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BT DENMARK ApS
Havnegade 39
1058 København K
Business Registration No
24221415

**Annual report 01.04.2018
- 31.03.2019**

The Annual General Meeting adopted the annual report on 12.09.2019

Chairman of the General Meeting



Name: Philip Martin Graff

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2018/19	7
Balance sheet at 31.03.2019	8
Statement of changes in equity for 2018/19	10
Notes	11
Accounting policies	13

Entity details

Entity

BT DENMARK ApS
Havnegade 39
1058 København K

Central Business Registration No (CVR): 24221415

Registered in: København

Financial year: 01.04.2018 - 31.03.2019

Board of Directors

Wai Ming Teng
Attila Tamás Szücs
Thomas Marie Marc Vanderick

Executive Board

Philip Martin Graff

Lawyer

Bird & Bird advokatpartnerselskab
Sundkrogsgade 21
2100 Copenhagen

Entity auditors

KPMG P/S Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BT DENMARK ApS for the financial year 01.04.2018 - 31.03.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 12.09.2019

Executive Board



Philip Martin Graff

Board of Directors

Refer to next page for signatures

Wai Ming Teng

Attila Tamás Szücs

Thomas Marie Marc Vanderick

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Copenhagen, 12.09.2019

Executive Board

Philip Martin Graff

Board of Directors

Wai Ming Teng

Attila Tamás Szücs

Thomas Marie Marc Vanderick


Wai Ming Teng (Sep 12, 2019)


Attila Szucs (Sep 12, 2019)


Thomas Vanderick (Sep 13, 2019)

Wai Ming Teng

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Director



Attila Szucs

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BT
CFO



Thomas Vanderick

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BT
Director



Independent auditor's report

To the shareholders of BT DENMARK ApS

Opinion

We have audited the financial statements of BT DENMARK ApS for the financial year 01.04.2018 - 31.03.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2019 and of the results of its operations for the financial year 01.04.2018 - 31.03.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.09.2019

KPMG P/S

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 25578198



Kenn W. Hansen
State Authorised Public Accountant
Identification No (MNE) mne30154

Management commentary

Primary activities

The company's business in 2018/19 has comprised of offering telecommunication services to major telecommunication users in the Danish market.

Development in activities and finances

Revenues slightly decreased to 58m DKK in 18/19 compared to posted 61m DKK in 17/18. A major contract in the Danish food industry (22.3m DKK) generated stable revenues in the financial year. In addition, managed network contracts in the logistic (4.2m DKK) and banking & insurance industry (3.8m DKK) contributed to the revenue generation of BT Denmark ApS. Year on Year, BT Denmark ApS strengthened its cash position and presents a strong cash asset with BT Group Treasury.

Outlook

The financial year 19/20 may hold some pressure on existing contracts and revenue streams which reflect the general price erosion and business consolidation in the ICT market globally. It is anticipated that throughout the year 19/20 a further decline in revenues is recorded and overall profit will close lower than in financial year 18/19.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> DKK	<u>2017/18</u> DKK
Revenue		58.606.201	61.233.478
Cost of sales		<u>(52.577.384)</u>	<u>(54.581.487)</u>
Gross profit/loss		6.028.817	6.651.991
Staff costs	1	(896.641)	(914.146)
Depreciation, amortisation and impairment losses		<u>(2.741.579)</u>	<u>(2.900.001)</u>
Operating profit/loss		2.390.597	2.837.844
Other financial income	2	406.479	479.694
Other financial expenses	3	<u>(135.743)</u>	<u>(267.251)</u>
Profit/loss before tax		2.661.333	3.050.287
Tax on profit/loss for the year	4	<u>(867.286)</u>	<u>(462.178)</u>
Profit/loss for the year		<u>1.794.047</u>	<u>2.588.109</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.794.047</u>	<u>2.588.109</u>
		<u>1.794.047</u>	<u>2.588.109</u>

Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		4.842.232	4.787.999
Property, plant and equipment	5	<u>4.842.232</u>	<u>4.787.999</u>
Fixed assets		<u>4.842.232</u>	<u>4.787.999</u>
Trade receivables		8.591.341	9.512.545
Receivables from group enterprises	6	92.383.094	86.839.972
Deferred tax		290.000	398.000
Other receivables		139.799	85.923
Prepayments		3.884.668	5.166.464
Receivables		<u>105.288.902</u>	<u>102.002.904</u>
Cash		<u>16.252</u>	<u>0</u>
Current assets		<u>105.305.154</u>	<u>102.002.904</u>
Assets		<u>110.147.386</u>	<u>106.790.903</u>

Balance sheet at 31.03.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		137.064	137.064
Retained earnings		<u>93.432.966</u>	<u>91.617.052</u>
Equity		<u>93.570.030</u>	<u>91.754.116</u>
Trade payables		4.984.223	5.263.916
Payables to group enterprises		4.151.888	3.214.702
Income tax payable		411.069	274.497
Other payables		1.174.276	1.018.081
Deferred income		<u>5.855.900</u>	<u>5.265.591</u>
Current liabilities other than provisions		<u>16.577.356</u>	<u>15.036.787</u>
Liabilities other than provisions		<u>16.577.356</u>	<u>15.036.787</u>
Equity and liabilities		<u>110.147.386</u>	<u>106.790.903</u>
Contingent liabilities	7		
Group relations	8		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	137.064	91.617.052	91.754.116
Changes in accounting policies	0	21.867	21.867
Adjusted equity, beginning of year	137.064	91.638.919	91.775.983
Profit/loss for the year	0	1.794.047	1.794.047
Equity end of year	137.064	93.432.966	93.570.030

Notes

	2018/19	2017/18
	DKK	DKK
1. Staff costs		
Wages and salaries	822.340	815.553
Pension costs	69.075	95.119
Other social security costs	5.226	3.474
	896.641	914.146
Average number of employees	1	1
	2018/19	2017/18
	DKK	DKK
2. Other financial income		
Financial income arising from group enterprises	387.218	348.915
Other interest income	10.116	4.902
Exchange rate adjustments	9.145	125.877
	406.479	479.694
	2018/19	2017/18
	DKK	DKK
3. Other financial expenses		
Other interest expenses	55.538	113.272
Exchange rate adjustments	80.205	153.979
	135.743	267.251
	2018/19	2017/18
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	759.286	480.178
Change in deferred tax	108.000	(18.000)
	867.286	462.178

Notes

	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment	
Cost beginning of year	16.053.230
Additions	2.795.812
Disposals	<u>(1.547.638)</u>
Cost end of year	<u>17.301.404</u>
Depreciation and impairment losses beginning of year	(11.265.231)
Depreciation for the year	(2.741.579)
Reversal regarding disposals	<u>1.547.638</u>
Depreciation and impairment losses end of year	<u>(12.459.172)</u>
Carrying amount end of year	<u>4.842.232</u>

6. Receivables from group enterprises

Deposit Tudor Minstrel and BT plc

Loan facility agreements have a maximum deposit/draft of totally DKK 250,000,000. The agreements expire on 9 June 2020 and on 30 June 2059.

7. Contingent liabilities

There are no contingent liabilities

8. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

British Telecommunications Plc, 81 Newgate street, London, EC1A7AJ, United Kingdom

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Reclassification of comparative figures

Minor reclassifications have been made in individual items in the balance sheet. This has not affected the result and equity of this year and last year and has been made solely to ensure the comparability of the individual items in the financial.

Change in basis of interpretation

With effect from 1 April 2018, the Company has chosen to rely on IFRS 15 *Revenue from contracts with customers* as the basis of interpretation when recognising revenue.

In contrast to the previous basis of interpretation contained in IAS 11/18, IFRS 15 contains one overall and comprehensive model for the recognition of revenue. The fundamental principle in IFRS 15 is that the Company is to recognise revenue so it reflects services provided to customers at the amounts to which the Company is expected to be entitled for the provision of these goods or services.

The effect for the Company of using IFRS 15 as the basis of interpretation is that:

- Variable consideration from contracts on which the customer's price may vary if a number of conditions are complied with after performance of the contract is to be recognised as revenue if it is highly likely that changes in estimated variable consideration do not have the outcome that an important part of the amount is to be reversed and thereby will reduce revenue. Accordingly, the Company is to recognise the most probable value of the variable consideration in revenue.
- A number of contracts contains several performance obligations to which the transaction price is to be allocated. This is primarily contracts involving the supply and service of facilities for handling recycled paper.

The monetary effect of relying on IFRS 15 as the basis of interpretation made up DKK 22 thousand in 2018/19.

Apart from the above, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

Accounting policies

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenues are recognized when risks and rewards are transferred to the client or a service has been provided. Normally, revenue from services is recorded as at invoicing.

Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	4-7 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.