

# Annual Report 2016

## Capgemini Sogeti Danmark A/S

The Annual Report has been presented and approved at the Annual General Assembly of the company May 15<sup>th</sup>, 2017



Anders Sejersdal

Chair of the Assembly

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Please note that Danish decimal and digit grouping symbols have been used in the Financial Statements.

## Statement by the management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cappgemini Sogeti Danmark A/S for the financial year January 1<sup>st</sup> to December 31<sup>st</sup> 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at December 31<sup>st</sup> 2016 and of the results of the Company's

operations for the financial year January 1<sup>st</sup> to December 31<sup>st</sup> 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, May 15<sup>th</sup>, 2017

### Executive Board

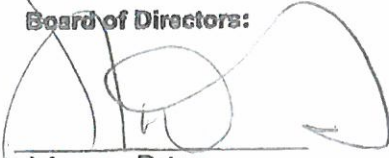
  
Maarten Arie Galesloot

CEO

  
Anders Sejersdal

CFO

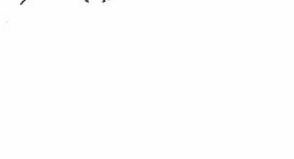
### Board of Directors:


  
Johannes Petrus  
Emmanuel van  
Waaijenburg

Chairman

  
Maarten Arie Galesloot

  
Stefan Ingvar Ek

  
John Andre  
Bartholomeus Brahim

  
Jean-Baptiste Jacques  
Emmanuel Valery Massignon

  
Lucia Graziella Sinapi

# Independent auditor's report

## To the shareholders of Capgemini Sogeti Danmark A/S

### Opinion

We have audited the financial statements of Capgemini Sogeti Danmark A/S for the financial year January 1<sup>st</sup> - December 31<sup>st</sup> 2016, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 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 financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 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, 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 as to 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 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 on aggregate, they could reasonably be expected to influence the economic decisions of financial statement 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

## Independent auditor's report - cont.

- 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 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 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.

### Statement on the Management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

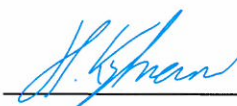
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not identify any material misstatement of the Management's review.

Copenhagen, May 15<sup>th</sup>, 2017

### KPMG

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Henrik Kyhnauv  
State Authorised Public Accountant

## Management's review

DKK '000	2016	2015	2014	2013	2012
<b>Income Statement</b>					
Revenue	345.028	327.721	309.709	338.517	414.073
Gross Profit	68.539	75.260	71.187	51.042	124.284
Operating profit	18.567	20.786	13.165	-32.147	-5.764
Net financial expenses	195	338	580	-1.669	-1.217
Net profit	14.522	13.817	10.598	-32.371	-6.932
<b>Balance Sheet</b>					
Total balance	142.418	122.946	130.801	114.869	144.516
Fixed assets	27.866	5.109	6.886	7.921	9.160
Equity	61.554	57.032	43.215	22.317	58.988
Net working capital	71.874	62.933	54.549	59.905	48.916
<b>Employees</b>					
Average full-time equivalents	297	280	267	302	351
<b>Financial ratios</b>					
Return on invested capital	14,0%	16,4%	10,7%	-24,8%	-3,6%
Equity Share	43,2%	46,4%	33,0%	19,4%	40,8%
Return on equity	24,5%	27,6%	32,3%	-79,6%	-10,7%
Gross margin	19,9%	23,0%	23,0%	15,1%	30,0%
Operating margin	5,4%	6,3%	4,3%	-9,5%	-1,4%

Key figures are prepared in accordance with the Danish Society of Financial Analysts' "Recommendation and key figures 2010". The key figures are calculated as follows:

Operating margin:	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$	Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on invested capital:	$\frac{\text{Operating profit} \times 100}{\text{Average balance}}$	Equity share:	$\frac{\text{Equity end of year} \times 100}{\text{Balance end of year}}$
Return on equity:	$\frac{\text{Net profit} \times 100}{\text{Average equity}}$		

## **Business activities**

Capgemini Sogeti Danmark A/S is part of the global Capgemini Group, which is one of the world's leading providers of consulting, technology and outsourcing services. The Capgemini Group is represented in more than 40 countries with 193,000 employees and had a revenue of EUR 12,5 billion in 2016.

Capgemini Sogeti Danmark delivers IT-related solutions which support our customers' goals and business processes. The company provides quality solutions through industry knowledge, in-depth technical expertise and core skills in linking business and IT. We assist our customers in efficiently taking advantage of business opportunities by leveraging innovative technology.

Capgemini Sogeti Danmark offers both national and international skills for establishing integrated support for all our clients' business processes - from initial analysis, technology selection and management of risks to development, implementation, integration and test of both bespoke and standard IT solutions. The technologies include mobile, cloud based and "advanced analytics" solutions. Many of these solutions support customers' sales and marketing activities.

Capgemini Sogeti Danmark emphasizes quality in the implementation of customer tasks. Therefore, testing and quality assurance are a significant part of the activities.

Capgemini Sogeti Danmark works increasingly within an agile development model, securing dynamic customer needs, with a high emphasis on time-to-value.

Close collaboration with the customers is the key to success in all undertakings. Through more than 40 years' commercial and service experience, Capgemini Group has developed the ability to cooperate constructively with its customers and has combined its experiences under the concept Collaborative Business Experience™. The aim is to help the customers achieve effective, fast and lasting results through close, open and trusting cooperation

Capgemini Sogeti Danmark considers its main task to deliver as efficiently as possible and

therefore we apply the Capgemini Group's global delivery model - Rightshore®. The Capgemini Group established skill centers across the globe and can always find the place where the customer's tasks and challenges can be overcome in an optimal way, with costs, time, skills and quality taken into consideration. The Rightshore® centres employed 90,000 staff in 2016.

## **Financial highlights**

In 2016 Capgemini Sogeti Danmark had a revenue of DKK 345m which is a 5% growth from 2015 and in line with expectations. The growth was achieved throughout all business areas.

The net profit amounted to DKK 14,5m compared to DKK 13,8m in 2015 equal to a 5% increase, which is considered satisfactory by the management.

In 2015 the Capgemini Group acquired the global iGATE group and in 2016 Capgemini took over large part of iGate's activities in Denmark through an asset deal. This has a significant impact on the balance sheet, most notably as a major goodwill intangible asset. This has increased the total balance from DKK 123m to 142m.

Dividends of DKK 10m was paid out in 2016, which reduced the equity with the same amount. With a net profit in 2016 of DKK 14,5m, the total equity amounted to DKK 62m as of 31 December 2016, which leaves the equity share at 43%. It is proposed to the annual assembly that a dividend of DKK 10m is paid for the fiscal year of 2016 (equal to DKK 368,50 per share).

## **Expectations for the future**

In all of 2017 Capgemini Sogeti Danmark expects continued adaptation and transformation of our services to market demands.

The primary growth next year is expected to come from digital solutions for the clients within comprehensive projects as well as professional services. The driver behind this growth will be Capgemini Sogeti Danmark's competencies in in the areas as Cloud, Robotics, IoT and Digital Transformations on all devices.

Moreover, the testing business will continue to thrive and further increase the value delivered to clients through new and innovative delivery models

Finally, Capgemini Denmark will continue to provide existing and new solutions for the growing need for digital solutions within the healthcare sector

It is management's expectation that the company in the coming years achieves growth in revenues as well as in results in all focus areas.

### **Research and development**

Research and development in the company's activity areas is mainly conducted at global level in the Capgemini group.

In 2013 the company's planning solution for the health care sector – Bookplan – has been included in the global solutions portfolio of the Capgemini group (Ready2Series). This opens for support to international sales via sister companies in the group as well as support for prioritized further product enhancements

### **Technology and employee skills**

Through membership of the global Capgemini Group, the company reaps significant synergy benefits, which raise its process and technology capabilities far beyond the Danish company's own size.

The widespread use and continual expansion of delivery centers, including India and Poland, is a good example of the use of the research and skills development taking place globally in the Capgemini group.

As a knowledge-intensive consultancy firm, the company continues to focus not only on processes and technology, but also on the constant development of its primary asset: the consultants. The development of employees takes place as on-the-job training as well as through systematic use of internal and external skills training and certifications. This includes the use of an extensive range of virtual learning and development system for all employees. A structured offer of "blended learning", including state-of-the-art e-learning is the backbone of the continual development of the group's employee skills.

Along with the ongoing development of our Danish consultants' skills, training also takes place for our Indian employees who are associated with Danish projects. Through the experience of completed projects, our Indian colleagues are building up an extensive knowledge of Danish conditions.

### **Statement of social responsibility**

The principles of corporate social responsibility and ethics can be viewed in their entirety at the following URL:

<https://www.capgemini.com/our-corporate-responsibility-sustainability-approach>

Social responsibility, together with the group's ethical code and our shared values, are the foundation of our relationship with our customers, employees and the communities and environments in which we operate. The Capgemini Group shall check on a regular basis that each subsidiary meets and complies with the group's guidelines for social responsibility, as defined under the 5 main categories, of which the 3 first are detailed below:

- Environment
- Community
- Management, Values and Ethics

### **Environment**

To minimize environmental impact, Capgemini has incorporated environmental considerations as an integral part of our activities, both globally and domestically.

In the development process of our consultancy services we consume number of resources such as electricity, water, heating, paper, etc.

To ensure the most environmentally friendly use of these resources, Capgemini consistently pursues a comprehensive environmental policy in all areas where this is environmentally and economically justifiable – this also applies to new investments in the company.

Capgemini Sogeti Danmark moved in 2009 its headquarter to Vallensbæk Company House, which is one of the first office buildings in Denmark fulfilling the EU Green Building Standard, i.e. with a calculated energy consumption that is at least 25% below the



national energy framework. The Company has beyond an environmental conscience in these environments also experienced significant decreases in operating costs for our office facilities.

### **Community**

Social responsibility is an integrated part of Capgemini's identity, business strategy and business activities. Our goals in relation to social responsibility and ethics reflect our ambition to behave properly and stay committed to the communities to which we belong.

In 2004 Capgemini joined the UN's Global Compact, the world's largest initiative for corporate social responsibility. This is an international initiative started by the UN with the purpose of involving private companies in solving some of the major social and environmental challenges posed by globalization.

Capgemini Sogeti Danmark has traditionally recruited graduates from universities, but has since 2012 added an alternative recruiting channel, where we proactively assist in the education of future IT specialists. This has resulted in employment of 4 Danish students from the vocational schools - students who through their education will be trained in consulting.

### **Leadership, values and ethics**

Capgemini Sogeti Danmark commits to Capgemini Group's principles for leadership, values and ethics (including respecting the Declaration of Human Rights and refusing use of forced or child labor). The ethical guidelines are an integral part of the employment contract for all employees. An overall description of our commitments is publicly available at:

<http://www.capgemini.com/about/corporate-responsibility/leadership-value-ethics>

As part of Capgemini group, Capgemini Sogeti Danmark A/S respects the declaration of human rights in accordance with the overall group policies

Capgemini Group formulated in 2010/11 a comprehensive set of guidelines to address corruption and corruption-like problems. The ethical platform was subsequently extended by principles and guidance for fair competition. All senior managers are trained and examined in these.

Capgemini Sogeti Danmark formalized in 2011 a "whistleblower" system that allows employees to disclose any suspicions of violations of the above guidelines and / or legislation outside the formal governance structures of the company. The system hasn't been activated in 2016.

Capgemini believes that diversity among employees – and as part of this equality between sexes – contributes positively to our work environment and strengthens our group's performance and competitiveness. Capgemini Sogeti Danmark strives to increase the number of female leaders in the company and has a local target of at least 2 female members of executive management team out of 7 persons (currently 3 female members) and at least 2 female board member out of 6 members (currently 1 female member).

For increasing the share of female leaders on in management layers we adhere to the initiatives launched by Capgemini group as described in:

<http://www.capgemini.com/careers/working-at-capgemini/women-in-management>

### **Events subsequent to the fiscal year**

No events have occurred subsequent to the end of the fiscal year that could have a significant negative impact on the company's financial position.

# Financial Statements

## Income statement - January 1<sup>st</sup> to December 31<sup>st</sup>

DKK '000	Note	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		345.028	327.721
Production costs	2	<u>-276.489</u>	<u>-252.461</u>
<b>Gross profit</b>		<b>68.539</b>	<b>75.260</b>
Sales expenses	2	-10.570	-18.954
Administrative expenses	2	<u>-39.402</u>	<u>-35.520</u>
<b>Operating profit</b>		<b>18.567</b>	<b>20.786</b>
Financial income	3	355	525
Financial expenses	4	<u>-160</u>	<u>-187</u>
<b>Profit from ordinary activities before tax</b>		<b>18.762</b>	<b>21.124</b>
Tax on profit for the year	5	<u>-4.240</u>	<u>-7.307</u>
<b>Profit for the year</b>	6	<b><u>14.522</u></b>	<b><u>13.817</u></b>

## Financial Statements - cont.

### Balance sheet – December 31<sup>st</sup>

DKK '000	Note	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>			
Goodwill	7	<u>24.608</u>	<u>0</u>
<b>Intangible assets</b>		<u>24.608</u>	<u>0</u>
Leasehold Improvements	8	228	393
Hardware	8	0	186
Other fixtures, fittings and furniture	8	<u>993</u>	<u>1.786</u>
<b>Property, plant and equipment</b>		<u>1.221</u>	<u>2.365</u>
Deposits	9	<u>2.037</u>	<u>2.744</u>
<b>Financial assets</b>		<u>2.037</u>	<u>2.744</u>
<b>TOTAL FIXED ASSETS</b>		<u><b>27.866</b></u>	<u><b>5.109</b></u>
Trade receivables		87.748	71.164
Receivables from affiliated companies		1.693	11.739
Other receivables		1.022	1.765
Deferred tax asset	10	10.168	14.408
Prepayments		<u>1.107</u>	<u>1.066</u>
<b>Receivables</b>		<u>101.738</u>	<u>100.142</u>
<b>Cash and cash equivalents</b>		<u>12.814</u>	<u>17.695</u>
<b>TOTAL CURRENT ASSETS</b>		<u><b>114.552</b></u>	<u><b>117.837</b></u>
<b>TOTAL ASSETS</b>		<u><b>142.418</b></u>	<u><b>122.946</b></u>

## Financial Statements - cont.

### Balance sheet – December 31<sup>st</sup>

DKK '000	Note	<u>2016</u>	<u>2015</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		27.139	27.139
Retained earnings		24.415	19.893
Proposed dividends		<u>10.000</u>	<u>10.000</u>
<b>TOTAL EQUITY</b>		<b><u>61.554</u></b>	<b><u>57.032</u></b>
Other provisions		<u>0</u>	<u>681</u>
<b>Provisions</b>		<b><u>0</u></b>	<b><u>681</u></b>
Prepayments from costumers		10.936	6.913
Billed in advance to customers	11	1.419	70
Trade payables		15.874	8.231
Payables to affiliated companies		8.994	9.421
Other payables	12	<u>43.641</u>	<u>40.599</u>
<b>Current liabilities</b>		<b><u>80.864</u></b>	<b><u>65.233</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>80.864</u></b>	<b><u>65.914</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>142.418</u></b>	<b><u>122.946</u></b>
Guarantees, commitments and contingencies	13		
Related parties and ownership	14		

## Financial Statements - cont.

### Statement of change in equity

2016	Share capital	Retained earnings	Proposed dividends	Total equity
<b>Equity January 1<sup>st</sup></b>	27.139	19.893	10.000	57.032
Net profit for the year	0	4.522	10.000	14.522
Dividends paid	0	0	-10.000	-10.000
<b>Change in Equity</b>	0	4.522	0	4.522
<b>Equity December 31<sup>st</sup></b>	<b>27.139</b>	<b>24.415</b>	<b>10.000</b>	<b>61.554</b>
2015	Share capital	Retained earnings	Proposed dividends	Total equity
<b>Equity January 1<sup>st</sup></b>	27.139	16.076	0	43.215
Net profit for the year	0	3.817	10.000	13.817
<b>Change in Equity</b>	0	3.817	10.000	13.817
<b>Equity December 31<sup>st</sup></b>	<b>27.139</b>	<b>19.893</b>	<b>10.000</b>	<b>57.032</b>

The share capital consists of 27.139 shares of DKK 1.000 each that all rank equally.

	2016	2015	2014	2013	2012
Share capital at Jan 1 <sup>st</sup>	27.139	27.139	16.839	16.839	16.839
Capital increase			10.300		
<b>Share capital at Dec 31<sup>st</sup></b>	<b>27.139</b>	<b>27.139</b>	<b>27.139</b>	<b>16.839</b>	<b>16.839</b>

# Notes

## 1. Accounting policies

The Annual Report of Caggemini Sogeti Danmark A/S 2016 has been prepared in accordance with the sections of the Danish Financial Statements Act applicable for companies in reporting class C large.

The Annual Report is prepared in DKK 1,000.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

- Going forward, the residual value of intangible assets and property, plant and equipment must be reassessed on an ongoing basis. Pursuant to the transition provisions of the Act, any adjustments to residual values must be made prospectively as an accounting estimate without restatement of comparative figures and without effect on equity.

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures.

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

### Basis of accounting

The financial statements are prepared with basis in the historic cost principle with the below mentioned exceptions.

Assets are recognized in the balance sheet, when it is likely, that future economic advantages will accrue to the company and that the assets can be reliably valued.

Liabilities are recognized in the balance sheet when it is likely that future economic advantages will accrue from the company and that the assets can be reliably valued.

Pursuant to section 96(1) of the Danish Financial Statements Act., no information on the distribution of revenue is stated for competitive reasons.

Pursuant to Section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The full cash flow of the ultimate parent company can be found in the annual report of Cap Gemini S.A.

Pursuant to section 96(3) of the Danish Financial Statements Act, fees paid to the Company's auditor appointed at the general meeting have not been disclosed. The auditor's fee of the ultimate parent company of can be found in the annual report of Cap Gemini S.A.

At the first recognition, assets and liabilities are valued at cost. Subsequently, assets and liabilities are measured as described below for the individual captions.

Predictable losses and risks that are known and supportive of conditions which exist on the balance sheet date are considered in the recognition and valuation.

Income from sale of services is recognized in the income statement concurrently with the performance of the work.

### Foreign currency translation

During the year transactions in foreign currencies are translated at the rates of exchange at the transaction date.

Receivables, payables and other items in foreign currencies which are unsettled at the balance sheet date are translated at the rates of exchange at the balance sheet date.

Realized and unrealized exchange rate adjustments are included in the income statement under financials.

### Intra-group merger

Intra-group mergers are treated according to the pooling-of-interests method where the acquirer recognizes the acquiree's assets and liabilities at the former carrying amounts. Comparatives are restated as if the two entities have always been combined.

## Notes - cont.

### Income statement

#### Revenue

The operating revenue corresponds to the sales price of work performed (production method), as work in process is recognized in pace with work performed. The operating revenue is recognized when it is likely that the economic advantages including payments will accrue to the company. The operating revenue is reckoned excluding VAT and related discounts.

#### Production costs

Cost of services rendered consists of the direct and indirect cost including depreciation, write downs and salaries which have been used to reach the operating revenue of the year. Furthermore, provisions to cover losses on fixed price contracts are recognized.

#### Sales expenses

Sales expenses consist of salaries to sales personnel and marketing expenses.

#### Administrative expenses

Administrative expenses consist of expenses regarding administrative personnel, the management and office expenses including depreciations and write downs.

#### Financial income and expenses

Financial income and expenses includes interests and realized and unrealized exchange rate adjustments.

#### Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Capgemini Group's Danish subsidiaries. Subsidiaries are included in the joint taxation from the date of takeover when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company serves as the administrative company for the joint taxation and consequently settles all payments of corporation tax with the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their taxable profit.

### Balance sheet

#### Property, plant and equipment

Tangible assets are measured at cost less accumulated depreciation. The basis of depreciation is allocated on a straight-line basis over the useful lives of the assets which are:

- Hardware: 3-4 years
- Leasehold improvements: 6-15 years
- Fixtures, fittings and equipment: 5 years

Depreciation is recognized in the income statement as production costs, sales costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income or other operating costs, respectively.

#### Leases

Leasing contracts, to which the company carries all significant risks and advantages connected with ownership (financial leasing), is accounted in the balance at lowest daily rate on the asset and present value of the leasing payment, calculated by using the internal rate of interest or at an adjusted value as result of discounting factor. Financially leased assets are depreciated/written down in accordance with same regulations outlined for the company's other fixed assets.

The capitalized remaining part of the leasing commitment is accounted in the balance as a liability and the interest of the lease payment is cost accounted in the income statement.

## Notes - cont.

All other leasing contracts are considered as operational leasing. Payments in connection with operational leasing are accounted linear in the income statement within the leasing period.

### Write down of non-current assets

The financial value of both intangible and tangible assets is reviewed yearly to determine if there is any indication of a lower value exceeding what is achieved by normal depreciation. If this is the case, a write down is performed to the lower repurchase value. The repurchase value is calculated as the higher of the net sales price and capital value. If it is not possible to determine the repurchase value for individual assets, the need for write down is performed for the smallest group of assets for which it is possible to determine the repurchase value.

For goodwill and other assets which are not cash generating themselves and thereby for which it is not possible to determine the capital value, the need for write down is performed for the group of assets to which they belong.

### Work in process

Work in process is measured at expected sales price of work performed based on the stage of completion. The stage of completion is based on the share of hours and expenses spent according to the expected total hours and expenses as set forth in the contract.

On account payments are set off against work in process. On account payments which exceed the completed share of contracts are calculated individually for each contract and is classified as billed in advance to customers under current liabilities.

Expenses related to sales activities and the achievement of contracts are recognized in the income statement when they are spent.

### Receivables

Receivables are measured at the lower of amortized cost or net realizable value, which in this case corresponds to nominal value less provisions for bad debts. Provisions for bad debts are calculated on the basis of an individual assessment of each receivable.

### Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

### Equity & dividends

Proposed dividend is accounted as liability at the time of approval at the general assembly (time of declaration). Dividend expected to be settled regarding present year is stated separately within note of the Equity.

### Corporation tax and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Joint taxation contribution payable and receivable is recognized in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealized intra-group profits and losses.



## Notes - cont.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallize as current tax..

### **Provisions**

Provisions are recognized when the company as a consequence of events before or on the

balance sheet date has a judicial or actual liability and it is likely that economic advantages must be released to fulfill the liability. Provision is made for fixed price agreements on the basis of an individual evaluation of each agreement.

## Notes - cont.

DKK '000	<u>2016</u>	<u>2015</u>
<b>2 Staff Expenses</b>		
Wages and salaries	189.454	178.443
Pensions	8.924	12.465
Other social costs	1.653	1.818
Milage and allowances	<u>2.273</u>	<u>2.537</u>
	<b><u>202.304</u></b>	<b><u>195.263</u></b>
Average number of full-time employees	<u>297</u>	<u>280</u>
According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.		
<b>3 Financial income</b>		
Exchange rate gains	<u>355</u>	<u>526</u>
	<b><u>355</u></b>	<b><u>526</u></b>
<b>4 Financial expenses</b>		
External interests	-28	-26
Intercompany interests	-39	0
Other financial expenses	-93	0
Exchange rate losses	<u>0</u>	<u>-161</u>
	<b><u>-160</u></b>	<b><u>-187</u></b>
<b>5 Tax on the profit for the year</b>		
Income tax for the year is explained as follows:		
Calculated tax for the year	0	-232
Adjustment regarding prior year's income tax	0	-694
Adjustment related to deferred tax	<u>-4.240</u>	<u>-6.382</u>
	<b><u>-4.240</u></b>	<b><u>-7.308</u></b>
<b>6 Proposed distribution of net profit</b>		
Proposed dividends	10.000	10.000
Retained earnings	<u>4.522</u>	<u>3.817</u>
	<b><u>14.522</u></b>	<b><u>13.817</u></b>

## Notes - cont.

7 Intangible assets	<u>Goodwill</u>
Cost at January 1 <sup>st</sup> 2016	0
Additions	26.365
Disposals	<u>0</u>
Cost at December 31 <sup>st</sup> 2016	<u>26.365</u>
Amortization at January 1 <sup>st</sup> 2016	0
Amortization	-1.758
Reversed amortization on disposals	<u>0</u>
Amortization at December 31 <sup>st</sup> 2016	<u>-1.758</u>
<b>Carrying amount as of December 31<sup>st</sup> 2016</b>	<b><u><u>24.608</u></u></b>

## 8 Property, plant and equipment

	<u>Leasehold improve- ments</u>	<u>Hardware</u>	<u>Other fixtures, fittings &amp; furniture</u>	<u>Total</u>
Cost at Jan 1 <sup>st</sup> 2016	2.226	8.718	4.152	15.096
Additions	0	0	0	0
Disposals	<u>0</u>	<u>-161</u>	<u>-140</u>	<u>-302</u>
Cost at Dec 31 <sup>st</sup> 2016	<u>2.226</u>	<u>8.557</u>	<u>4.012</u>	<u>14.794</u>
Depreciation at Jan 1 <sup>st</sup> 2016	-1.833	-8.529	-2.366	-12.728
Adjustment previous year	0	0	-312	-312
Depreciation	-166	-27	-341	-535
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation at Dec 31 <sup>st</sup> 2016	<u>-1.998</u>	<u>-8.556</u>	<u>-3.019</u>	<u>-13.573</u>
<b>Carrying amount Dec 31<sup>st</sup> 2016</b>	<b><u><u>228</u></u></b>	<b><u><u>0</u></u></b>	<b><u><u>993</u></u></b>	<b><u><u>1.221</u></u></b>

## Notes - cont.

### 9 Financial assets

DKK '000	<u>Deposits</u>
Carrying amount at Jan 1 <sup>st</sup> 2016	2.744
Additions	48
Disposals	<u>-755</u>
Carrying amount at Dec 31 <sup>st</sup> 2016	<u><u>2.037</u></u>

### 10 Deferred tax asset

	<u>2016</u>	<u>2015</u>
Deferred tax assets at January 1 <sup>st</sup>	14.408	20.790
Adjustment deferred tax previous years	0	-8.396
Deferred tax for the year	-4.240	4.068
Effect of changes in tax rate	<u>0</u>	<u>-2.054</u>
	<u><u>10.168</u></u>	<u><u>14.408</u></u>

The deferred tax asset can be specified as follows:

Goodwill	7.965	10.509
Tangible assets	999	1.220
Tax loss carried forward	16.919	18.394
Write down of tax asset	<u>-15.715</u>	<u>-15.715</u>
Deferred tax asset at December 31 <sup>st</sup>	<u><u>10.168</u></u>	<u><u>14.408</u></u>

The tax asset valuation is measured yearly herein the accountability of expected achievement of the company's goals setting as described in the management report. Achievement of such could effect the 2014 valuation assessment by write-up or write-down.

### 11 Contract work in progress

Work in progress at excepted sales price	10.486	28.952
Billed on account to customers	<u>-11.905</u>	<u>-29.022</u>
	<u><u>-1.419</u></u>	<u><u>-70</u></u>

that can be specified as follows:

Contract work in progress under assets	0	2.261
Prepayments received under liabilities	<u>-1.419</u>	<u>-2.331</u>
	<u><u>-1.419</u></u>	<u><u>-70</u></u>

## Notes - cont.

DKK '000	<u>2016</u>	<u>2015</u>
<b>12 Other payables</b>		
Accrued VAT, A-tax, ATP etc.	13.197	5.235
Accrued vacation pay, wages, bonuses etc.	29.881	31.813
Other accrued expenses	<u>564</u>	<u>3.551</u>
	<u>43.641</u>	<u>40.599</u>
<b>13 Guarantees, commitments and contingencies</b>		
Total leasing fees due:		
0-1 year	4.618	7.800
1-5 years	14.245	12.378
Over 5 years	<u>2.174</u>	<u>0</u>
	<u>21.037</u>	<u>20.178</u>

Capgemini Sogeti Danmark A/S is a party to a few pending lawsuits. In Management's opinion, apart from the liabilities recognized in the balance sheet at December 31<sup>st</sup> 2016, the outcome of these lawsuits will not affect the Company's financial position.

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

## Notes - cont.

### 14 Related parties and ownership

Capgemini Sogeti Danmark A/S' related parties comprise the following:

Cap Gemini S.A controls the Company.

Sogeti S.A.S holds the majority of the share capital in the Company.

Capgemini Sogeti Danmark A/S is part of the consolidated financial statements of Capgemini S.A, registered office, which is the smallest and largest group in which the Company is included as a subsidiary.

<i>Person/entity</i>	<i>Country</i>	<i>Relation</i>
Johannes Petrus Emmanuel van Waaijenburg	Netherlands	Chairman
Maarten Galesloot	Netherlands	Member of board
Stefan Ingvar Ek	Sweden	Member of board
John Andre Bartholomeus Brahim	Netherlands	Member of board
Jean-Baptiste Jacques Emmanuel Valery Massignon	France	Member of board
Lucia Graziella Sinapi	France	Member of board
Holger Bonde	Denmark	Former member of board
Cap Gemini S.A.	France	Ultimate parent company
Sogeti S.A.S	France	Parent company
Capgemini AB	Sweden	Associated company
Capgemini Sverige AB	Sweden	Associated company
Capgemini Norge AS	Norway	Associated company
Capgemini Finland OY	Finland	Associated company
Capgemini Service S.A.S	France	Associated company
Capgemini Deutschland GmbH	Germany	Associated company
Capgemini Educational Services BV	France	Associated company
Capgemini Nederland B.V.	Netherlands	Associated company
Capgemini UK plc	United Kingdom	Associated company
Capgemini Technology Services India, Ltd.	India	Associated company
Capgemini America, Inc.	USA	Associated company
Capgemini Technology Services S.A.S	France	Associated company
Capgemini Financial Services UK Limited	United Kingdom	Associated company
Capgemini Outsourcing Services SAS	France	Associated company
Capgemini France SAS	France	Associated company
Sogeti Finland Oy	Finland	Associated company
Sogeti Sverige AB	Sweden	Associated company
IBX Group AB	Sweden	Associated company
Sogeti Norge AS	Norway	Associated company
Sogeti Nederland B.V.	Netherlands	Associated company