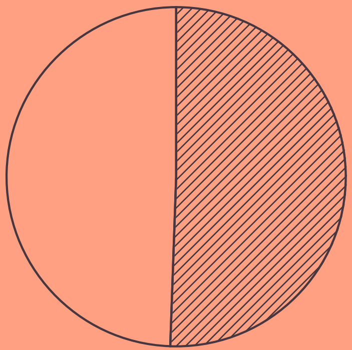
Mobility services
Market share:

32.1%



Internet & network
Market share:

41.2%



TV
Market share:

50.8%

Mobility services

- In 2020 our market share of mobility services, through our mobility brands YouSee, Telmore and Eesy, totalled 32.1%, despite a revenue decline of 1.4% to DKK 3,190m. The revenue decline was driven by the full-year effect of negative subscriber growth in early 2020. This was partly offset by the successful increase in mobility services ARPU, due to price increases.

- The negative net adds in the first two quarters were turned into positive net adds by the end of the year. This turn-around was driven by successful cam-paigns and churn reduction.

TV

- In 2020, TV revenue, represented by our YouSee and YouTv brands, declined by 12.7%, or DKK 495m, to DKK 3,409m. The decrease was caused by a smaller customer base partly due to the Discovery termination. In addi-tion, ARPU decreased, driven mainly by the loss of mature services customers, and was partly offset by selected price increases. The continuously de-clining TV market contributed to the smaller customer base. However, the market share remained above 50%.

Internet & network

- In Consumer, our internet & network brands YouSee and Hiper recorded a revenue decline of 3.9%, or DKK 100m, to DKK 2,497m. The decline was driven by spill-over effects from the Discovery termination leading to RGU losses in 2020. However, the internet & network market share totalled 41.2%, and the revenue decline was partly offset by an ARPU increase resulting from price in-creases and speed upgrades.

Landline voice

- In 2020, Consumer's revenue from landline voice decreased by DKK 74m, or 15.0%, to DKK 420m, in line with the market trend and our expectations. The decrease in Consumer landline voice revenue was driven by the net loss of customers YoY.

Business

Highlights and financials

- **Very strong market position in the Business segment – market share remains well above 50%**
- **12.8% improvement in operating expenses driven by acquisition costs and personnel costs**

Business' revenue declined by 5.2%, or DKK 226m, to DKK 4,118m due to lower revenue inflow from both mobility services, internet & network and landline. The main driver for the negative developments was declining ARPU in both mobile and internet & network. While the customer base for internet & network remained almost unchanged in 2020, the customer base in mobility services grew and partly offset the negative ARPU development. In landline, the customer base declined in line with the general trend, while realising a slightly higher ARPU compared with last year.

Gross profit for the period declined by 8.3%, or DKK 156m, to DKK 1,728m. The negative ARPU development in mobility services and internet & network served as the main driver.

Operating expenses for the period improved by 12.8%, or DKK 125m, to DKK 852m. The savings realised stemmed primarily from lower external expenses related to acquisition costs along with lower personnel-related expenses due partly to COVID-19 restrictions. The cost savings were further increased by the lower number of average FTEs throughout 2020.

These events led to an EBITDA decrease of 3.4%, or DKK 31m, to DKK 876m.

Revenue DKKm **4,118**

Operating expenses DKKm **852**

Gross profit DKKm **1,728**

Employees FTEs **1,030**

EBITDA DKKm **876**

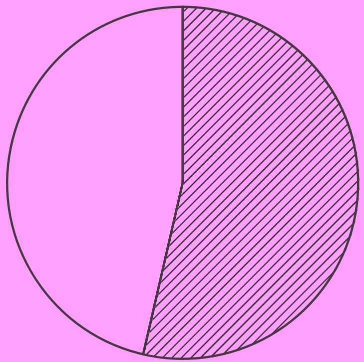
Headquarters and Products & Technology are not included in the numbers

Our B2B brands

NetDesign Relatel TDC Erhverv

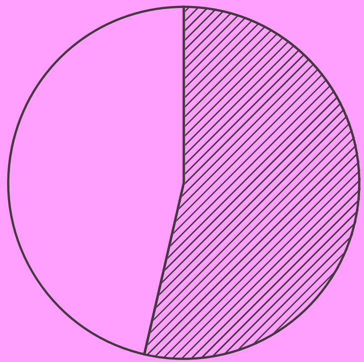
Business

Development of product lines



Mobility service
Market share:

55.3%



Internet & network
Market share:

54.1%

Mobility services

- In 2020, Business' mobility services revenue declined by 3.9%, or DKK 52m, to DKK 1.270m. This resulted from a decrease in mobile ARPU combined with an increasing number of low-ARPU customers in the public sector. Simultaneously, the negative effects of COVID-19 on roaming activity increased the revenue loss for the period. The customer base was successfully increased during the period, and the market share in 2020 was 55.3%. This increase resulted from Relatel growing successfully as well as more public sector customers. The mobile broadband customer base remained level in 2020.

Landline voice

- 2020 saw a further revenue decline in landline voice of 11.4%, or DKK 65m, to DKK 514m. The development in landline voice was on trend; the customer base declined, however with a slightly better churn rate than last year, while ARPU for 2020 increased slightly.

Internet & network

- Internet & network revenue in 2020 declined by 7.6%, or DKK 92m, to DKK 1.117m. This decline was driven mainly by lower ARPU in 2020 compared with last year. The customer base experienced a slight decline in 2020, however the net-add trend was positive in the final months of the year and the market share was 54.1%.

Other services

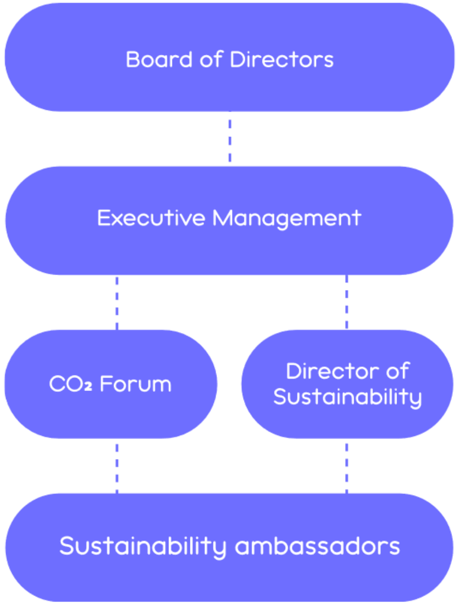
- In 2020, Business' other services revenue, which is driven largely by NetDesign services, decreased by 1.3%, or DKK 16m, to DKK 1,217m.

ESG & risk management

Sustainability at Nuuday

Our approach
At Nuuday, we seek to take responsibility for running our business in a sustainable manner. ESG, covers the three environmental, social and governance pillars that are critical for addressing how to support sustainable and responsible development, which we believe is vital for our business. As a company, we address our most material issues and we believe in doing good. We take a stand to make a difference and make technology a force for good.

Throughout Nuuday's transformation, and the challenges presented by the emergence of COVID-19, we have continued our sustainability work. We have reduced our environmental footprint as well as our costs through increased refurbishment and reuse of our customer products, encouraging green innovation in our next-generation TV boxes. Furthermore, we have gained a thorough understanding of our operational climate impact by calculating our Scope 3 CO_2e emissions.



ESG governance
Our sustainability strategy is embedded in our business strategy and approved by our Board of Directors. At an operational level, our executive management team is responsible for ensuring our targets are achieved. The strategy and activities are cascaded down throughout the whole organisation.

To manage our climate commitments, we are part of a cross-company working group, led by TDC Group, called the CO_2 Forum. This working group is a collaborative venture in which key management-level personnel from both Nuuday and our sister company TDC NET participate.

The CO_2 Forum decides how to reduce our CO_2 emissions in line with our targets. Input from stakeholders, including suppliers, experts, employees and project management offices, is included in the process. The Director of Sustainability and her team are responsible for the operational implementation of the sustainability strategy and achieving our KPIs.

Our governance is also supplemented by project or topic-specific checks and balances, which are externally audited. Our environmental activities align with our ISO 14001-certified environmental management system, our health and safety approach complies with our ISO 45001-certified health and safety system, and data security aligns with our ISO 27001 certification at NetDesign.

An extensive array of issue-specific policies also cover critical ESG risk areas such as: data protection, privacy and data ethics, anti-corruption, IT security, and our employee code of conduct. These have established lines of responsibility culminating with the Board of Directors or the Audit Committee of the Board of Directors, supporting strong governance within these issue areas.

Our ESG data collection process has been externally assured by a third-party assessor, and our reporting is prepared in accordance with GRI Reporting Standards: Core Option.

Climate & enviroment

Children's digital life

How we do business

Sustainability policy

Our sustainability strategy
The sustainability strategy, launched in 2019 to address our ESG impacts, reflects the views of our stakeholders and the market in which we operate. It is aligned with the UN Sustainable Development Goals (e.g. #13 Climate Action). The strategy is underpinned by our sustainability policy.

Our three-pillared approach is guided by our material issues, ESG commitments, and strategic business priorities. Despite the broad range of issues covered, our approach is closely aligned with our business ambitions and core competencies. This demonstrates our desire to make an impact and actively operate and develop Nuuday in a way that promotes sustainability and contributes positively towards developing society.

Our materiality assessment which we also conducted in 2019 guides our reporting boundaries.

Helping society during COVID-19

COVID-19 significantly changed customer behaviour
COVID-19 affected the relevance of the telco industry in many ways. Families now rely on fast connections – landline and mobile – that enable parents to work from home while their children are participating in online schooling or enjoying world-class entertainment, for which demand has risen as a substitute for visiting friends.

Bringing joy in a difficult time
We are proud to say that we have supported our customers in difficult times during the COVID-19 pandemic.

We provided our TV customers with a series of news and family entertainment channels for all YouSee TV customers over Easter at no extra charge to help them remain informed about the situation while enjoying entertainment at home. YouSee offered free data over the summer to all its mobile customers in response to their increased need for data in Denmark while staying at home and working, checking the news, and spending their summer holidays in Denmark. And for customers who were abroad when the pandemic hit, we offered free hours and texts to all YouSee and Telmore mobile customers to help them keep in touch and plan their return journeys home.

Hiper supported its broadband customers by upgrading capacity to accommodate the historically large increases in traffic consumption related to COVID-19 and optimised processes to reduce the need for technicians and therefore also the infection risk.

Helping critical functions during COVID-19
Making sense with technology involves offering new solutions for unprecedented circumstances and our business customers certainly needed that this year.

When COVID-19 test centres were required quickly across the country, TDC Business set up built-to-order fibre for the test centres – within a 2-day delivery deadline.

In addition, we set up 100,000+ VPN connections in a matter of days and in the space of less than a week, enabled 10,000+ call-centre employees to work remotely.

The picture is provided by the Region of Southern Denmark. Credit: Lillebælt Hospital

Nuuday – supporting children's digital skills and making sense with technology

Our approach
We support initiatives that strengthen children's digital skills and hopefully encourage an appetite to pursue opportunities that lie in technologies of the future.

Children's digital skills: Coding Class & IoT at Schools
At Nuuday, we take responsibility for providing children with digital skills of the future. By giving school pupils the opportunity to challenge themselves with exercises involving coding and programming, we are helping future generations to gain a basic understanding of the digital foundation on which our society is built.

Through the Coding Class and IoT initiatives, sixth and seventh graders learn to innovate and create digital solutions for real, everyday challenges.

For the fifth time, we had the pleasure of opening our doors in Copenhagen to sixth graders from Sankt Annæ Gymnasium, who proposed programming-based solutions and ideas to help make YouSee's services more relevant to young people. During the month leading up to the visit, the pupils had worked on developing solutions to real-world challenges by using IT and technology.

Likewise, we were looking very much forward to hosting seventh graders from Viby School at our Nuuday offices in Aarhus in March 2020 as part of the IoT at Schools initiative. Unfortunately, this was cancelled due to COVID-19. However, our IoT experts from TDC Erhverv are looking forward to welcoming new seventh graders in 2021, who will suggest how Internet of Things can make a positive difference.

Young SDG Innovator Programme
Nuuday has taken active part in the UN Global Compact talent programme for young innovators (YSIP). YSIP engages young talents from all over the world in using the Sustainable Development Goals as catalysts for developing new products and services.

Three young talents from Nuuday worked on a project called "Green Stream" which aimed to make it easier for customers to stream using green energy. This was the only Danish group selected to present their idea at the UN Global Compact's Summit in June 2020.

A digital future shaped by all and for all
We see potential in engaging more girls and women in shaping the digital Denmark of tomorrow. Therefore, we collaborate with a wide range of educational institutions to get more girls and women interested in the career opportunities within IT and the future of technology.

We host Girls' Day in Science in collaboration with Naturvidenskabernes Hus, and Tech Career Days in collaboration with the IT University of Copenhagen. In 2020, we also extended our partnership with Women in Tech Denmark to include an internal network for women working within IT. We also collaborate with ReDI School, which is a non-profit tech school offering IT courses to women with migrant and refugee backgrounds.

12,000+

children have been enhancing their digital skills through the Coding Class initiative since 2016

Børns Vilkår and YouSee guiding and empowering children and parents in their daily digital lives

Today, parents face the daunting prospect of considering and handling new challenges when their children begin exploring the many opportunities offered by the digital world. Many parents find they are ill-equipped to understand the digital sphere where their children interact. That has become evident thanks to our partnership with the Danish children's organisation Børns Vilkår.

At YouSee, we care about our customers and work to improve the digital daily lives of families in Denmark. We believe that technology can be a force for good, but we also acknowledge that the digital transformation families are undergoing brings challenges for many. We have thus joined forces with Børns Vilkår to help families in the digital transition they are facing.

Our joint mission is to inspire, strengthen and support the role parents play in their children's digital lives. By increasing the understanding and engagement that parents contribute to their children's digital activities, we believe that together families can more easily handle the digital challenges they face and reach the balanced digital everyday life they desire. Details of this collaboration will be launched in 2021.

Since 2018, we have been working together to ensure that customers in the YouSee More loyalty programme can contribute to Børns Vilkår by choosing "Børns Vilkår" as their benefit. We are very grateful to experience that thousands of customers have chosen Børns Vilkår as their benefit, making a positive and important difference for children in need.

63,651

donations made to Børns Vilkår through the YouSee More programme

TDC Erhverv and BørneTelefonen: A support line for children and young people

At TDC Erhverv, we are proud of our close and longstanding partnership with Børns Vilkår on BørneTelefonen – the anonymous helpline for vulnerable children in Denmark. In 2020, we once again committed to continuing our support throughout 2021.

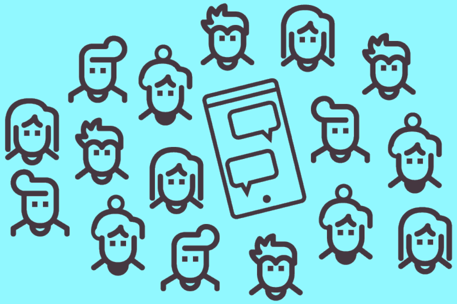
Since the first call came through to the helpline in 1987, we have championed this project by donating our technology and services free of charge, making sure that children and adolescents have access to the help and guidance they need from trained voluntary counsellors. The partnership highlights the important benefits to Danish society of matching our products and services with those in need.

We are dedicated to providing the technical services that are critical for Børns Vilkår to operate BørneTelefonen as a safe and anonymous service for vulnerable children as they reach out for help; often for the first time.

BørneTelefonen is open 365 days a year from 7 a.m. until 2 a.m. More than 700 volunteers with relevant professional backgrounds are engaged in advising the children who make contact.

In 2020, BørneTelefonen had 52,721 counselling conversations with children through BørneTelefonen – by telephone, chat, text and email.

TDC Erhverv has also replaced its traditional Christmas gifts to customers with further donations to BørneTelefonen and, for the past seven years, TDC Erhverv's bicycle network has also collected money for Børns Vilkår, thereby enabling even more children to connect safely and anonymously with the organisation's volunteers.



52,721

times in 2020 a child in need was helped by BørneTelefonen

Climate & environment

Our approach
The ICT industry is a key enabler of sustainable economic growth. Connectivity and digital technology promise to facilitate the delivery of sustainable development for all according to the *Digital with Purpose* report from the ICT industry body GeSI. This report found that digital technologies have the potential to deliver carbon reductions nearly equal in size to seven times the growth in the entire ICT sector's emissions footprint over the period to 2030.

However, connectivity is not without environmental cost. Our offerings and services require electricity to operate and our equipment requires large-scale manufacturing and rare earth minerals. This impact is our responsibility. Consequently, we are actively engaged with this agenda.

At Nuuday, we have a unique opportunity to play an active part in reducing CO_2 emissions, increasing our focus on energy efficiency, and refurbishment.

We maintain a systematic framework of impact assessment, gap analysis, initiative planning, and active management, all guided by our materiality matrix and based on the ISO 14001 Environmental Management System framework. We consider both our own operations and the upstream and downstream impacts of our business when we plan our initiatives.

We take this approach because we believe it helps us build a resilient, lean business. One that can create value for the environment, value for society, and value for our owners at the same time.

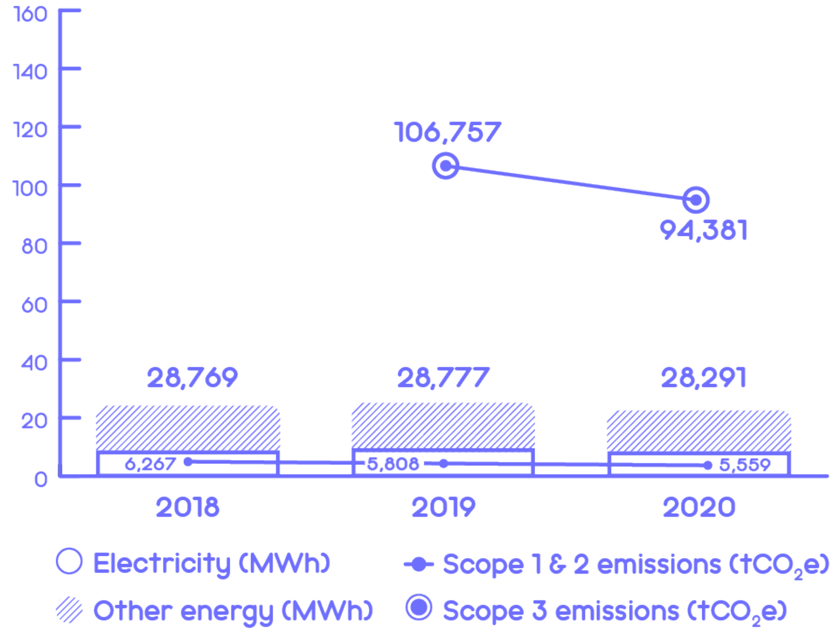
Our ambitions
We have an ambitious climate target to be 100% CO_2e neutral in 2028 for our direct emissions (Scopes 1 & 2) and to reduce our CO_2e emissions by 50% in 2023. These commitments drive all our activities to reduce our climate footprint.

We have also committed to set a Science Based Target in line with the protocols of the Science Based Targets Initiative (SBTi), including Scope 3, by September 2021. This will address emissions in our value chain.

2020 Activities and performance
We have established the internal governance structures needed to drive the agenda for reducing emissions. Working both top down and bottom up, we are harnessing the passion and knowledge of our employees to deliver climate action. The efforts are overseen by our CO_2 Forum, which has developed a roadmap of initiatives to deliver on our targets. In 2020, the Forum brought forward our Scope 1 & 2 target by two years.

Key initiatives include opening a tender for a renewable energy PPA (power purchase agreement) for our electricity consumption. The PPA will cover a large part of our Scope 2 emissions once implemented. We expect the agreement to be finalised in 2021.

We have chosen to pursue a PPA instead of buying certificates from existing renewable energy capacity because we want to take co-responsibility to further the green transition. This path will result in development of new renewable energy resources to cover our electricity consumption without compromising others' access through competition for existing resources.



Energy & emissions performance
In 2020, we achieved a 4% decline in our operational CO_2e emissions (i.e. Scopes 1 & 2) compared with the previous year, driven by a reduction in energy used. Electricity accounted for the bulk of this difference. The decline in consumption is in part due to the consolidation of Nuuday locations and moving out of a number of premises, as well as the impact of COVID-19, which resulted in closing down our retail outlets and thereby a considerable amount of time our employees spent working remotely.

On top of this, we achieved a 4% reduction in the amount of transport fuel consumed (Scope 1). This is also attributable to COVID-19 impacts, as our sales force was unable to be on the road as much as in previous years.

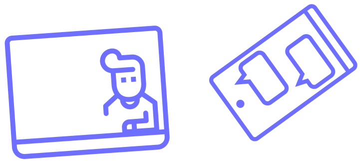
Scope 3 inventory

In 2020, we completed our first ever inventory of our Scope 3 emissions. The work uncovered our indirect upstream and downstream emissions in detail and demonstrated the true climate impact of our operations relative to our whole value chain. The scale of our Scope 3 emissions is almost 17 times greater than our direct operations, with the largest emitters being: purchased goods and services, capital goods and use of goods sold.

The inventory provides the critical baseline to set our SBTi Scope 3 target, and to identify the available levers. It will also inform our supplier engagement programme which we will be ramping up, supported by increased organisational focus and resourcing. We have identified and estimated suppliers' emissions and will work within a framework based on supplier relationship management to identify the potential for emission decreases, while also conveying the importance of the CO_2 data quality and disclosures of suppliers.

Resource management

In 2020, we recycled 47% of our waste. Almost 43% of our waste went to energy recovery (incineration), and just 1% went to landfill. We focus on waste in our operations and aim to continuously improve our performance. We intend to increase our recycling rate in 2021.



In 2020, TDC Erhverv and YouSee refurbished almost 157,000 customer devices, avoiding 77 tons of e-waste

We continue to work on reducing the lifecycle impact of our Customer Premise Equipment (CPE) by promoting circular processes through refurbishment and reuse. Between them, TDC Erhverv and YouSee refurbished almost 157,000 units, a 51% improvement versus 2019. By doing so, they avoided 77 tons of e-waste in 2020. This work reduces environmental impact through shortening supply chains and reducing the need to mine for and manufacture new CPE.

Customer engagement & recognition

YouSee continues to give its customers in the YouSee More programme the possibility of supporting Danish nature and biodiversity through Den Danske Naturfond. In 2020, YouSee More customers made more than 26,000 donations to support Danish nature.

We are proud that the research company Sustainable Brand Index in 2020 announced that YouSee was perceived as the most sustainable brand within telecommunications according to Danish consumers, closely followed by Telmore.

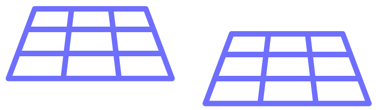
Outlook for 2021

While the journey towards a 50% reduction of CO_2e emissions in 2023 has started, there is much to do still. In 2021, as a part of our commitment to the UN Business Ambition for 1.5°C pledge, we will set a Scope 3 emission reduction target and submit our targets for Scopes 1, 2 & 3 to the SBTi for approval.

CO_2 neutral in 2028 (Scopes 1 & 2)

Reducing scope 3 emissions will be a challenge. For example, approximately 30% of our total emissions are embedded in the mobile phones that we sell. During 2021 we will work to detail our Scope 3 lever catalogue.

Some of the direct actions to reduce energy consumption in 2021 have already been approved for implementation in 2020. This includes, entering a PPA for our Scope 2 electricity consumption, and engaging our employees with a focus on commuting and waste. These initiatives will be key operational activities.



In 2021, we will sign a Power Purchase Agreement to ensure that new renewable energy resources will cover our electricity consumption

From a customer standpoint, we expect to roll out a new, greener TV box to our IP-only customers on fibre and DSL. Over the coming years, the new TV box will also serve as an upgrade for more than 200,000 existing TV customers. Although the TV box is still in development, we expect the final device to need 40% less material volume in production, of which up to 35% of the plastic will be from recycled material, and to have up to three times lower energy consumption, in some cases, than many of the boxes it is replacing. Moreover, it will come in packaging based on 100% recycled cardboard and no single-use plastic.

How we do business

Our approach

We are aware of the responsibility we have to operate in a conscientious and transparent manner. It is critical that our partners, employees and customers trust us and feel secure when using our products and services. We comply with the relevant laws and regulations and seek to continuously improve our policies and practices through external benchmarking assessments, certification, or other external validation.

Certifications and ESG assessments

We have three ISO certifications across our business covering environmental management (ISO 14001), occupational health and safety (ISO 45001), and IT security (ISO 27001) at NetDesign.

We publish information related to our ESG activities to increase transparency and facilitate benchmarking by our owners, investors, suppliers and other interested parties. As we are a part of TDC Group, our activities and performance are assessed by both GRESB and EcoVadis. In 2020, we received a GRESB Infrastructure score of 65, up 4 points from 2019, and our EcoVadis score in the 2020 assessment was also 65, up 3 points from 2019, putting us in the top 10% of respondents.

Sustainable procurement

In our supply chain, we focus on the environmental impact of the products we buy, human and labour rights, and health and safety along the whole value chain.

In 2020, several activities brought our partner code of conduct to life, as we worked to reduce risks in our operations and value chain.

In 2021, we will strengthen our sustainable procurement programme in partnership with peers through industry initiatives involving screening of and engagement with our suppliers. Various initiatives are already in place regarding setting KPIs and targets, as well as establishing internal sustainable procurement reporting.

Stakeholder dialogue

To ensure we capture stakeholder concerns, we actively engage with all stakeholders to identify material issues and strategic priorities.

Our stakeholders include the authorities and regulators, customers, employees, our investors, management, media, owners, partners and interest organisations, and our suppliers and business partners.

Memberships

Nuuday is a proud member of specially selected organisations and commitments for sustainable development. We collaborate with the Telecoms Industry Association (TI), the Danish Chamber of Commerce (Dansk Erhverv), The Danish IT Industry Association (ITB), Danske Mediedistributører (FDIH), and the UN Gender Diversity Roundtable. In Europe, we collaborate with the European Telecommunications Network Operators' Association (ETNO), and GIGA Europe.

At international level, we are represented at Board level in the Global e-Sustainability Initiative (GeSI) by TDC Group. We also participate in the association of mobile network operators worldwide (GSMA), and the Joint Audit Committee (JAC), an association of telecom operators working to further ESG implementation in the ICT supply chain. Through TDC Group, Nuuday is a signatory of the UN Global Compact; adhering to the principles, we have a suite of policies and procedures that our employees are required to be aware of or complete training in. These are all publicly available and include our whistleblower policy, our anti-corruption and gift policy, our sustainability policy, our data ethics policy, our data privacy policy, and our partner code of conduct.

In 2019, also through TDC Group, we signed the UN Business Ambition for 1.5°C Pledge and are working towards fulfilling our commitments.

Health and safety

Structure and governance
Our health and safety organisation is structured in line with the Danish Working Environment Act.

Overall, health and safety collaboration is handled by the Joint Health and Safety Committee. The Committee consists of four employee representatives from the health and safety organisation, and three representatives from the trade unions in addition to representatives from TDC Group management and the Head of Health and Safety. Furthermore, we have 33 Nuuday health and safety groups.

Health and safety risks
The major health and safety risk in 2020 for Nuuday employees was primarily the spread of COVID-19.

For Nuuday, in line with the Danish Government's guidelines, a risk-level model was designed that guides the mitigating actions. The highest risk level is defined by a widespread infection in society, in which case, Nuuday will send staff home to work and all meetings will be held online.

2020 performance
A new health and safety strategy was approved by TDC's Board of Directors. The strategy focuses on developing a preventive culture to mitigate and reduce negative effects of the physical and psychological work environment.

We have converted our OHSAS 18001 certification into ISO 45001 certification.

Also, we have provided health and safety training to employees and have developed and used a Bradley model to conduct a baseline survey to measure the maturity of our culture. **The Bradley score for Nuuday is 75/100**. The score reflects that the health and safety culture is mature and based on a high level of awareness and personal responsibility among employees and managers. To further strengthen the culture, we will develop and implement action plans throughout the organisation.

Occupational health & safety data	2020
Fatalities	0
Incidents with lost time	13
Incidents without lost time	13
Total	26
Days of absence	87
Injury incidence (lost-time injuries per 10,000 employees)	30
Rate of fatalities (per 1,000,000 hours)	0
Rate of high-consequence work-related injuries (per 1,000,000 hours)	1.9
Rate of work-related injuries (per 1,000,000 hours)	3.7
Rate of near-miss accidents (per 1,000,000 hours)	2.6

Target
We will reduce the negative health and safety consequences of injuries and attrition by 50% by 2025.

2021 health & safety outlook

Major project activities aim to:

- Continue development of our health and safety culture
- Improve overall wellbeing
- Continue to focus on the COVID-19 situation
- Report and reduce near-miss accidents

Security

Our security approach
Security remains a top priority, and we base our work on four principles
1. Protect our company
2. Protect our customers
3. Protect our employees
4. Protect citizens.

We take overall responsibility for IT, information and physical security by applying a wide-ranging security policy based on best practice and compliance with the ISO 27001 standard.

2020 security performance
The Nuuday company NetDesign has been recertified to ISO 27001 standard and has established an operational SOC (Security Operations Center).

We have conducted security awareness activities to raise the level of knowledge. 62% of Nuuday employees took part in the voluntary training. Furthermore, during COVID-19, ensuring that employees can work securely from home and have the right tools and mindset to maintain business as usual has been an ongoing task.

2021 Security outlook
We will continue to raise security awareness and strengthen the buildup of security compentences as we proceed on our journey to become the best in class.

Digital trust

GDPR – keep your data close at heart
Our responsibility for protecting personal data is of utmost importance and we aim to ensure that GDPR requirements and provisions are upheld. Through both organisational and technical measures, we ensure that we process personal data safely, securely, and in compliance with relevant legislation.

While the responsibility to achieve and maintain GDPR compliance spans the entirety of our company, an appointed Group Data Protection Officer (DPO) specifically drives the agenda from a central point of view, and a DPO Office has been established to support the DPO. Data Privacy Managers (DPMs) in each business line are responsible for day-to-day processes and GDPR compliance. The DPO liaises with the supervisory authorities and reports both to the Board of Directors via the Audit Committee, and to the Executive Management Team.

All employees must complete e-learning training on GDPR and personal data compliance and pass a test every 18 months. This is also a mandatory component of the onboarding process for all new employees. For employees who handle personal data every day, other supplementary educational and awareness initiatives exist. Within the last year, 92% of all Nuuday employees have completed our thorough GDPR e-learning course.

Data ethics – a public statement of intent
In 2020, we published our data ethics policy outlining our data ethics principles.

Throughout the year, we conducted a series of interviews with managers and employees who specifically handle personal data and work in areas that involve aspects of data ethics. It is our assessment that personal data is handled responsibly and in accordance with our data ethics policy.

Although the use of artificial intelligence (AI) is regulated by GDPR, we have identified AI as an area where we must continue to pay extra attention to data ethics due to the pace of technological developments and the large amounts of data that we hold as a company. It is our conclusion that ethical awareness in the AI department is strong, ensuring that AI is used to improve services for our customers, as stated in our policy.

2021 data ethics outlook
We will set forth initiatives to raise data ethics awareness especially for employees who work extensively with data to ensure compliance with our principles and to support our data ethics culture. We will also focus on describing a framework that ensures the data ethics policy is firmly anchored.

Diversity & inclusion

Our diversity and inclusion approach
Our customers come from all areas of society; are of every age, gender, ethnic background, religion, ability and sexual orientation, and we want our employees to reflect the society we serve. Among our employees, we have 44 different nationalities, an age profile from 18 to 76 years of age, and numerous different backgrounds. We want Nuuday to be a workplace with equal opportunities for anyone with the right skills and mindset. Therefore, we are taking further steps in our diversity and inclusion efforts.

2020 performance
To help achieve our target of a 50/50 gender balance in management set by the TDC Group Board of Directors, we have introduced a new Diversity & Inclusion programme that trains leaders in inclusive leadership and recognising unconscious biases. We have also implemented the AI language, Develop Diverse, which helps us create inclusive and gender-neutral job ads to attract a more diverse pool of candidates.

A culture of equal opportunities
We work to strengthen the wellbeing of minorities, whether they include people with mental or physical disabilities, refugees, or people identifying as LGBT+. During Pride Week, we hosted educational talks for our employees, and we remain a partner in the Ministry of Equality's industry focus group to support the inclusion and wellbeing of the LGBT+ community.

The ability to organise one's work life according to individual needs remains a cornerstone for us. We want taking leave to be attractive and we are proud that 84% of fathers and non-birth mothers took up to 14 weeks of paid partner leave in 2020.

Gender diversity in management
At the end of 2020, 31% of all employees at Nuuday were women, while 18% of all managers were women. Nuuday's Board of Directors comprises three male members. There is a 2021 target to have a goal to have both genders represented by at least 33,33 % by the end of 2021. This target has not been achieved yet, because the shareholder has decided not to change any of the Board members. In Nuuday's subsidiary, TDC TELCO ApS the Board of Directors has one male and two female members.

2021 outlook
We will integrate a new D&I governance model and for each leader, set an ambitious yet realistic annual gender balance target. Another focus in 2021 will be to foster a culture of inclusion and respect.

Risk management

Nuuday faces both internal and external risks that we identify and plan for in the short, medium and long term.

Nuuday has identified risks that could influence long-term growth where Nuuday could become a low-margin service provider and could lose its footprint and network utilisation. However, strategic initiatives focus on actively mitigating these risks.

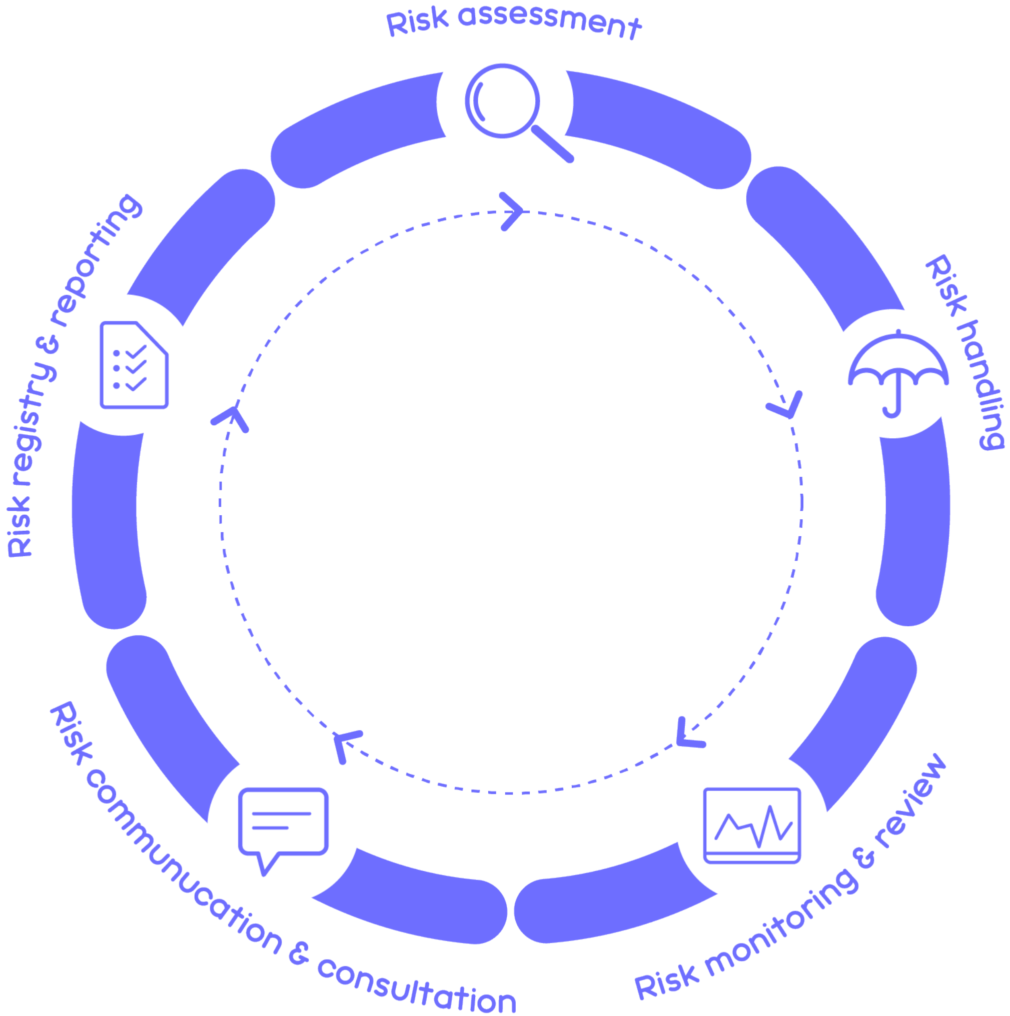
Risk management is an integrated, structured, and dynamic aspect of Nuuday's business operations, and planning is based on a hybrid of internationally recognised standards such as ISO, COSO, and NIST.

Risk assessments are conducted on a continuous basis whereby business lines and corporate functions identify and update all significant risks within the Nuuday risk universe.

Risks are then consolidated and assessed on their type, potential impact and probability. This information is reported to the TDC Group Risk Committee on a monthly basis, to the TDC Group Corporate Management Team every quarter, the Audit Committee biannually, and to the Board of Directors on an annual basis.

Responsibilities are assigned for significant risks, which are monitored and evaluated once a month compared with defined risk appetite levels. Mitigating initiatives are also established, tracked, and evaluated.

The most important risks and uncertainties that could be impacted by Nuuday's operations are stated but may not be limited to those listed below.



Description	Potential impact	Mitigation initiatives
Commercial factors The telecommunications industry is still undergoing a huge transformation and hence the risk landscape remains subject to fierce competition from market developments and price pressure. Digitalisation, changes in customer behaviour, and new technologies (e.g. cloud and 5G) are among the major drivers leading to a transition to agile working structures and new business model development. Exciting new opportunities are constantly emerging, while demand for mature services may slow. For instance, demand for high-speed internet access, e.g. via 5G on mobile devices, is increasing rapidly, whereas the number of customers looking to purchase landline telephony services is in natural decline. In addition, events or circumstances that could result in the loss of customers, declines in customer experience and loyalty, loss of competitiveness and/or competitive leader-ship within the markets where we operate, as well as events or circumstances that could potentially improve or compromise Nuuday's commercial developments, changes to service offerings, product portfolios, and market performances in general are continuously observed to ensure and support Nuuday's leading market position. The TV market is changing fast towards more flexible viewing solutions and new strong players' increasing market shares are accelerating the trend involving customers moving from traditional flow TV to other solutions. At the same time, content owners are changing their business models and selling directly to end customers and increasingly taking over the role of aggregating content. This also leads to increased pressure on premium content rights, which could potentially raise prices to levels that cannot be passed to consumers and/or lead to loss of content rights. Within both B2C and B2B markets, the competitive landscape is accelerating with renewed intense price competition and new entrants with convergent services	On TV, RGU net losses could be experienced due to the discontinuation of the Discovery contract, however financial performance exceeded the expectations due to higher ARPU. In addition, accelerating pressure from OTT suppliers, content owners, content prices, and customers terminating TV subscriptions could exert pressure on ARPU levels and net adds. Increased competition with continued price pressure, including new competitors, could result in failure to execute sustainable pricing in the B2C and B2B mobile markets. Finally, inability to remain on par with technology developments and service offerings could lead to higher churn.	• Monitoring commercial developments, market and customer behaviour, changes to service offerings, product portfolios, and market performances in general • Focus on market positioning and retaining and attracting customers • Securing the right positioning towards device manufacturers and other operators • Differentiating in B2B market • Launching new business initiatives to regain and strengthen Nuuday's market position as the leading provider of innovative, high-quality entertainment and connectivity solutions to millions of Danish households and businesses.

Description	Potential impact	Mitigation initiatives
Network quality and security factors High-quality, secure services and networks are a fundamental part of Nuuday and our product portfolios, as they are crucial to our customers and Danish society and hence pivotal for our continued commercial success. At global level, various threats and events potentially undermine the effectiveness of operations and development of applications and products. Furthermore, threats and events that could potentially compromise the processing, confidentiality, integrity, availability, stability, capacity, performance, continuity or resilience of information technology are becoming more frequent and sophisticated. Multiple threats could potentially trigger the materialisation of operational, IT, and cyber risks, typically stemming from human errors (e.g. information leakage), malicious activity (e.g. malware), natural phenomena (e.g. floods), or system failures (e.g. hardware failures). However, other parameters such as complex IT landscape and legacy tech being unable to match the speed and functionality of newer IT software and hardware held by competitors are also affecting our business. In addition, uncertainties regarding new tech, legacy tech and tech debt, security by design and by default, as well as robustness of vendors, outsourcing and vendor setup, scalability, suite vs. breed, inadequate design, or process and service life-cycle management may all impact network quality, security, and operations, or hamper innovation and development.	Any loss of confidentiality, integrity, or availability of information, data, technology assets or damage to our infrastructure or services could impact our operations, customers, society, and Nuuday's reputation. As such, any event resulting in failure to meet our customers' quality and security requirements or expectations could potentially impact customer retention or in other ways affect our opportunities to ensure growth and GDPR and data confidentiality.	• Continuous investment in network • infrastructure, security, and optimisation of processes and structures • Business-wide crisis management • Monitoring of customer satisfaction and expectation fulfilment • Close dialogue with Danish authorities and our customers to ensure data protection and confidentiality • Vendor quality control • Focus on network resilience through risk and incident management

Description	Potential impact	Mitigation initiatives
Political, legal and financial factors Nuuday's business has the potential to be impacted by several political, economic or legal/regulatory factors. For example, our business may be impacted to some extent by market regulation requiring Nuuday to provide certain services on regulated terms, at regulated prices and in compliance with GDPR/data privacy regulations. In addition, Nuuday may be impacted by regulatory changes or legislation that, in turn, could lead to increased compliance requirements or decreased sector profit, reducing the incentive to invest. Other factors relating to data privacy and integrity, security, and customer privacy are also to be considered highly relevant in this context, as Nuuday has a responsibility to protect data from misuse, loss, unauthorised disclosure or damage. However, the digitalisation age is leading to new and faster ways of working and connecting (e.g. cloud) that, in turn, are leading to more complex and data-driven business models continuously challenging the ability to retain control over how data is collected and used.	Changes in regulation or government policies could affect our business activities, as well as decisions by regulatory authorities or courts, potentially affecting Nuuday's ability to carry out its business and/or fulfil operational goals. Review of market regulations (e.g. to set new pricing decisions from 2021) may impact future revenue generation. Furthermore, individual cases of operational and external issues could also result in short-term detractions from Nuuday' s public image by negatively affecting the overall reputation and brand image that could lead to loss of customers or other direct business impacts. Lastly, risks related to network availability, data security, and customer privacy could also lead to unfavourable perceptions of Nuuday's ability to handle these matters, which could impact our business. Furthermore, not meeting national and EU legislation could result in significant financial penalties.	• Monitoring political and legal developments in the markets where Nuuday operates • Proactive and continuous close dialogue with politicians, regulatory and market stakeholders, such as the DBA • Storytelling and clear communication about Nuuday' s strategy and initiatives through campaigns, marketing, and social media focusing on our contributions to Danish society • Implementing the EU General Data Protection Regulation (GDPR) and training on security and privacy awareness for all employees
Transition and transformation factors Changes due to the transition and trans-formation of TDC Group into two separate entities could have a negative effect on Nuuday's core business, customers and employees. There is a possibility of not succeeding in executing an optimised separation due to difficulties in attracting, engaging and retaining qualified employees, especially within IT. Taking part in the digital transformation is essential to engage customers, increase productivity, and ensure high-quality services in the future landscape. Therefore, scenarios or circumstances that could potentially affect or under-mine the effectiveness of Nuuday's transformation execution, including objectives, initiatives, processes, capacity, capabilities, and deliverables, are closely monitored to ensure that risks are quickly identified and mitigated effectively.	Potentially, the financial cost initially predicted for the split could be higher than initially estimated. However, Nuuday is currently operating within the predicted budget. Many employees are being allocated to execute the transition and that could also move our focus away from optimising the core business and could lead to a lower degree of efficiency. This requires that initiatives are taken to avoid the risk of voluntary churn of key personnel, which could impact capacity, quality, and/or time constraints, ultimately leading to lack of execution power to deliver on the strategic initiatives. For 2020, the focus on attracting and developing digital talent was therefore maintained throughout, and Group IT has been dedicated to handling IT-related processes in the separation phases of TDC. Finally, failure or delay with the agile and digital transformation could also lead to lower productivity and efficiency, jeopardising Nuuday's competitive edge.	• Continuous investment in network • infrastructure, security, and optimisation of processes and structures • Business-wide crisis management • Monitoring of customer satisfaction and expectation fulfilment • Close dialogue with Danish authorities and our customers to ensure data protection and confidentiality • Vendor quality control • Focus on network resilience through risk and incident management

ESG risks

Risk	Management approach	Governance
Human rights Nuuday's risks relating to human rights concern our direct employees, our customers, and the employees of partners and companies in our supply chain; including the risk of forced labour, discrimination or harassment and misuse or loss of personal data, or data breaches.	The inalienable right of all people to live free of discrimination or degrading treatment and to have their right to freedom of association, collective bargaining and (data) privacy are strongly supported at Nuuday. We have in place an array of procedures and policies (see below) that support our efforts in these areas. These are underpinned by activities including training, awareness raising, auditing, reporting and external certification. • Our Partner Code of Conduct includes respect for human rights • Personnel policy: 88% of employees are covered by collective agreements • Occupational health and safety policy and certification to ISO 45001 standard • Group security policies are aligned with ISO 27001. NetDesign is ISO 27001 certified	The following governance structures are in place: the OH&S Committee of the Board of Directors, the Audit Committee of the Board of Directors, and the Executive Management. Each of these committees has a system of monitoring and reporting.
Anti-corruption and bribery Nuuday is a large employer in Denmark with suppliers from across the globe. There is always a risk that bribery or corrupt practices could influence business decisions.	We have a zero-tolerance approach to corruption in any form. Our activities revolve around policy development, awareness raising and putting in place resources and training for employees. • Our whistleblowing policy allows for the anonymous reporting of suspected wrongdoings at the company. One report was submitted in 2020 • Our gifts and anti-corruption policy commits Nuuday to complying with the UN Convention against Corruption • Our Partner Code of Conduct for suppliers, partner organisations and employees • Our sustainability policy outlines our CSR commitments and underpins our strategic priorities	Governance for anti-corruption and bribery is the responsibility of the Audit Committee of the TDC Group A/S Board of Directors and the Executive Management.
Environment and climate Several potential environmental and climate risks may be linked to our operations and supply chain. These include: issues from the physical impacts of climate change that may also threaten to disturb our supply chain through extreme weather events.	Our commitment to the UN Business Ambition for 1.5°C Pledge and the UN Global Compact principles anchors our work on environmental issues. These commitments and activities are captured in various policies and certifications: • Our sustainability policy • ISO 14001 certification covering our whole operation • Our CO_2 Forum working group strives to deliver on our CO_2 neutral target • Detailed emissions reporting: in 2020 we completed our first Scope 3 inventory • Circular economy activities in operations and supplier engagement • Sustainability by design in our services	Governance for climate and environment activities is the responsibility of the CO_2 Forum and the Executive Management.

Financial statements

Financial statements

Content

Notes to consolidated financial statements

Consolidated income statement

(DKKm)	Note	2020	2019
Revenue	2.1	14,756	15,625
Cost of sales	2.2	(9,438)	(9,730)
Gross profit		5,318	5,895
External expenses	2.3	(1,459)	(1,797)
Personnel expenses	2.4	(1,974)	(2,182)
Other income	2.1	51	119
Operating profit before depreciation, amortisation and special items (EBITDA)		1,936	2,035
Depreciation, amortisation and impairment losses	2.5	(1,890)	(1,816)
Special items	2.6	(123)	(55)
Operating profit/loss (EBIT)		(77)	164
Financial income and expenses	4.4	(393)	(368)
Loss before income taxes		(470)	(204)
Income taxes	2.7	60	76
Loss for the year		**(410)**	**(128)**
Attributable to:			
Shareholders of Nuuday A/S		(410)	(129)
Non-controlling interests		0	1
Profit/(loss) for the year		**(410)**	**(128)**

Consolidated statement of comprehensive income

(DKKm)	Note	2020	2019
Loss for the year		(410)	(128)
Other comprehensive income/(loss)		0	0
Total comprehensive income/(loss)		**(410)**	**(128)**
Attributable to:			
Shareholders of Nuuday A/S		(410)	(129)
Non-controlling interests		0	1
Total comprehensive loss		**(410)**	**(128)**

Consolidated balance sheet

Assets (DKKm)	Note	2020	2019	1 January 2019
Non-current assets				
Intangible assets	3.1	13,381	13,778	13,850
Property, plant and equipment	3.2	1,226	1,292	1,357
Lease assets	3.3	412	424	490
Joint ventures, associates and other investments		51	54	79
Amounts owed by joint ventures and associates		8	2	0
Other receivables		11	12	15
Total non-current assets		**15,089**	**15,562**	**15,791**
Current assets				
Inventories		158	192	148
Trade receivables	3.4	1,117	1,324	1,315
Other receivables		25	96	47
Contract assets	3.5	489	399	284
Amounts owed by group companies		170	1,008	41
Amounts owed by joint ventures and associates		1	0	0
Income tax receivable	2.7	61	0	0
Prepaid expenses		559	494	213
Cash		0	26	7
Total current assets		**2,580**	**3,539**	**2,055**
Total assets		**17,669**	**19,101**	**17,846**

Equity and liabilities (DKKm)	Note	2020	2019	1 January 2019
Equity				
Share capital	4.1	0	0	0
Retained earnings		776	1,190	10,319
Equity attributable to owners of Nuuday A/S		**776**	**1,190**	**10,319**
Non-controlling interests		0	2	2
Total equity		**776**	**1,192**	**10,321**
Non-current liabilities				
Deferred tax liabilities	2.7	1,625	1,676	1,815
Provisions	3.6	48	45	68
Lease liabilities	3.3	343	355	405
Loans	4.2,4.5	9,000	9,000	0
Other payables		212	79	0
Total non-current liabilities		**11,228**	**11,155**	**2,288**
Current liabilities				
Loans	4.2,4.5	0	0	15
Lease liabilities	3.3	83	82	79
Trade payables		1,782	1,908	1,632
Other payables		904	918	947
Contract liabilities	3.5	2,194	2,283	2,426
Amounts owed to group companies		670	1,445	125
Amounts owed to joint ventures and associates		0	3	0
Income tax payable		0	68	6
Provisions	3.6	32	47	7
Total current liabilities		**5,665**	**6,754**	**5,237**
Total liabilities[1]		**16,893**	**17,909**	**7,525**
Total equity and liabilities		**17,669**	**19,101**	**17,846**
[1] Total liabilities excl. impact from IFRS 16		16,467	17,478	7,051

Consolidated statement of cash flows

(DKKm)	Note	2020	2019
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		1,936	2,035
Adjustment for non-cash items		62	54
Payments related to provisions	3.6	(12)	(29)
Special items	2.6	(131)	(28)
Change in working capital	5.1	187	(452)
Interest received		0	6
Interest paid		(279)	(258)
Income tax paid	2.7	(120)	(6)
Total cash flow from operating activities		**1,643**	**1,322**
Investing activities			
Investment in enterprises		(4)	(140)
Investment in property, plant and equipment	3.2	(423)	(511)
Investment in intangible assets	3.1	(915)	(970)
Investment in other non-current assets		(1)	(1)
Divestment of enterprises		0	2
Sale of other non-current assets		1	21
Change in loans to joint ventures and associates		(6)	(3)
Dividends received from joint ventures and associates		0	1
Total cash flow from investing activities		**(1,348)**	**(1,601)**

(DKKm)	Note	2020	2019
Financing activities			
Lease payments		(87)	(71)
Change in interest-bearing receivables and payables		(229)	369
Other changes in non-controlling interests		(7)	0
Total cash flow from financing activities		**(323)**	**298**
Total cash flow		**(28)**	**19**
Cash and cash equivalents at 1 January		26	7
Effect of exchange-rate changes on cash and cash equivalents		2	0
Cash and cash equivalents at 31 December		**0**	**26**

Consolidated statement of changes in equity

	Attributable to shareholders of Nuuday A/S[1]				
(DKKm)	Share capital	Retained earnings	Total	Non-controlling interests	Total
Equity at 1 January 2019	**0**	**10,319**	**10,319**	**2**	**10,321**
Loss for the year	-	(129)	(129)	1	(128)
Total comprehensive income	-	**(129)**	**(129)**	**1**	**(128)**
Distributed dividends	-	(9,000)	(9,000)	(1)	(9,001)
Total transactions with shareholders	0	**(9,000)**	**(9,000)**	**(1)**	**(9,001)**
Equity at 31 December 2019	**0**	**1,190**	**1,190**	**2**	**1,192**
Loss for the year	-	(410)	(410)	0	(410)
Total comprehensive income	-	(410)	(410)	0	(410)
Decrease in non-controlling interest	-	(4)	(4)	(2)	(6)
Total transactions with shareholders	0	(4)	(4)	(2)	(6)
Equity at 31 December 2020	**0**	**776**	**776**	**0**	**776**

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

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.

In this section

1.1 | Accounting policies

Nuuday's consolidated financial statements for 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

These consolidated financial statements are the first to be prepared in accordance with IFRS. Previously, the financial statements were prepared in accordance with the Danish Financial Statements Act (local GAAP). The standard IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

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

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 below.

Demerger from TDC A/S

On 11 June 2019, Nuuday A/S was incorporated upon completion of the demerger of TDC A/S, whereby the Nuuday activities and certain debt from TDC A/S related to the Nuuday business were contributed to Nuuday A/S. Upon completion of the demerger, TDC A/S became the parent company of Nuuday A/S and the demerged sister company TDC Net A/S.

The demerger in 2019 was accounted for as a capital restructuring, whereby the consolidated financial statements of the Nuuday Group were presented in the name of Nuuday A/S, but was a continuation of the Nuuday business of the consolidated financial statements of TDC A/S. Thus, assets and liabilities of TDC A/S and its subsidiaries were accounted for at their historical cost basis, and are not revalued at market value upon completion of the demerger i.e. the Nuuday Group is a continuation of the book value of the assets and liabilities contributed from TDC A/S. The debt assumed by the legal parent (Nuuday A/S) was recorded directly in equity as dividend.

Accordingly, the consolidated financial results reflect the activities for Nuuday A/S including its subsidiaries in the period from 1 January 2019 to 31 December 2020.

First-time adoption of IFRS

In accordance with IFRS 1, the opening balance sheet at 1 January 2019 and comparative figures for 2019 have been prepared in accordance with IFRSs effective at 31 December 2020. In preparing these financial statements, the opening balance sheet was prepared at 1 January 2019 (the date of transition to IFRS), and Nuuday has chosen to use the following exemptions:

- to measure its assets and liabilities at the carrying amounts that have been included in the consolidated financial statements of TDC A/S.

The implementation of IFRS has the impact on total comprehensive income for 2019 and total equity as per 1 January and 31 December 2019 as presented below:

Reconciliation of total comprehensive income and total equity (DKKm)	Total equity 31 December 2019	Total comprehensive income 2019	Total equity 1 January 2019
Local GAAP (parent company financial statements)	571	(748)	10,319
Non-controlling interest	2	1	2
Effect of adopting IFRS 16	(7)	(7)	0
Amortisation of goodwill, reversed	310	310	0
Amortisation of brand with indefinite life (net of tax), reversed	316	316	0
IFRS	**1,192**	**(128)**	**10,321**

Consolidation policies

The consolidated financial statements include the financial statements of the parent company and subsidiaries of which Nuuday A/S has direct or indirect control. Joint ventures of which the Group has joint control and associates of which the Group has significant influence are recognised using the equity method.

The consolidated financial statements have been prepared on the basis of the financial statements of Nuuday A/S and its consolidated enterprises, 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 enterprises have been eliminated.

1.2 | Critical accounting estimates and judgements

The preparation of Nuuday 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 on:

Notes		Critical accounting estimates and judgements	Estimates /judgements
2.2	Revenue	Assessment of principal or agent	Judgement
		Assessment of contracts involving complex sale of goods and services	Judgement
2.7	Special items	Assessment of special events or transactions	Judgement
3.1	Intangible assets	Assumptions for useful lives	Estimate
		Assumptions used for impairment testing	Estimate

1.3 | New accounting standards

Nuuday Group has adopted the new standards, amendments to standards and interpretations that are effective for the financial year 2020. None of the changes have affected recognition or measurement in the financial statements nor are they expected to have any future impact.

At 29 April 2021, IASB had approved a number of new accounting standards and changes to standards that are not yet effective. Nuuday has evaluated the standards and none of them are expected to be relevant to the Group and are therefore not expected to impact on the financial statements.

Section 2

Profit for the year

This section focuses on disclosures of details of the Nuuday Group's results for the year, including segment reporting, special items and taxation. A detailed review of revenue, EBITDA and profit for the year is provided in the section "Nuuday performance" in the Management's review.

In this section

2.1 | Revenue

(DKKm)	2020	2019
Sales of goods recognised at a point in time	1,382	1,329
Sales of services recognised over time	13,374	14,296
Total	**14,756**	**15,625**

Revenue specified by services (DKKm)	2020	2019
Landline voice	934	1,073
Mobility services	4,738	4,821
Internet & network	3,613	3,806
TV	3,476	3,938
Other services	1,995	1,987
Total	**14,756**	**15,625**

Critical accounting judgements

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

Recognition of revenue depends on whether the Group acts as a principal in a transaction or an agent representing another company. Whether the Group is considered to be the principal or agent in a transaction depends on an analysis of both the form and substance of the customer agreement. When the Group acts as the principal, revenue is recognised at the agreed value, whereas when the Group acts as an agent, revenue is recognised as the commission the Group receives for arranging the agreement.

Judgements of whether the Group acts as a principal or as an agent impact on the amounts of recognised revenue and operating expenses, but do not impact on net profit for the year or cash flows. Judgements of whether the Group acts as a principal are used primarily in transactions covering content.

When the Group concludes contracts involving complex sale of goods and services, management estimates are required to determine whether goods and services shall be recognised together or as separate goods and services.

Management estimates are also used for allocating the transaction price to the individual elements based on their respective fair values, if judged to be recognised separately. For example, business customer contracts can comprise several elements related to mobile phones, subscriptions, leases, etc.

2.1 | Revenue (continued)

§ Accounting policies

Revenue is measured at the fair value of the consideration receivable, exclusive of sales tax and discounts relating directly to sales. Revenue comprises goods and services provided during the year. Goods and services may be sold separately or in bundled packages. Services include traffic and subscription fees, interconnection and roaming fees, fees for leased lines, network services, TV distribution as well as connection and installation fees. Goods include customer premises equipment, telephony handsets, PCs, set-top boxes, etc.

Nuuday sells to households and the contracts are primarily perpetual, with the same service provided until the customer terminates the contract. Some of the contracts include a non-cancellation period of 6 months. The company also has contracts with antenna associations for longer periods.

Nuuday sells digital solutions to enterprises and public segments. Business offers modular solutions for small and medium-sized enterprises, as well as customised solutions for public and large enterprises. Modular self-service contracts are perpetual and contracts with customised solutions are for longer periods, i.e. 3-5 years.

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 services 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. Such revenues include the sale of equipment located at customer premises, e.g. switchboards and handsets.

The transaction price in revenue arrangements with multiple deliverables, such as handsets and subscriptions, are allocated to each performance obligation based on the stand-alone 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 3.5.

Revenues are recognised gross when Nuuday acts as the principal in a transaction. For content-based services and the resale of services from content providers where the group acts as the agent, revenues are recognised net of direct costs.

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 compared with the company's principal activities.

2.2 | Cost of sales

(DKKm)	2020	2019
Mobility services	(3,129)	(3,080)
Landline voice	(437)	(500)
Internet & network	(1,883)	(1,922)
TV	(2,319)	(2,581)
Other services	(1,670)	(1,647)
Total	**(9,438)**	**(9,730)**

§ 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 and roaming costs related directly to the Group's primary income.

Cost of goods sold includes terminal equipment and transmission material as well as TV-programme rights and other content costs.

2.3 | External expenses

(DKKm)	2020	2019
Marketing and advertising	(186)	(224)
Subscriber acquisition and retention, cf. note 3.5	(141)	(264)
Properties	(121)	(144)
IT	(392)	(403)
Temps and personnel-related expenses	(62)	(148)
Other	(557)	(614)
Total	**(1,459)**	**(1,797)**

§ Accounting policies

External expenses include expenses related to marketing and advertising, subscriber acquisition costs (over the expected term of the related customer relationship), IT, property, expenses related to staff, capacity maintenance, service contracts, etc.

2.4 | Personnel expenses

(DKKm)	2020	2019
Wages and salaries (including short-term and long-term bonuses)	(2,229)	(2,395)
Pensions (defined contribution plans)	(198)	(210)
Social security	(37)	(48)
Total	**(2,464)**	**(2,653)**
Of which capitalised as non-current assets	490	471
Total personnel expenses recognised in the income statement	**(1,974)**	**(2,182)**

Remuneration for the Executive Committee[2] and the Board of Directors (DKKm)	2020	2019
Base salary (incl. benefits)	5.7	9.4
Cash bonus	2.4	6.4
Retention allowance[1]	2.0	27.2
Pensions	0.9	1.7
Long-term incentive programme	1.1	1.2
Management incentive programme	0.6	0.0
	12.7	45.9
Redundancy compensation	3.9	13.1
Key management in total	16.6	59.0
Fee to the Board of Directors	0.0	0.0
Total	**16.6**	**59.0**

[1] In addition to the retention element, the allowance is linked to reaching a number of strategic targets in the execution of the new strategy.
[2] During 2020, the remuneration to the Executive Committee (excluding redundancy compensation) comprised 2.0 members on average (2019: 2.9 members).

Comments

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.

The average number of full-time employee equivalents was 4,200 (2019: 4,593).

Incentive programmes
See note 6.1.

2.5 | Depreciation, amortisation and impairment losses

(DKKm)	2020	2019
Amortisation of intangible assets, cf. note 3.1	(1,290)	(1,117)
Depreciation of property, plant and equipment, cf. note 3.2	(505)	(562)
Depreciation of lease assets, cf. note 3.3	(88)	(79)
Impairment losses, cf. notes 3.1 and 3.2	(23)	(67)
Of which capitalised as tangible and intangible assets	16	9
Total	**(1,890)**	**(1,816)**

2.6 | Special items

(DKKm)	2020	2019
Costs related to redundancy programmes	(119)	(35)
Other restructuring costs, etc.	0	(11)
Loss on sale of enterprises	0	(4)
Loss from rulings	(2)	0
Adjustment of purchase price re. acquisition of enterprises	(2)	(1)
Costs related to acquisition of enterprises	0	(4)
Special items before income taxes	**(123)**	**(55)**
Income taxes related to special items	26	12
Special items related to joint ventures and associates	0	2
Total special items	**(97)**	**(41)**

Cash flow from special items (DKKm)	2020	2019
Redundancy programmes	(125)	(24)
Rulings	(1)	0
Other	(5)	(4)
Total	**(131)**	**(28)**

2.6 | Special items (continued)

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 assists in providing a meaningful analysis of the operating results of Nuuday.

§ 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 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 consist of both recurring and non-recurring items.

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

2.7 | Income taxes

Reconciliation of income taxes (DKKm)	2020 Income tax income/ (expense)	2020 Income tax payable/ (receivable)	2020 Deferred tax liabilities/ (assets)	2019 Income tax income/ (expense)	2019 Income tax payable/ (receivable)	2019 Deferred tax liabilities/ (assets)
At 1 January	-	68	1,676	-	6	1,815
Additions related to acquisition of enterprises	-	0	0	-	0	5
Income taxes for the year	48	5	(53)	(8)	68	(60)
Adjustment of tax for previous years	12	(14)	2	84	0	(84)
Income tax paid	-	(120)	-	-	(6)	-
Total	**60**	**(61)**	**1,625**	**76**	**68**	**1,676**
Shown in the balance sheet as:						
Tax payable/deferred tax liabilities		0	1,625		68	1,676
Tax receivable/deferred tax assets		(61)	0		0	0
Total		(61)	**1,625**		**68**	**1,676**
Income taxes are specified as follows:						
Income excluding special items	34			64		
Special items	26			12		
Total	**60**			**76**		

2.7 | Income taxes (continued)

Specification of deferred tax (DKKm)	2020 Deferred tax assets	2020 Deferred tax liabilities	2020 Total[1]	2019
Intangible assets	0	73	73	81
Other	0	19	19	36
Current	**0**	**92**	**92**	**117**
Intangible assets	0	1,504	1,504	1,538
Property, plant and equipment	(6)	0	(6)	(4)
Lease assets and liabilities	(3)	0	(3)	(3)
Tax value of tax-loss carryforwards	(12)	0	(12)	(8)
Other	0	50	50	36
Non-current	**(21)**	**1,554**	**1,533**	**1,559**
Deferred tax at 31 December	**(21)**	**1,646**	**1,625**	**1,676**

[1] The total net deferred tax is recognised as a liability in the balance sheets.

Nuuday A/S and all its Danish subsidiaries participate in joint taxation with DKT Holdings ApS, which is the ultimate owner of the Nuuday 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.

Reconciliation of effective tax rate (DKKm)	2020 DKKm	2020 %	2019 DKKm	2019 %
Danish corporate income tax rate	76	22.0	32	22.0
Limitation on the tax deductibility of interest expenses	(53)	(15.4)	(51)	(34.4)
Other non-taxable income and non-deductible expenses	0	0.0	(1)	(0.6)
Adjustment of tax for previous years	11	3.2	84	56.2
Effective tax excluding special items	**34**	**9.8**	**64**	**43.2**
Special items	26	3.0	12	(5.9)
Effective tax including special items	**60**	**12.8**	**76**	**37.3**

The decreasing effective tax rate (excluding special items) was due primarily to a decreased impact of the Danish limitation on the deductibility of interest as well as the decrease of adjustment of tax for previous years.

2.7 | Income taxes (continued)

§ 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 Nuuday Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets including the tax value of tax-losses carried forward are recognised when it is likely that these will be utilised 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.

Section 3

Operating assets and liabilities

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

In this section

3.1 | Intangible assets

(DKKm)	2020 Goodwill	2020 Customer relationships	2020 Brands	2020 Other rights, software, etc.	2020 Total	2019 Goodwill	2019 Customer relationships	2019 Brands	2019 Other rights, software, etc.	2019 Total
Accumulated cost at 1 January	9,255	14,334	4,175	8,244	36,008	9,160	14,326	4,183	7,777	35,446
Additions	0	0	0	915	915	0	0	0	970	970
Additions related to acquisition of enterprises	0	0	0	0	0	95	19	4	24	142
Assets disposed of or fully amortised	0	0	0	(454)	(454)	0	(11)	(12)	(527)	(550)
Accumulated cost at 31 December	**9,255**	**14,334**	**4,175**	**8,705**	**36,469**	**9,255**	**14,334**	**4,175**	**8,244**	**36,008**
Accumulated amortisation and write-downs for impairment at 1 January	(3,693)	(12,065)	(115)	(6,357)	(22,230)	(3,693)	(11,688)	(118)	(6,097)	(21,596)
Amortisation	0	(383)	(4)	(903)	(1,290)	0	(388)	(5)	(724)	(1,117)
Write-downs for impairment	0	0	0	(22)	(22)	0	0	(4)	(63)	(67)
Assets disposed of or fully amortised	0	0	0	454	454	0	11	12	527	550
Accumulated amortisation and write-downs for impairment at 31 December	**(3,693)**	**(12,448)**	**(119)**	**(6,828)**	**(23,088)**	**(3,693)**	**(12,065)**	**(115)**	**(6,357)**	**(22,230)**
Carrying amount at 31 December	**5,562**	**1,886**	**4,056**	**1,877**	**13,381**	**5,562**	**2,269**	**4,060**	**1,887**	**13,778**

Comments

Write-downs for impairment of intangible assets, etc. totalled DKK 22m (2019: DKK 67m) of which DKK 15m related to the right to use assets and DKK 7m from termination of various software projects.

Assets with indefinite useful lives other than goodwill related to the TDC brand and are unchanged at DKK 4,052m compared with 2019.

The carrying amount of software amounted to DKK 1,691m (2019: DKK 1,641m). The addition of internally developed software totalled DKK 451m (2019: DKK 417m).

3.1 | Intangible assets (continued)

Impairment testing of goodwill and intangible assets with indefinite useful lives

The carrying amount of goodwill is tested for impairment annually and if events or changes in circumstances indicate impairment. The annual tests were carried out at 1 October 2020 and at 1 October 2019, respectively.

Impairment testing is an integral part of Nuuday's budget and planning process, which is based on long-term business plans with projection until 2030. The discount rates applied reflect specific risks relating to the individual 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. We apply a negative real growth rate (1.0% perpetuity growth factor) reflecting expectations of relatively saturated markets.
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 goodwill, Nuuday uses a pre-tax discount rate for each of the four cash-generating units. In determining the discount rate, a risk premium on the risk-free interest rate is fixed at a level reflecting Management's expectations of the spread for future financing.

The assumptions for calculating the value in use for the most significant goodwill amounts are given below.

Key assumptions for calculating the value in use for the significant[1] goodwill amounts (DKKm)	YouSee	Nuubrands	Business
Carrying amount of goodwill at 31 December 2020 (DKKm)	3,006	1,626	896
Carrying amount of goodwill at 31 December 2019 (DKKm)	3,006	1,626	896
Market-based growth rate applied to extrapolated projected future cash flows for the period following 2030	1.0%	1.0%	1.0%
Applied pre-tax discount rate at 1 October 2020	7.4%	7.1%	7.4%
Applied pre-tax discount rate at 1 October 2019	8.8%	8.8%	8.8%

[1] Representing 99% of the total carrying amount in 2020.

Assumptions regarding recoverable amounts and projected earnings

YouSee
Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.
Projections are based on the assumption of a steadily declining EBITDA in the projected period. However, the trend towards the terminal period in the long-term business plan will improve based on the following assumptions:

- Landline voice RGU will decline in line with market trends with a relatively stable ARPU development due to improved product mix
- A stable to minor decline in mobility services development from a slight decline in customer base, somewhat offset by ARPU increases in line with general price development
- A declining broadband gross profit trend due to decreasing RGUs, however offset in the long run by increased ARPUs as customers migrate to high-speed technologies (e.g. fibre and coax)
- A TV gross profit decline due to RGU pressure from cable-cutting. Focus on future-proof technology in TV such as flexible TV offerings alongside own-produced content, which will improve the RGU trend and generate higher ARPU
- Opex savings driven by initiatives generated by an extensive savings programme with reduced external Opex and personnel costs

Nuubrands
Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on the assumption of steadily increasing EBITDA throughout the projected period in the long-term business plan based on the following assumptions:

- Steady growth in mobility services development from larger customer base generated by an increased footprint in the no-frills market from the Eesy brand alongside ARPU increases in line with general price development
- Stable broadband gross profit trend due to decreasing RGUs, however offset by increased ARPU
- Focus on future-proof TV technology through the streaming platform YouTv, which will establish a customer base by meeting modern technological demands and therefore facilitating long-term ARPU increases

3.1 | Intangible assets (continued)

Business
Any reasonably possible changes in the key assumptions are not expected to cause the carrying amount of goodwill to exceed the recoverable value.

Projections are based on the assumptions of a steadily declining EBITDA early in the planning period, followed by a stabilised development towards the terminal period in the long-term business plan based on the following assumptions:

- Landline voice RGU decline in line with market trend
- Slightly negative gross profit development in mobility services early in the projected period. However, increased growth from 2022 onwards resulting in an overall stable gross profit development. This trend resulted from the stable customer base and changes in the ARPU profile reflecting the customer mix
- Declining broadband gross profit trend due to decreasing RGUs, however, was offset in the long run by increased ARPU as customers migrated to high-speed technology (e.g. fibre)
- Opex savings were driven by initiatives generated in an extensive savings programme with reductions of external Opex and personnel costs

§ Accounting policies

Goodwill and brands with indefinite useful lives are recognised at cost less accumulated write-downs for impairment. The carrying amounts of goodwill and brands with indefinite useful lives are tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, and are subsequently written down to the recoverable amounts in the income statement if exceeded by the carrying amounts. Write-downs of goodwill are not reversed. For the purpose of impairment testing in the consolidated financial statement, goodwill is allocated to the Group's cash-generating units. The determination of cash-generating units is based on the internal management reporting.

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.

Customer-related assets are measured at cost less accumulated amortisation and impairment losses and are amortised using the diminishing-balance method based on the percentage of churn (5% to 33%) corresponding to the expected pattern of consumption of the expected future economic benefits.

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 economic 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:

Brands	3-5 years
Development projects	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.

Impairment tests on goodwill and other intangible assets with indefinite lives are performed at least annually and, if necessary, when events or changes in circumstances indicate that their carrying amounts may not be recoverable.

3.2 | Property, plant and equipment

(DKKm)	2020 Network infra-structure	2020 Equipment	2020 Assets under construction	2020 Total	2019 Network infra-structure	2019 Equipment	2019 Assets under construction	2019 Total
Accumulated cost at 1 January	2,369	633	47	3,049	1,930	564	76	2,570
Transfers (to)/from other items	3	2	(5)	0	32	6	(38)	0
Transfers from leased assets	0	0	0	0	55	0	0	55
Disposals relating to the divestment of enterprises	0	0	0	0	(4)	(7)	0	(11)
Additions	342	81	16	439	432	79	9	520
Assets disposed of	(243)	(18)	0	(261)	(76)	(9)	0	(85)
Accumulated cost at 31 December	**2,471**	**698**	**58**	**3,227**	**2,369**	**633**	**47**	**3,049**
Accumulated depreciation and write-downs for impairment at 1 January	(1,256)	(499)	(2)	(1,757)	(750)	(461)	(2)	(1,213)
Transfers from leased assets	0	0	0	0	(44)	0	0	(44)
Depreciation	(443)	(62)	0	(505)	(510)	(52)	0	(562)
Write-downs for impairment	0	0	0	0	0	0	0	0
Disposal relating to the divestment of enterprises	0	0	0	0	1	5	0	6
Assets disposed of	243	18	0	261	47	9	0	56
Accumulated depreciation and write-downs for impairment at 31 December	**(1,456)**	**(543)**	**(2)**	**(2,001)**	**(1,256)**	**(499)**	**(2)**	**(1,757)**
Carrying amount at 31 December	**1,015**	**155**	**56**	**1,226**	**1,113**	**134**	**45**	**1,292**

Cash flow (DKKm)	2020	2019
Additions, cf. table above	(439)	(520)
Capitalised depreciations cf. note 2.5	16	9
Cash flow from investment in property, plant and equipment	**(423)**	**(511)**

3.2 | Property, plant and equipment (continued)

§ Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and write-downs for impairment.

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 write-downs. 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.

Network infrastructure:	
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.

Customer-placed equipment (e.g. set-top boxes) is capitalised and depreciated over the estimated useful life of the individual asset, not exceeding five years.

Property, plant and equipment are recognised at the lower of recoverable amount and carrying amount.

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2020 Land and buildings	2020 Network infrastructure	2020 Vehicles and equipment	2020 Total	2019 Land and buildings	2019 Network infrastructure	2019 Vehicles and equipment	2019 Total
Carrying amount at 1 January	382	2	40	424	434	17	39	490
Additions	50	0	27	77	0	0	25	25
Lease reassessments	0	0	(1)	(1)	0	0	0	0
Disposals	0	0	0	0	0	(12)	0	(12)
Depreciation	(60)	0	(28)	(88)	(52)	(3)	(24)	(79)
Carrying amount at 31 December	**372**	**2**	**38**	**412**	**382**	**2**	**40**	**424**

Lease liabilities (DKKm)	2020	2019
Recognised in the balance sheet at present value:		
External lease liabilities	0	6
Lease liabilities due to group companies	426	431
Total	**426**	**437**
Of which presented as current	(83)	(82)
Total non-current	343	**355**
Maturing between 1 and 3 years	128	122
Maturing between 3 and 5 years	109	98
Maturing between 5 and 10 years	106	119
Maturing between 10 and 20 years	0	16
Total non-current	**343**	**355**

Amounts recognised in the income statement (DKKm)	2020	2019
Expense relating to short-term leases	(30)	(11)
Depreciation charge of lease assets, cf. above	(88)	(79)
Interest expense (included in financing costs)	(12)	(13)

Reconciliation of lease liabilities (DKKm)	2020	2019
Carrying amount at 1 January	437	484
Lease payments	(87)	(71)
New lease contracts	77	25
Other non-cash movements	(1)	(1)
Carrying amount at 31 December	**426**	**437**

Nuuday leases various offices, retail stores, vehicles and equipment. Rental contracts are typically made for fixed periods of 3 to 5 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.

3.3 | Lease assets and liabilities (continued)

Comments

The total cash outflow for leases in 2020 totalled DKK 99m (2019: DKK 84m). The amount is excl. short-term leases and leases of low-value assets.

§ 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 principal 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 write-downs for impairment. 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, and
- 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 3.2.

Impairment tests on lease assets are performed at least annually and, if necessary, when circumstances indicate their carrying amounts may not be recoverable. Write-downs of lease assets related to vacant tenancies are based on expectations concerning timing and scope, future cost levels etc. The calculation of the write-downs comprises rent and operating costs for the contract period reduced by 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.

3.4 | Trade receivables

(DKKm)	2020	2019
Trade receivables	1,298	1,532
Allowances for doubtful debts	(181)	(208)
Trade receivables, net	**1,117**	**1,324**
Allowances for doubtful debts at 1 January	(208)	(223)
Additions	(55)	(49)
Realised losses	63	39
Reversed allowances	19	25
Allowances for doubtful debts at 31 December	**(181)**	**(208)**

Comments

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

Of the receivables classified as current assets, DKK 5m falls due after more than one year (2019: DKK 23m).

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
2020						
Expected loss rate	1%	1%	7%	30%	87%	14%
Gross carrying amount	871	148	66	27	186	1,298
Loss allowance	(4)	(1)	(5)	(8)	(163)	(181)
2019						
Expected loss rate	1%	1%	8%	23%	75%	14%
Gross carrying amount	974	210	71	32	245	1,532
Loss allowance	(9)	(3)	(6)	(7)	(183)	(208)

§ Accounting policies

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Nuuday 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.

Nuuday 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.

3.5 | Contract assets and liabilities

(DKKm)	2020	2019
Assets recognised from costs to obtain a contract (SAC)	212	238
Assets recognised from costs to fulfil a contract	14	18
Assets recognised from costs to fulfil a internal contract	263	143
Total contract assets	**489**	**399**
Deferred subscription income	2,149	2,245
Work in progress for the account of third parties, liabilities	45	38
Total contract liabilities	**2,194**	**2,283**

Comments

Of the deferred subscription income, DKK 38m (2019: DKK 31m) will be recognised as income after more than one year.

Revenue recognised in 2020 that was included in deferred subscription income at the beginning of the period amounted to DKK 2,206m (2019: DKK 2,352m).

Costs recognised in 2020 that were included in assets recognised from costs to obtain a contract (SAC) at the beginning of the period amounted to DKK 148m (2019: DKK 174m).

Of the assets recognised from costs to obtain a contract (SAC), DKK 79m (2019 DKK 89m) and DKK 212m (2019: DKK 117m) of costs to fulfil a contract will be recognised as costs after more than one year.

§ Accounting policies

Subscriber acquisition costs and fulfilment costs

The most common subscriber acquisition costs are dealer commissions. Subscriber acquisition costs and fulfilment costs are capitalised and recognised as expenses in external expenses and personnel expenses over the expected term of the related customer relationship. The term is estimated using historical customer churn rates. Change of management estimates may have a significant impact on the amount and timing of the expenses for any period.

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

3.6 | Provisions

(DKKm)	2020 Restructuring obligations	2020 Other provisions	2020 Total	2019
Provisions at 1 January	43	49	92	75
Adjustment relating to the acquisition of enterprises	0	0	0	(3)
Provisions made	129	5	134	70
Provisions used (payments)	(136)	(10)	(146)	(50)
Provisions at 31 December	**36**	**44**	**80**	**92**
Of which recognised through special items in the income statement	**35**	**6**	**41**	**47**
Recognised as follows in the balance sheet:				
Non-current liabilities	7	41	48	45
Current liabilities	29	3	32	47
Total	**36**	**44**	**80**	**92**

Specification of how payments regarding provisions are recognised in the statements of cash flow (DKKm)	2020	2019
Payments related to provisions	(12)	(29)
Cash flow related to special items	(128)	(21)
Payments related to investment in enterprises	(6)	0
Total	**(146)**	**(50)**

Comments

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.

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

Nuuday'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.

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 explains Nuuday's capital structure and related financing costs, net interest-bearing debt as well as finance-related risks and how these are managed.

In this section

4.1 | Equity

Comments

The total authorised number of shares is 400,100 with a par value of DKK 1 per share. The share capital was increased from DKK 400,000 in connection with the demerger of TDC A/S on 11 June 2019. All issued shares are fully paid up.

During 2020, total equity decreased by DKK 416m to DKK 776m due primarily to the loss for the year of DKK 410m.

During 2019, total equity decreased by DKK 9,129m to DKK 1,192m due mainly to distributed interim dividends (DKK 9,000m) and loss for the year (DKK 128m).

The parent company statement of changes in equity specifies which reserves are available for distribution. The distributable reserves amounted to DKK (172)m at 31 December 2020 (2019: DKK 561m). At the Annual General Meeting, the Board of Directors will not propose any dividend for the financial year 2020.

§ 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

Nuuday is financed through a shareholder loan and a Revolving Credit Facility from TDC A/S. The shareholder loan comprises TDC A/S' financing from the European bond market (EMTN) and the market for syndicated senior secured bank loans (Senior Facility Agreement or SFA).

The next upcoming maturity is in March 2022. Nuuday's financing is given in DKK, which limits its exchange-rate risks.

Reconciliation of loans (DKKm)	2020	2019
Carrying amount at 1 January	9,000	15
Non-cash loan from TDC A/S	0	9,000
Repayment of loan	0	(15)
Carrying amount at 31. December	**9,000**	**9,000**

Loan from TDC A/S[1]	2022	2023	2025	Total
Maturity	Mar 2022	Feb 2023	Jun 2025	
Fixed/floating rate	Fixed	Fixed	Floating	
Coupon	5%	6.47%	Margin + floored Euribor[2]	
Currency	DKK	DKK	DKK	
Nominal value (DKKm)	1,547	1,573	5,880	9,000

[1] Corresponding intragroup balances have been established between the parent company and Nuuday A/S on conditions similar to the parent company's external loans, however with the exception that the intragroup loans are all in DKK.

[2] The floating 2025 loans have a Euribor floor at zero and a margin of 3.0% as of 31-12-2020.

§ 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.

4.3 | Financial risks

Comments

Nuuday is exposed to financial market and credit risks when buying and selling goods and services denominated in foreign currencies as well as due to the cash flow from investing in the business and financing activities. Nuuday handles financial risks specific to the provision of digital customer experiences and entertainment, whereas TDC's Group Treasury function has the general responsibility for identifying, monitoring and managing these risks on behalf of Nuuday (see TDC Group Treasury's financial policies for risk management in TDC Group's Annual Report).

Interest-rate risks

Nuuday is exposed to interest-rate risks in the euro area. This risk emerges as the interest rate on Nuuday's shareholder loan maturing in 2025 and Revolving Credit Facility (RCF) is tied to the development in the daily European reference rate, Euribor. There is a Euribor floor of 0% on Nuuday's shareholder loan and RCF.

Exchange-rate risks

Nuuday is primarily exposed to exchange-rate risks from USD, but these are hedged by TDC's Group Treasury function. These risks relate to payables from equipment and handset suppliers as well as content providers.

Nuuday has no exchange-rate risk from its shareholder loan or RCF that are issued in DKK.

Credit risks

Nuuday is exposed to credit risks as a provider of digital customer experiences and entertainment in Denmark and as counterparty to financial contracts. Nuuday handles the credit risk emanating from providing services for customers, while the credit risks in relation to financial contracts are handled centrally by TDC's Group Treasury function.

Liquidity risks

Nuuday has no short-term refinancing risk. The next debt maturity is in March 2022 where TDC A/S' 2022 EMTN loan matures. This loan comprises DKK 1,547m of Nuuday's shareholder loan. Nuuday's committed Revolving Credit Facility provided by TDC A/S totalled DKK 2,000m at 31 December 2020.

The Board of Directors has assessed Nuuday's capital structure and funding sources and found these adequate for the coming period.

Undrawn credit lines

At year-end 2020, Nuuday had undrawn committed credit lines totalling DKK 1,665m.

Credit rating

Nuuday belongs to TDC Group, which is rated by three international rating agencies: S&P's, Moody's and Fitch. Nuuday is not rated separately by any of these three agencies.

4.4 | Financial income and expenses

(DKKm)	2020	2019
Interest income	9	6
Interest expenses	(405)	(366)
Net interest	**(396)**	**(360)**
Specified as follows:		
Loans from TDC A/S	(354)	(337)
Lease liability	(12)	(13)
Other	(30)	(10)
Currency translation adjustments	5	(8)
Interest and currency translation adjustments	**(391)**	**(368)**
Profit/(loss) from joint ventures and associates	(2)	0
Total	**(393)**	**(368)**

4.5 | Maturity profiles of financial instruments

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.

Nuuday generally accepts that vendors sell off to a third party their receivables arising from the sales to Nuuday. Nuuday has established a supply chain financing programme where vendors can sell off their receivables from Nuuday on attractive terms, but at the bank's sole discretion. Nuuday is not directly or indirectly a party to these agreements. At 31 December, Nuuday is aware of approximately DKK 89m of trade payables that are part of such agreements.

Maturity profiles of expected cash flows[1] (DKKm)	< 1 year	1-3 years	3-5 years	> 5 years	Total	Fair value	Carrying amount
Financial liabilities measured at amortised cost							
Loan from TDC A/S	0	(3,120)	(5,880)	0	(9,000)	(9,000)	(9,000)
Loan from TDC A/S, interest[2]	(356)	(634)	(353)	0	(1,343)	(230)	(230)
Lease liability	(83)	(135)	(123)	(130)	(471)	(426)	(426)
Amounts owed to group companies	(440)	0	0	0	(440)	(440)	(440)
Trade and other payables[3]	(902)	0	0	0	(902)	(902)	(902)
Total 2020	**(1,781)**	**(3,889)**	**(6,356)**	**(130)**	**(12,156)**	**(10,998)**	**(10,998)**
Total 2019	**(2,843)**	**(2,387)**	**(2,137)**	**(6,221)**	**(13,588)**	**(11,952)**	**(11,952)**

1 All cash flows are undiscounted. The table reflects only the cash flow from financial liabilities.
2 Fair value and carrying amount value consist of accrued interest on loan from TDC A/S at 31 December 2020.
3 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 Nuuday'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. A review of cash flow is provided in the section Nuuday performance in the Management's review.

In this section

§ 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)	2020	2019
Change in inventories	34	(44)
Change in receivables	1,144	(977)
Change in contract assets	(90)	(85)
Change in trade payables	(825)	1,075
Change in contract liabilities	(90)	(142)
Change in prepaid expenses	(60)	(281)
Change in other items, net	74	2
Total	**187**	**(452)**

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.

In this section

6.1 | Incentive programmes

In order to support the delivery of short- and long-term financial results, the Group has both short- and long-term incentive programmes for executives and managers.

Short-term incentive programmes (STI)
The short-term bonus programmes are closely linked to our strategy. The performance measures are focused on EBITDA, dividend capacity and Net Promoter Score.

Bonus payments are calculated as the individual employee's basic salary multiplied by the bonus percentage multiplied by the degree of target fulfilment.

The bonus percentage for members of the Executive Committee is usually 25-50%. For other managers, the bonus percentage varies within a range of 10%-33%. The target fulfilment can be maximum 200%.

Long-term incentive programme (LTI)
The LTI programme is cash based and its objectives are linked to the long-term strategy. The programme is revolving with grants given each year but with a 3-year vesting period, as the goals are principally set for a 3-year period. The objectives are EBITDA, cash flow, fibre connection performance, dividend capacity and Net Promoter Score. The expenses are recognised over the 3-year vesting period.

Bonus payments are calculated as the individual employee's basic salary multiplied by an LTI percentage multiplied by the degree of target fulfilment.

The LTI percentage usually varies within a range of 12%-36%. The target fulfilment can be maximum 200%.

Management incentive programme (MIP)
In July 2020, the parent company TDC A/S established a new cash-based incentive programme which includes the Executive Committee and certain key managers of Nuuday. Under the MIP, the participants are required to place a deposit to TDC A/S to qualify for a return. The payback amounts are based on the development in certain financial performance measures of the TDC 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 the expected range of payouts are at 2x-4x the participants' deposit. The Nuuday participants' total deposits amount to DKK 19m and the expenses for 2020 relating to the programme amounted to DKK 2m.

6.2 | Related parties

Name of related party	Nature of relationship	Domicile
DKT Holdings ApS	Indirect ownership	Copenhagen, Denmark
DKT Finance ApS	Indirect ownership	Copenhagen, Denmark
DK Telekommunikation ApS	Indirect ownership	Copenhagen, Denmark
TDC A/S	Ownership	Copenhagen, Denmark
TDC NET A/S	Subsidiary of TDC A/S	Copenhagen, Denmark
TDC Pensionskasse	Pension fund	Copenhagen, Denmark

Related parties also include Nuuday'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 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.

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

Related parties (DKKm)	2020	2019
TDC A/S		
Income	26	30
Expenses, lease payments and capital expenditures	(755)	(791)
Receivables	59	1,009
Payables	(1,052)	(1,123)
Loans	(9,000)	(9,000)
Joint ventures and associates		
Income	1	0
Expenses	0	0
Receivables	9	3
Payables	0	(3)
Other related parties		
Income	70	145
Expenses and capital expenditures	(5,592)	(5,745)
Receivables	111	0
Payables	(24)	(942)

6.3 | Fees to auditors

Fees to auditors elected by the Annual General Meeting (DKKm)	2020	2019
Statutory audit, PricewaterhouseCoopers	**2**	**3**
Other assurance engagements	0	0
Tax advisory services	0	0
Other services	0	0
Total non-statutory audit services, PricewaterhouseCoopers	**0**	**0**
Total, PricewaterhouseCoopers	**2**	**3**

6.4 | Other financial commitments

(DKKm)	2020	2019
Lease commitments for short-term and low-value leases		
Short-term leases	11	3
Leases of low-value assets	0	0
Total	**11**	**3**
Capital and purchase commitments		
Commitments related to infrastructure, IT and administrative services from group companies	18,331	20,950
Commitments related to outsourcing agreements	7	21

Comments

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 3.3.

6.5 | Pledges and contingencies

Pledges
Receivables from group enterprises with a carrying amount of DKK 170m are pledged as security for the parent company TDC A/S's long-term loans.

Contingent liabilities
Nuuday 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 Nuuday's financial position.

Nuuday A/S is jointly registered for Danish VAT with the parent company TDC A/S and the majority of its Danish subsidiaries and is jointly and severally liable for payment of VAT.

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

6.6 | Events after the balance sheet date

There have been no events that materially affect the assessment of this Annual Report 2020 after the balance sheet date and up to today.

6.7 | Overview of group companies at 31 December 2020

Company name	Domicile	Currency	Ownership share (%)
Contact Center Europe GmbH	Flensburg, Germany	EUR	100
Hiper A/S	Copenhagen, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100
Cloudeon A/S[1]	Søborg, Denmark	DKK	43
4T af 1. oktober 2012 ApS[1]	Copenhagen, Denmark	DKK	25

[1] The enterprise is included under the equity method.

Parent company financial statements

Parent company income statement

(DKKm)	Note	2020	2019
Revenue	2.1	14,608	15,494
Cost of goods sold		(9,336)	(9,647)
External expenses		(1,613)	(2,025)
Personnel expenses	2.2	(1,783)	(1,930)
Other income		57	124
Operating profit before depreciation, amortisation and special items (EBITDA)		1,933	2,016
Depreciation, amortisation and impairment losses		(1,867)	(1,789)
Special items	2.3	(123)	(43)
Operating profit (EBIT)		(57)	184
Loss from subsidiaries	3.4	(18)	(18)
Profit/(loss) from joint ventures and associates		(3)	0
Financial income and expenses	4.3	(389)	(367)
Loss before income taxes		(467)	(201)
Income taxes	2.4	57	72
Loss for the year		**(410)**	**(129)**

Parent company statement of comprehensive income

(DKKm)	Note	2020	2019
Loss for the year		(410)	(129)
Other comprehensive income		0	0
Total comprehensive income/(loss)		**(410)**	**(129)**

Parent company balance sheet

Assets (DKKm)	Note	2020	2019	1 January 2019
Non-current assets				
Intangible assets	3.1	12,872	13,259	13,447
Property, plant and equipment	3.2	1,215	1,286	1,319
Lease assets	3.3	410	422	485
Investments in subsidiaries	3.4	679	677	695
Investments in associates and joint ventures		51	54	79
Amounts owed by associates and joint ventures		8	3	0
Other receivables		12	12	14
Total non-current assets		**15,247**	**15,713**	**16,039**
Current assets				
Inventories		157	191	147
Trade receivables	3.5	1,114	1,322	1,314
Contract assets	3.6	459	369	284
Receivables from group enterprises		96	1,019	63
Amounts owed by associates and joint ventures		1	0	0
Other receivables		24	96	45
Income tax receivables	2.4	58	0	0
Prepaid expenses		559	494	197
Cash		0	26	7
Total current assets		**2,468**	**3,517**	**2,057**
Total assets		**17,715**	**19,230**	**18,096**

Equity and liabilities (DKKm)	Note	2020	2019	1 January 2019
Equity				
Share capital	4.1	0	0	0
Other reserves		948	629	0
Retained earnings		(172)	561	10,319
Total equity		**776**	**1,190**	**10,319**
Non-current liabilities				
Deferred tax liabilities	2.4	1,624	1,674	1,814
Provisions		44	39	68
Loans	4.2	9,000	9,000	0
Lease liabilities	3.3	343	353	408
Other payables		198	72	0
Total non-current liabilities		**11,209**	**11,138**	**2,290**
Current liabilities				
Lease liabilities	3.3	82	80	83
Trade payables		1,885	2,027	1,758
Contract liabilities	3.6	2,180	2,273	2,416
Payables to group enterprises		799	1,637	305
Payables to associates and joint ventures		0	3	0
Other payables		754	770	914
Tax payables	2.4	0	68	3
Provisions		30	44	8
Total current liabilities		**5,730**	**6,902**	**5,487**
Total liabilities		**16,939**	**18,040**	**7,777**
Total equity and liabilities		**17,715**	**19,230**	**18,096**

Parent company statement of cash flows

(DKKm)	Note	2020	2019
Operating activities			
Operating profit before depreciation, amortisation and special items (EBITDA)		1,933	2,016
Adjustment for non-cash items		53	60
Payments related to provisions		(12)	(29)
Special items		(127)	(24)
Change in working capital		180	(584)
Interest received		0	6
Interest paid		(276)	(257)
Income tax paid		(119)	(3)
Total cash flow from operating activities		**1,632**	**1,185**
Investing activities			
Investment in property, plant and equipment		(413)	(510)
Investment in intangible assets		(908)	(976)
Investment in other non-current assets		(28)	(1)
Sale of other non-current assets		1	23
Change in loans to subsidiaries, joint ventures and associates		(6)	(3)
Total cash flow from investing activities		**(1,354)**	**(1,467)**

(DKKm)	Note	2020	2019
Financing activities			
Repayment of long-term loans		0	(15)
Lease payments		(82)	(69)
Change in interest-bearing receivables and payables		(222)	385
Total cash flow from financing activities		**(304)**	**301**
Total cash flow		**(26)**	**19**
Cash and cash equivalents at 1 January		26	7
Cash and cash equivalents at 31 December		**0**	**26**

Parent company statement of changes in equity

(DKKm)	Share capital	Reserve for capitalised development projects	Retained earnings	Total
Equity at 1 January 2019	0	0	10,319	10,319
Loss for the year	-	629	(758)	(129)
Total comprehensive income/(loss)	-	629	(758)	(129)
Distributed dividends	-	-	(9,000)	(9,000)
Total transactions with owners	-	-	(9,000)	(9,000)
Equity at 31 December 2019	**0**	**629**	**561**	**1,190**
Loss for the year	-	319	(729)	(410)
Total comprehensive income/(loss)	-	319	(729)	(410)
Decrease in non-controlling interest	-	-	(4)	(4)
Total transactions with owners	-	-	(4)	(4)
Equity at 31 December 2020	**0**	**948**	**(172)**	**776**

Notes to parent company financial statements

1.1 | Accounting policies

The Financial statements 2020 of the parent company have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further disclosure requirements in the Danish Financial Statements Act.

These financial statements are the first to be prepared in accordance with IFRS. Previously, the financial statements were prepared in accordance with the Danish Financial Statements Act (local GAAP). The standard IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

The parent company accounting policies are the same as those applied for the Group, with the additions mentioned below. See note 1.1 to the consolidated financial statements for the Group's accounting policies.

Demerger from TDC A/S

On 11 June 2019, Nuuday A/S was incorporated upon completion of the demerger of TDC A/S, whereby the Nuuday activities and certain debt from TDC A/S related to the Nuuday business were contributed to Nuuday A/S. See note 1.1 to the consolidated financial statements for a more detailed description of the demerger.

Merger of Nuuday and five subsidiaries

In 2020, Nuuday A/S merged with Secu A/S, TDC Mobil Center A/S, TDC Erhvervscenter TS Kommunikation ApS, TDC Erhvervscenter Holbæk ApS and Mobilcenter Bagsværd A/S using the book-value method. The comparative figures have been restated.

First-time adoption of IFRS

In accordance with IFRS 1, the opening balance sheets at 1 January 2019 and comparative figures for 2019 have been prepared in accordance with IFRSs effective at 31 December 2020. In preparing these financial statements, the opening balance sheet was prepared at 1 January 2019, the date of transition to IFRS, and Nuuday has chosen to use the following exemption:

- to measure its assets and liabilities at the carrying amounts that have been included in the consolidated financial statements of TDC A/S.

The implementation of IFRS impacted on total comprehensive income for 2019, and total equity as per 1 January and 31 December 2019 as presented below:

Reconciliation of total comprehensive income and total equity (DKKm)	Total equity 31 December 2019	Total comprehensive income 2019	Total equity 1 January 2019
Local GAAP	571	(748)	10,319
Effect of adopting IFRS 16	(7)	(7)	0
Amortisation of goodwill, reversed	310	310	0
Amortisation of brand with indefinite life (net of tax), reversed	316	316	0
IFRS	**1,190**	**(129)**	**10,319**

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 a subsidiary, a joint venture or an associate 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 capitalised development projects. 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)	2020	2019
Sales of goods recognised at a point in time	1,382	1,329
Sales of services recognised over time	13,226	14,165
Total	**14,608**	**15,494**

Revenue specified by services (DKKm)	2020	2019
Landline voice	934	1,073
Mobility services	4,738	4,821
Internet & network	3,465	3,674
TV	3,476	3,938
Other services	1,995	1,988
Total	**14,608**	**15,494**

2.2 | Personnel expenses

(DKKm)	2020	2019
Wages and salaries (including short-term and long-term bonus)	(2,039)	(2,150)
Pensions	(195)	(207)
Social security	(33)	(39)
Total	**(2,267)**	**(2,396)**
Of which capitalised as non-current assets	484	466
Total	**(1,783)**	**(1,930)**
Average number of full-time employee equivalents[1]	3,736	3,937

[1] Denotes the average number of full-time employee equivalents including permanent employees and trainees.

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)	2020	2019
Costs related to redundancy programmes	(119)	(35)
Loss on sale of enterprises	0	(4)
Loss from rulings	(2)	0
Adjustment of purchase price re. acquisition of enterprises	(2)	(1)
Costs related to acquisition and divestment of enterprises	0	(3)
Special items before income taxes	**(123)**	**(43)**
Income taxes related to special items	26	9
Total special items	**(97)**	**(34)**

2.4 | Income taxes

(DKKm)	2020 Income tax income/ (expense)	2020 Income tax payable/ (receivable)	2020 Deferred tax liabilities/ (assets)	2019 Income tax income/ (expense)	2019 Income tax payable/ (receivable)	2019 Deferred tax liabilities/ (assets)
At 1 January	-	68	1,674	-	3	1,814
Income taxes	45	6	(51)	(13)	68	(55)
Adjustment of tax for previous years	12	(13)	1	85	0	(85)
Tax paid	-	(119)	-	-	(3)	-
Total	**57**	**(58)**	**1,624**	**72**	**68**	**1,674**
Income taxes are specified as follows:						
Income excluding special items	31			63		
Special items	26			9		
Total	**57**			**72**		

Reconciliation of effective tax rate (%)	2020	2019
Danish corporate income tax rate	22.0	22.0
Profit from subsidiaries, joint ventures and associates	(1.5)	(2.5)
Adjustment of tax for previous years	3.6	53.1
Limitation on the tax deductibility of interest expenses	(15.4)	(32.3)
Other non-taxable income and non-tax-deductible expenses	0.0	(0.6)
Effective tax rate excluding special items	**8.7**	**39.7**
Special items	3.0	(4.1)
Effective tax rate including special items	**11.7**	**35.6**

Specification of deferred tax (DKKm)	2020	2019
Intangible assets	73	81
Other	19	36
Current	**92**	**117**
Intangible assets	1,480	1,554
Property, plant and equipment	3	(22)
Lease assets and liabilities	(3)	(1)
Other	52	26
Non-current	**1,532**	**1,557**
Deferred tax at 31 December	**1,624**	**1,674**

3.1 | Intangible assets

(DKKm)	2020 Goodwill	2020 Customer relationships	2020 Brands	2020 Other rights, software, etc.	2020 Total	2019 Goodwill	2019 Customer relationships	2019 Brands	2019 Other rights, software, etc.	2019 Total
Accumulated cost at 1 January	8,815	14,351	4,162	8,229	35,557	8,815	14,362	4,174	7,780	35,131
Additions	0	0	0	908	908	0	0	0	976	976
Assets disposed of or fully amortised	0	0	0	(454)	(454)	0	(11)	(12)	(527)	(550)
Accumulated cost at 31 December	**8,815**	**14,351**	**4,162**	**8,683**	**36,011**	**8,815**	**14,351**	**4,162**	**8,229**	**35,557**
Accumulated amortisation and write-downs for impairment at 1 January	(3,693)	(12,141)	(110)	(6,354)	(22,298)	(3,693)	(11,775)	(118)	(6,098)	(21,684)
Amortisation	0	(374)	0	(898)	(1,272)	0	(377)	0	(720)	(1,097)
Write-downs for impairment	0	0	0	(23)	(23)	0	0	(4)	(63)	(67)
Assets disposed of or fully amortised	0	0	0	454	454	0	11	12	527	550
Accumulated amortisation and write-downs for impairment at 31 December	**(3,693)**	**(12,515)**	**(110)**	**(6,821)**	**(23,139)**	**(3,693)**	**(12,141)**	**(110)**	**(6,354)**	**(22,298)**
Carrying amount at 31 December	**5,122**	**1,836**	**4,052**	**1,862**	**12,872**	**5,122**	**2,210**	**4,052**	**1,875**	**13,259**

3.2 | Property, plant and equipment

	2020				2019			
	Network infra-structure	Equipment	Assets under construction	Total	Network infra-structure	Equipment	Assets under construction	Total
Accumulated cost at 1 January	2,361	629	47	3,037	1,893	559	76	2,528
Transfers (to)/from other items	3	2	(5)	0	32	6	(38)	0
Transfers from leased assets	0	0	0	0	55	0	0	55
Additions	333	80	16	429	430	80	9	519
Assets disposed of	(243)	(16)	0	(259)	(49)	(16)	0	(65)
Accumulated cost at 31 December	**2,454**	**695**	**58**	**3,207**	**2,361**	**629**	**47**	**3,037**
Accumulated depreciation and write-downs for impairment at 1 January	(1,253)	(496)	(2)	(1,751)	(749)	(458)	(2)	(1,209)
Transfers from leased assets	0	0	0	0	(44)	0	0	(44)
Depreciation	(439)	(61)	0	(500)	(506)	(52)	0	(558)
Assets disposed of	243	16	0	259	46	14	0	60
Accumulated depreciation and write-downs for impairment at 31 December	**(1,449)**	**(541)**	**(2)**	**(1,992)**	**(1,253)**	**(496)**	**(2)**	**(1,751)**
Carrying amount at 31 December	**1,005**	**154**	**56**	**1,215**	**1,108**	**133**	**45**	**1,286**

3.3 | Lease assets and liabilities

Lease assets (DKKm)	2020 Land and buildings	2020 Network infrastructure	2020 Vehicles and equipment	2020 Total	2019 Land and buildings	2019 Network infrastructure	2019 Vehicles and equipment	2019 Total
Carrying amount at 1 January	382	0	40	422	434	12	39	485
Additions	50	0	27	77	0	0	25	25
Lease reassessments	0	0	(1)	(1)	0	0	0	0
Disposals	0	0	0	0	0	(12)	0	(12)
Depreciation	(60)	0	(28)	(88)	(52)	0	(24)	(76)
Carrying amount at 31 December	**372**	**0**	**38**	**410**	**382**	**0**	**40**	**422**

Lease liabilities (DKKm)	2020	2019
Recognised in the balance sheet at present value:		
Current	82	80
Non-current	343	353
Total	**425**	**433**
Maturing within 1 year	82	80
Maturing between 1 and 3 years	128	120
Maturing between 3 and 5 years	109	98
Maturing after 5 years	106	135
Total	**425**	**433**

Amounts recognised in the statement of profit and loss (DKKm)	2020	2019
Expense relating to short term leases	(30)	(11)
Income from sublease	0	0
Depreciation charge of lease assets, cf. above	(88)	(76)
Interest expense (included in financing cost)	(12)	(12)

The total cash outflow for leases in 2020 was DKK 94m (2019: DKK 81m), of which, DKK 12m (2019: DKK 12m) related to interest payments on lease liabilities.

3.4 | Investments in subsidiaries

(DKKm)	2020	2019
Accumulated cost at 1 January	712	712
Additions	20	0
Accumulated cost at 31 December	**732**	**712**
Accumulated write-downs at 1 January	(35)	(17)
Share of profit/(loss)	(18)	(18)
Accumulated write-downs at 31 December	**(53)**	**(35)**
Carrying amount at 31 December	**679**	**677**

Overview of subsidiaries at 31 December 2020

Company name	Domicile	Currency	Ownership share (%)
Subsidiaries:			
Contact Center Europe GmbH	Flensburg, Germany	EUR	100
Hiper A/S	Copenhagen, Denmark	DKK	100
TDC Telco ApS	Taastrup, Denmark	DKK	100

3.5 | Trade receivables

(DKKm)	2020	2019
Trade receivables	1,293	1,528
Allowances for doubtful debts	(179)	(206)
Trade receivables, net	**1,114**	**1,322**
Allowances for doubtful debts at 1 January	(206)	(221)
Additions	(55)	(48)
Realised losses	63	38
Reversed allowances	19	25
Allowances for doubtful debts at 31 December	**(179)**	**(206)**

3.6 | Contract assets and liabilities

(DKKm)	2020	2019
Assets recognised from costs to obtain a contract (SAC)	208	235
Assets recognised from costs to fulfil a contract	5	0
Assets recognised from costs to fulfil an internal contract	246	134
Work in progress for the account of third parties	0	0
Total contract assets	**459**	**369**
Deferred subscription income	2,135	2,235
Work in progress for the account of third parties, liabilities	45	38
Total contract liabilities	**2,180**	**2,273**

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
2020						
Expected loss rate	1%	1%	7%	29%	87%	14%
Gross carrying amount	870	148	65	26	184	1,293
Loss allowance	(4)	(1)	(5)	(8)	(161)	(179)
2019						
Expected loss rate	1%	1%	8%	22%	75%	13%
Gross carrying amount	973	210	71	31	243	1,528
Loss allowance	(9)	(3)	(6)	(7)	(181)	(206)

4.1 | Equity

For information on share capital, see note 4.1 to the consolidated financial statements.

4.2 | Loans

For a specification of loans and 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)	2020	2019
Interest income from group enterprises	0	1
Other interest income	0	5
Interest expenses to group enterprises	(365)	(344)
Other Interest expenses	(29)	(21)
Net interest	**(394)**	**(359)**
Currency translation adjustments	5	(8)
Total	**(389)**	**(367)**

5.1 | Change in working capital

(DKKm)	2020	2019
Change in inventories	36	(43)
Change in receivables	1,198	(1,013)
Change in contract assets	(90)	(86)
Change in trade payables	(874)	989
Change in contract liabilities	(93)	(143)
Change in prepaid expenses	(59)	(297)
Change in other items, net	62	9
Total	**180**	**(584)**

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 balances with its subsidiaries (cf. the overview of subsidiaries in note 3.4):

Subsidiaries (DKKm)	2020	2019
Income	16	9
Expenses	(191)	(251)
Receivables	1	35
Debt	(179)	(219)

Remuneration for the Board of Directors and the Executive Committee is described in note 2.4 and incentive programmes are described in note 6.1 to the consolidated financial statements.

All transactions with related parties are made on market terms.

Nuuday A/S is included in the Group Annual Reports of TDC A/S and of the ultimate parent company DKT Holdings ApS.

The consolidated financial statements for TDC A/S can be downloaded from www.investor.tdc.dk

The Group Annual Report of DKT Holdings ApS may be obtained at the following address:

DKT Holdings ApS
c/o TDC A/S
Teglholmsgade 1
DK-2450 Copenhagen SV

6.2 | Fees to auditors elected by the Annual General Meeting

(DKKm)	2020	2019
Statutory audit	**2**	**3**
Other assurance engagements	0	0
Tax advisory services	0	0
Other services	0	0
Total non-statutory audit services	**0**	**0**
Total	**2**	**3**

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

Cash with a carrying amount of DKK 0m (2019: DKK 17m) and receivables from group enterprises with a carrying amount of DKK 96m (2019: DKK 1,055m) are pledged as security for the parent company TDC A/S's long-term loans.

For information on pending lawsuits, see note 6.5 to the consolidated financial statements.

Nuuday A/S is jointly registered for Danish VAT with the parent company TDC A/S and the majority of its Danish subsidiaries and is jointly and severally liable for payment of VAT.

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.

Supplementary information

Management statement

Today, the Board of Directors and the Executive Committee considered and approved the annual report of Nuuday A/S for 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) 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 2020 of the Group and the parent company and of the results of the Group and parent company operations and cash flows for 2020.

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.

In our opinion, the Supplementary Report on ESG data represents a reasonable, fair, and balanced representation of the Group's ESG data and is prepared in accordance with the stated reporting policies.

We recommend that the annual report be adopted at the Annual General Meeting.

Copenhagen, 29 April 2021

Executive Committee

Michael Moyell Juul
Chief Executive Officer

Niels Meidahl
Chief Financial Officer

Board of Directors

Lasse Rudebeck Pilgaard
Chairman

Henrik Clausen

Jens Aaløse

Lars Schmidt Lindholm

Tobias Tolstrup

Independent auditor's report

To the shareholder of Nuuday A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Nuuday A/S for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies for both the Group and the Parent Company ("financial statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Hellerup, 29 April 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Baungaard
State Authorised Public Accountant
mme23331

Michael Groth Hansen
State Authorised Public Accountant
mme33228

ESG data

Environmental data

Energy & emissions	2020	2019	2018
Electricity (MWh)	6,874	7,140	7,646
Heat (MWh)	12,333	12,214	11,896
Transport (MWh)	9,084	9,423	9,227
Total energy consumption (MWh)	**28,291**	**28,777**	**28,769**
2030 baseline			
Scope 1 (metric tons CO_2e)	2,377	2,405	2,391
Scope 2 location based (metric tons CO2e)	1,615	1,868	2,446
Scope 2 market-based (metric tons CO_2e)	3,182	3,403	3,876
Scope 3 (metric tons CO_2e)	94,381	106,757	0
Total Scopes 1, 2 & 3 market-based emissions (metric tons CO_2e)	**99,940**	**112,565**	**6,267**

Scope 3 by category	2020	2019
1: Purchased goods and services & 2: Capital goods (metric tons of CO_2e)	61,070	67,208
3: Fuel and energy-related activities (metric tons of CO_2e)	900	933
4: Upstream transportation and distribution (metric tons of CO_2e)	2,980	3,412
5: Waste generated by operations (metric tons of CO_2e)	34	29
6: Business travel (metric tons of CO_2e)	148	919
7: Employee commuting (metric tons of CO_2e)	1,724	7,386
11: Use of sold products (Direct) (metric tons of CO2e)	27,472	26,839
12: End-of-life treatment of sold products (metric tons of CO2e)	53	30
Total Scope 3 emissions (metric tons of CO_2e)	**94,381**	**106,757**

Waste	2020
Non-hazardous – landfill (metric tons)	4
Non-hazardous – composting (metric tons)	35
Non-hazardous – recycling (metric tons)	191
Non-hazardous – energy recovery & incineration (metric tons)	172
Total non-hazardous waste (metric tons)	**403**
Hazardous – landfill (metric tons)	-
Hazardous – composting (metric tons)	-
Hazardous – recycling (metric tons)	1.0
Hazardous – energy recovery & incineration (metric tons)	0.1
Hazardous – other, incl. recycling and energy recovery (metric tons)	0.2
Total hazardous waste (metric tons)	**1**
Total waste disposed of (metric tons)	**404**
Waste recycled (%)	47

Customer product refurbishment	2020
Refurbished CPEs (number)	156,731
Percentage refurbished of total units (%)	36
Avoided e-waste (metric tons)	77

Note regarding environmental and waste data: Please see our Nuuday ESG Data Accounting Principles on our corporate website for an explanation of the calculations and boundaries of the data presented here. For our waste data, due to the recent company transformation, reliable data for previous years was not available, therefore no comparable 2018/2019 data is presented.

HR and occupational health & safety data

Employees by gender	2020
Men (number)	2,945
Women (number)	1,337
Men (%)	69
Women (%)	31

Employees by contract type	2020
Employees on permanent contracts - male (number)	2,934
Employees on permanent contracts - female (number)	1,330
Employees on temporary contracts - male (number)	11
Employees on temporary contracts - female (number)	7

Employees by employment type	2020
Employees in full-time employment - male (number)	2,800
Employees in full-time employment - female (number)	1,212
Employees in part-time employment - male (number)	145
Employees in part-time employment - female (number)	125

Employees by age group	2020
Employees aged under 30 (%)	37
Employees aged 30 – 50 (%)	45
Employees aged over 50 (%)	17

Employees by age group	2020
Employees aged under 30 (number)	1,603
Employees aged 30 – 50 (number)	1,937
Employees aged over 50 (number)	742

Employees by employment category	2020
Manager – male (number)	352
Manager – female (number)	77
Non-manager – male (number)	2,593
Non-manager – female (number)	1,260

Employees by employment category	2020
Manager – male (%)	82
Manager – female (%)	18
Non-manager – male (%)	67
Non-manager – female (%)	33

Employee training	2020
Average training hours (hours per FTE)	24.6

Employee statistics - other	2020
Fathers and non-birth mothers taking parental leave (%)	84
Different nationalities (number)	44
Age of oldest employee (years)	76
Age of youngest employee (years)	18

Note regarding occupational health & safety data: Please see our Nuuday ESG Data Accounting Principles on our corporate website for an explanation of the calculations and boundaries of the data presented here.
Note regarding HR data: Please see our Nuuday ESG Data Accounting Principles on our corporate website for an explanation of the calculations and boundaries of the data presented here. Due to the recent company transformation, data for previous years was not available, therefore no comparable 2018/2019 data is presented.

Occupational health & safety (number)	2020	2019	2018
Fatalities	0	0	0
With lost working time	13	15	9
Without lost working time	13	34	19
Total	**26**	**49**	**28**
Days of absence	87	80	142
Injury incidence (lost working time injuries per 10,000 employees)	30	-	-
Rate of fatalities (per 1,000,000 hours)	0	-	-
Rate of high consequence work-related injuries (per 1,000,000 hours)	1.9	-	-
Rate of work-related injuries (per 1,000,000 hours)	3.7	-	-
Rate of near-miss accidents (per 1,000,000 hours)	2.6		

Gender representation - Board of Directors	Nuuday	TDC TELCO ApS
Men (number)	3	1
Women (number)	0	2
Total (number)	**3**	**3**
Men (%)	100	33
Women (%)	0	67

Other metrics	2020	2019
Whistleblower reports to TDC Group A/S Board of Directors		
Number of reports submitted to the whistleblower system (number)	1	0
ESG reporting (TDC Group on behalf of all three companies)		
GRESB infrastructure ESG Score (number)	65	61
EcoVadis score (number)	65	62

Children's digital lives	2020
Digital citizenship: Coding Class / IoT at Folkeskolen	
Classes participated in Coding Class and IoT at Folkeskolen (number)	218
Children helped with acquiring digital skills through the Coding Class initiative since 2016 (number)	12,000
Customer engagement	
Donations made to Den Dansk Naturfond through the YouSee more initiative (Number)	26,043
Increase in donations to Den Dansk Naturfond compared to 2019 (%)	n/a
Donations made to Børns Vilkår through the YouSee more programme (Number)	63,651
Increase in donations to Børns Vilkår compared to 2019 (%)	27
GDPR & security e-learning	
Employees completing GDPR e-learning (%)	92
Employees completing data protection nano e-learning (%)	29
Employees completing security e-learning (%)	62

Independent Auditor's Assurance Report on the ESG Section

To the stakeholders of Nuuday A/S

We have reviewed the ESG Section in the Nuuday A/S Annual Report 2020 ("the Report"), which covers Nuuday's activities from 1 January to 31 December 2020, to provide limited assurance that

- The ESG performance data on pages 107-109 in the Report have been stated in accordance with the criteria defined by the accounting principles;
- The ESG Section of the Report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

We express a conclusion providing limited assurance.

Management's responsibility
The Management of Nuuday is responsible for collecting, analysing, aggregating and presenting the information in the ESG Section and ESG data tables, ensuring that data are free from material misstatement, whether due to fraud or error. TDC Group's non-financial Accounting Principles for 2020 contain Management's defined reporting scope for each data type, which can be found on TDC Group's website: https://tdcgroup.com/-/media/files/tdccom/documents/responsibility/nuuday-esg-accounting-principles.ashx.

Auditor's responsibility
Our responsibility is to express a limited assurance conclusion on whether the ESG performance data on pages 107-109 in the Report have been stated in accordance with the criteria defined by the accounting principles, and whether the ESG section in the Report has been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level). We have conducted our work in accordance with ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and additional requirements under Danish audit regulation to obtain limited assurance about our conclusion.

Deloitte Statsautoriseret Revisionspartnerselskab is subject to International Standard on Quality Control (ISQC) 1 and, accordingly, applies a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by FSR – Danish Auditors (Code of Ethics for Professional Accountants), which are based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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. Considering the risk of material misstatement, we planned and performed our work to obtain all information and explanations necessary to support our conclusion.

We performed our review from November 2020 to April 2021. Our work has included interviews with key functions in TDC Group, inquiries regarding procedures and methods to ensure that selected ESG data and information have been incorporated in accordance with the accounting principles. As part of the work, we have assessed whether the process for reporting greenhouse gas emissions data complies with the principles of the Greenhouse Gas Protocol methodology as referred to in the accounting principles. We have assessed processes, tools, systems and controls for gathering, consolidating and aggregating ESG data at Group level, and performed analytical re-view procedures and tested ESG data prepared at Group level against underlying documentation. We have re-viewed the reported ESG data as well as evaluated the reliability and validity of the underlying sources, especially of estimated data. We have reviewed the ESG section for adherence to the GRI principles for defining report content and ensuring report quality, as well as the GRI Standards disclosure requirements as presented in the GRI tables of the Report. Finally, we have evaluated the ESG Section's compliance with the disclosure requirements in the Danish Financial Statements Act §99a and §99b.

We have not performed site visits or interviewed external stakeholders, nor have we performed any assurance procedures on baseline data or forward-looking statements such as targets and expectations. Consequently, we draw no conclusion on these statements.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that:

- The ESG data tables on page 107-109 in the Nuuday Annual Report ("the Report") for the period from 1 January to 31 December 2020 have not been stated in accordance with the criteria mentioned in the accounting principles;

- The ESG Section of the Report has not been prepared in accordance with the principles and reporting criteria defined in the Global Reporting Initiative (GRI) Sustainability Reporting Standards (Core level).

Statsautoriseret Revisionspartnerselskab
Business Registration No. 33 96 35 56

Copenhagen, 27 April 2021

Deloitte

Lars Siggaard Hansen State-Authorised Public Accountant Identification No (MNE) mne32208	Helena Barton Lead Reviewer

Disclaimer

Disclaimer
This report may include statements about Nuuday'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 Nuuday's results include: the competitive environment and the industry in which Nuuday operates; contractual obligations in Nuuday's financing arrangements; developments in competition within the domestic and international communications industry; information technology and operational risks including Nuuday'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 Nuuday cannot predict. In addition, Nuuday 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.