
CGI Danmark A/S

Lautrupvang 4 B, DK-2750 Ballerup

Annual Report for 1 October 2021 - 30 September 2022

CVR-nr. 63 89 08 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company
on 22/3 2023

Asger Mou
Chairman of the General
Meeting

Contents	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 October - 30 September	9
Balance Sheet 30 September	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CGI Danmark A/S for the financial year 1 October 2021 - 30 September 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2022 of the Company and of the results of the Company operations for 2021/22.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ballerup, 21 March 2023

Executive Board

Maiken Lykke
Managing Director

Hans Lynnerup
Executive Officer

Board of Directors

Frank den Dulk
Chairman

Francois Boulanger

Maiken Lykke

Independent Auditor's Report

To the Shareholder of CGI Danmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CGI Danmark A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements 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 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

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 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 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 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.

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, 21 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Anders Røjleskov
State Authorised Public Accountant
mne28699

Company Information

The Company

CGI Danmark A/S
Lautrupvang 4 B
DK-2750 Ballerup

Telephone : + 45 44 78 40 00
Website : www.CGI.dk

CVR-No.: 63 89 08 12
Financial period: 1 October - 30 September
Incorporated: 6 February 1984
Municipality of reg. office: Ballerup

Board of Directors

Frank den Dulk, Chairman
Francois Boulanger
Maiken Lykke

Executive Board

Maiken Lykke
Hans Lynnerup

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK	<u>2019/20</u> TDKK	<u>2018/19</u> TDKK	<u>2017/18</u> TDKK
Key figures					
Profit/loss					
Revenue	638,287	639,181	643,005	671,761	694,998
Gross profit/loss	391,726	401,398	389,241	389,997	358,153
Profit/loss before financial income and expenses	80,348	72,602	52,275	62,794	23,853
Net financials	2,726	-1,182	1,622	-1,742	4,587
Net profit/loss for the year	64,872	50,249	38,686	39,894	22,076
Balance sheet					
Balance sheet total	312,657	376,616	353,097	307,556	300,679
Equity	168,161	153,178	117,929	134,120	144,226
Investment in property, plant and equipment	7,455	5,448	6,453	3,881	5,547
Number of employees	383	392	430	440	463
Financial ratios					
Gross margin	61.4%	62.8%	60.5%	58.1%	51.5%
Profit margin	12.6%	11.4%	8.1%	9.3%	3.4%
Return on assets	25.7%	19.3%	14.8%	20.4%	7.9%
Solvency ratio	53.8%	40.7%	33.4%	43.6%	48.0%
Return on equity	40.4%	37.1%	30.7%	28.7%	17.1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Presentation of the company

CGI Inc. is one of the world's largest providers of business and IT services with 90,000 employees worldwide.

CGI delivers an end-to-end portfolio of capabilities, from strategic IT and business consulting to systems integration, managed IT and business process services and intellectual property solutions.

We work with our clients through a local relationship model complemented by a global delivery network that helps clients digitally transform their organizations and accelerate results.

In Denmark, CGI's business is mainly focused on public administration, financial services, healthcare, industry & manufacturing, and energy & utilities.

CGI is listed on the New York Stock Exchange and the Toronto Stock Exchange.

The CGI Dream

CGI was founded in 1976 by Serge Godin and André Imbeau in Quebec, Canada. Today Serge Godin is Executive Chairman of the Board at CGI and André Imbeau, although no longer Vice-Chairman, still serves as a member of the Board.

Through more than four decades CGI has grown continuously, organically and by acquisitions. The foundation of the company is influenced by stability and a long-term perspective.

A central element at CGI is The CGI Dream: "To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of".

Development of result and financial matters

The balance between private and public clients is instrumental in providing the company with a stable foundation for the continued development.

The turnover in 2021/22 of 638 million DKK (2020/21 of 639 million) was distributed between public and private sector business as below:

Public sector 376 million DKK (2020/21: 361 million DKK)

Private sector 262 million DKK (2020/21: 278 million DKK)

The company's operating income (Profit before financial income and expenses) was 80.3 million DKK (64.9 million DKK after tax), with a return on equity of 40.4 %.

The majority of the company's excess liquidity, corresponding to 121 million DKK as per 30 September 2022, has been lent to companies within the CGI group.

As per 30 September 2022, CGI Danmark's equity was 168 million DKK (2020/21: 153 million DKK) with a solvency rate of 53.8 % (2020/21: 40.7%).

The management finds the year-end result satisfactory and in line with the company's focus on profitability. CGI Danmark has met its budgetary targets for the fiscal year, which the management also deems satisfactory.

Key figures, employees 2021/22

	<u>2021/22</u>	<u>2020/21</u>
No of employees:	383	392
Average age:	46.9	46.6
Average seniority:	10.3	10.2
No of men:	72.7%	71.4%
No of women:	27.3%	28.6%
Employees turnover:	17.3%	19.8%

Management's Review

Outlook

Businesses and organizations in Denmark, in the private as well as the public sector, have a distinct need for harnessing the advantages of digitization to become more efficient, increase their resilience against external impact and gain competitive advantage.

CGI Denmark is well suited to address these needs, and for the fiscal year to come, the management expects to reach a slight decline of revenue and profit before tax (between 0% and 10%) considering the current economic uncertainty.

This requires that the company continues to be able to attract and retain employees with the required skills in a recruitment market increasingly characterized by fierce competition for the best candidates.

Objectives

CGI Danmark A/S wishes to strengthen its position in the market through organic growth within selected industries.

Among the targets are increased focus on clients' cloud transformation, building even stronger relationships with customers at the highest management level, further harnessing the power of CGI's unique proximity model in combination with our global delivery centers, and continuously develop CGI's ability to attract, develop and retain highly qualified employees.

The company also aims for achieving strategic, profitable growth and continues to assess potential candidates for acquisition that can be deemed suitable under CGI's criteria.

Financial risks

CGI Danmark operates with a relatively low risk profile with respect to currency, credit and interest risks.

The business has focus on credit management and is to a limited extent affected by currency risks, primarily EUR and SEK. It is the company policy to identify major commercial currency risks, and it will not make speculative currency arrangements.

Statutory statement regarding CSR in accordance with section 99a of the Danish Financial Statements Act

For our statutory statement regarding CSR, we refer to the CGI ESG report, which reference the GRI standards, and can be found at: <https://www.cgi.com/sites/default/files/2023-02/cgi-2022-esg-report.pdf>

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

Due to an organizational change in fiscal year 2022, former director Carolina Bevilacqua changed roles within CGI and was replaced by her (male) successor on 6 May 2022. As a result, for the remainder of the financial year, there were no women appointed to the board of directors of CGI Danmark which consists of a total of 3 (three) members.

On 13 March 2023, Maiken Lykke was appointed to replace Michael Hermansen to the board of directors, thereby reestablishing a board composition that is consistent with the company's previously disclosed target of having at least 1 (one) female member of the board.

The company's Danish management team (Directors, VPs etc.) consists of 31 % women and 69 % men (11 women and 24 men) as per September 2022.

In the long term, the company aims for a gender distribution among its management of app. 40 % women and 60 % men, and the company's management is monitoring the balance on an ongoing basis. Furthermore, gender balance is considered when developing and training executive candidates, hiring new talent, etc. while CGI has also established the 'Women of CGI' network to promote female leadership.

Management's Review

Statutory statement regarding CSR in accordance with section 99d of the Danish Financial Statements Act

With respect to section 99d of the Danish Financial Statements Act, we refer to our Data Ethics Policy, which can be found at: https://www.cgi.com/sites/default/files/2023-02/data_ethics_policy_cgi_denmark.pdf

Uncertainty relating to recognition and measurement

The Company has an ongoing tax case with the Danish Tax Authorities. We refer to note 18 "Contingent assets, liabilities and other financial obligations" for further description in respect of uncertainty related to recognition of the claim raised by the Danish Tax Authorities.

Unusual events

The management is monitoring the overall situation as well as the continuous development of new and existing clients' needs and is able to respond swiftly to any future need for corrective measures such as restructuring or otherwise adapting the organization.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	<u>Note</u>	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Revenue	1	638,287	639,181
Cost of sales		-196,668	-193,797
Other external expenses		-49,893	-43,986
Gross profit/loss		391,726	401,398
Staff expenses	2	-300,541	-315,330
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-10,837	-13,466
Profit/loss before financial income and expenses		80,348	72,602
Financial income	4	3,931	3,498
Financial expenses		-1,205	-4,680
Profit/loss before tax		83,074	71,420
Tax on profit/loss for the year	5	-18,202	-21,171
Net profit/loss for the year		64,872	50,249

Balance Sheet 30 September

Assets

	Note	2021/22 TDKK	2020/21 TDKK
Software		-	130
Intangible assets	6	-	130
Buildings		9,765	14,423
Other fixtures and fittings, tools and equipment		7,531	6,569
Leasehold improvements		1,226	1,930
Property, plant and equipment	7	18,522	22,922
Investments in subsidiaries	8	-	1,453
Deposits	9	2,084	2,048
Contract costs	9	176	1,229
Fixed asset investments		2,260	4,730
Fixed assets		20,782	27,782
Trade receivables		49,833	50,559
Contract work in progress	11	52,240	38,436
Receivables from group enterprises	10	131,308	194,363
Other receivables		396	476
Corporation tax	18	22,046	10,197
Prepayments	12	6,562	14,346
Receivables		262,385	308,377
Cash at bank and in hand		29,490	40,457
Current assets		291,875	348,834
Assets		312,657	376,616

Balance Sheet 30 September

Liabilities and equity

	<u>Note</u>	2021/22 TDKK	2020/21 TDKK
Share capital	13	28,554	28,554
Retained earnings		34,607	74,624
Proposed dividend for the year	14	105,000	50,000
Equity		168,161	153,178
Provision for deferred tax	15	8,235	7,398
Other provisions	16	2,946	3,066
Provisions		11,181	10,464
Lease obligations		9,806	14,022
Long-term debt	17	9,806	14,022
Lease obligations	17	5,732	5,026
Trade payables		25,879	29,736
Contract work in progress, liabilities	11	23,031	39,217
Payables to group enterprises		11,428	41,874
Corporation tax		15,226	15,823
Other payables		42,213	67,276
Short-term debt		123,509	198,952
Debt		133,315	212,974
Liabilities and equity		312,657	376,616

	<u>Note</u>
Proposed distribution of profit	14
Contingent assets, liabilities and other financial obligations	18
Related parties	19
Fee to auditors appointed at the general meeting	20
Subsequent events	21
Accounting Policies	22

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 October	28,554	74,624	50,000	153,178
Ordinary dividend paid	-	-	-50,000	-50,000
Net effect from merger and acquisition under the pooling-of-interests method	-	111	-	111
Net profit/loss for the year	-	-40,128	105,000	64,872
Equity at 30 September	28,554	34,607	105,000	168,161

Notes to the Financial Statements

1 Revenue

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Business segments:		
Public sector	375,797	360,738
Private sector	262,490	278,443
	638,287	639,181

2 Staff expenses

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Wages and salaries	273,233	288,420
Pensions	25,299	24,468
Other social security expenses	869	891
Other staff expenses	1,140	1,551
	300,541	315,330

Including remuneration to the Executive Board of:

Executive Board	5,251	4,354
	5,251	4,354

Average number of employees

	383	392
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No remuneration is paid for board work.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Amortisation of intangible assets	130	87
Depreciation of property, plant and equipment	10,707	13,379
	10,837	13,466

Which is specified as follows:

Software	130	87
Other fixtures and fittings, tools and equipment	3,084	3,892
Leasehold improvements	704	1,048
Buildings (Right of use assets)	4,658	6,063
Other fixtures and fittings, tools and equipment (Right-of-use assets)	2,261	2,376
	10,837	13,466

Notes to the Financial Statements

4 Financial income

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Interest received from group enterprises	2,759	2,913
Other financial income	413	214
Exchange adjustments	759	371
	3,931	3,498

5 Tax on profit/loss for the year

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Current tax for the year	17,541	16,507
Deferred tax for the year	837	-314
Adjustment of tax concerning previous years	-176	4,978
	18,202	21,171

6 Intangible assets

	<u>Software</u> TDKK
Cost at 1 October	247
Additions for the year	-
Disposal for the year	-247
Cost at 30 September	-
Impairment losses and amortisation at 1 October	117
Amortisation for the year	130
Disposal for the year	-247
Impairment losses and amortisation at 30 September	-
Carrying amount at 30 September	-

Notes to the Financial Statements

7 Property, plant and equipment

	Buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 October	38,723	17,485	5,648	61,856
Additions for the year	-	7,455	-	7,455
Disposals for the year	-27,421	-1,305	-	-28,726
Cost at 30 September	11,302	23,635	5,648	40,585
Impairment losses and depreciation at 1 October	24,300	10,916	3,718	38,934
Depreciation for the year	4,658	5,345	704	10,707
Reversal of impairment and depreciation of sold assets	-27,421	-157	-	-27,578
Impairment losses and depreciation at 30 September	1,537	16,104	4,422	22,063
Carrying amount at 30 September	9,765	7,531	1,226	18,522
Including right-of-use assets amounting to	9,765	3,847	-	13,612

8 Investments in subsidiaries

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Carrying amount at 1 October	1,453	-
Additions for the year	-	1,453
Disposals for the year	-1,453	-
Carrying amount at 30 September	-	1,453

The investments in prior year represent the investments in Acando Denmark Holding A/S. During the year, Acando Denmark A/S was merged into Acando Denmark Holding A/S and Acando Denmark Holding A/S into CGI Danmark A/S, effective at 1 October 2021.

Notes to the Financial Statements

9 Other fixed asset investments

	Deposits TDKK	Contract costs TDKK
Cost at 1 October	2,048	3,073
Additions for the year	36	-
Cost at 30 September	<u>2,084</u>	<u>3,073</u>
Impairment losses at 1 October	-	1,844
Impairment losses for the year	-	1,053
Impairment losses at 30 September	<u>-</u>	<u>2,897</u>
Carrying amount at 30 September	<u>2,084</u>	<u>176</u>

10 Receivables from group enterprises

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
The following receivables fall due for payment more than 1 year after year end:	-	<u>121,118</u>

11 Contract work in progress

	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Selling price of work in progress	86,980	88,651
Payments received on account	-57,771	-89,432
	<u>29,209</u>	<u>-781</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	52,240	38,436
Prepayments received recognised in debt	-23,031	-39,217
	<u>29,209</u>	<u>-781</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

13 Equity

The share capital consists of 28,554 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

14 Proposed distribution of profit

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
Proposed dividend for the year	105,000	50,000
Retained earnings	-40,128	249
	64,872	50,249

15 Provision for deferred tax

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
Provision for deferred tax at 1 October	7,398	7,712
Amounts recognised in the income statement for the year	837	-314
Provision for deferred tax at 30 September	8,235	7,398

16 Other provisions

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
Balance at beginning of year	3,066	4,342
Provision in year	8	259
Employed in year	-128	-1,535
	2,946	3,066

17 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease obligations

	<u>2021/22</u>	<u>2020/21</u>
	TDKK	TDKK
After 5 years	-	-
Between 1 and 5 years	9,806	14,022
Long-term part	9,806	14,022
Within 1 year	5,732	5,026
	15,538	19,048

Notes to the Financial Statements

18 Contingent assets, liabilities and other Charges and security

The following assets have been placed as security with mortgage credit institutes:

The Company has provided guarantees amounting to TDKK 3,442 as security for work in progress at 30 September 2022.

Contingent liabilities

At the balance sheet date, the Company has received rulings from the Danish Tax Agency in tax cases in regards to the income years 2012 - 2017 with a claim for payment of tax and interest for a total of DKK 43.7 million. Management has appealed the cases to the Danish Tax Appeals Board as the Management does not agree with the tax authorities' claim and assessment.

Management has recognized the 50% of the claims regarding the income years 2012-2017 in the financial statement for 2021/22.

19 Related parties

	<u>Basis</u>
Controlling interest	
CGI Inc. 1350 René-Lévesque Blvd West 15th floor Montréal, Quebec H3G 1T4 Canada	Ultimate parent company
CGI NORDIC HOLDINGS LIMITED 20 Fenchurch Street, 14th Floor London EC3M 3BY United Kingdom	Parent company (87.6%)
Affecto OY Garverigranden 2 00380 Helsinki Finland	Parent company (12.4%)

Transactions

The Company's intercompany transactions and management remuneration has during the year been entered into at arm's length.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
CGI Inc.	Canada

The Group Annual Report of CGI Inc. may be obtained at the following link:

<http://www.cgi.com/en/investors/financial-reports/>

Notes to the Financial Statements

20 Fee to auditors appointed at the general meeting	<u>2021/22</u> TDKK	<u>2020/21</u> TDKK
Audit fee	368	325
Tax advisory services	373	474
Non-audit services	55	61
	796	860

21 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

22 Accounting Policies

The Annual Report of CGI Danmark A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of CGI Inc., the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Notes to the Financial Statements

Leases

The Company uses IFRS 16 when measuring and recognizing leases.

Leases are recognised at present value of the right-of-use received and liabilities for the payment obligations entered into for all leases in the balance sheet.

Lease payments are discounted at the implicit interest rate underlying the lease to the extent that this can be determined. Otherwise, discounting is at the incremental borrowing rate.

Right-of-use

Right-of-use assets are measured at cost, which comprises the following:

- lease liability;
- lease payments made at or prior to delivery, less lease incentives received;
- initial direct costs and
- restoration obligations.

Right-of-use assets are depreciated over the term of the lease using the straightline method, normally a depreciation period of 3-10 years.

The Company has used the relief options provided for leases of low-value assets and short-term leases (shorter than twelve months) and expense the payments in the income statement.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Company the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account.

Changes due to the exercise or non-exercise of such options are considered in determining the lease term only if they are sufficiently probable.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments. The Company has no significant markets besides the Danish market.

Notes to the Financial Statements

Income Statement

Revenue

The Company uses IFRS 15 as interpretation for the recognition of revenue.

Revenue from the sale of services is recognised when the risks and rewards relating to the services sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Work in progress is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion for each contract is determined by reference to a specific assessment of the services rendered.

Revenue from services are recognised at the rate of completion of the service to which the contract relates.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution, administration as well as provision for bad debt, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses. The item is net of refunds from public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Balance Sheet

Intangible assets

Software licences

Intangible assets include acquired software licences.

Licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Software licences are amortised over the period of the agreement, which is 3 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Right of use - Other fixtures and fittings, tools and equipment	3-5 years
Right of use - Buildings	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-6 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of rent deposits and contract costs.

Notes to the Financial Statements

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of principles in the simplified expected credit loss impairment model IFRS 9.

According to the simplified impairment approach, a loss allowance in an amount equal to the lifetime expected credit losses must be recognized for all instruments, regardless of the credit quality.

Contract work in progress

Contract work in progress regarding service is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$