

Enterprise Services Denmark ApS

Company Registration No 37 83 88 29

Retortvej 8, 2500 Valby

Annual report 2019/20

The annual report is presented and adopted on the
Annual General Meeting on

Nikolay V. Ivanov
Chairman of the Annual General Meeting

Enterprise Services Denmark ApS

Contents

	Page
	<hr/>
Company details	3
Management's statement	4
Independent auditor's reports	5
Management report	7
Management commentary	8
Accounting policies	10
Income statement for the period 1 April 2019– 31 March 2020	14
Balance sheet as at 31 March 2020	15
Statement of changes in equity for 1 April 2019 – 31 March 2020	17
Notes	18

Enterprise Services Denmark ApS

Company details

Company

Enterprise Services Denmark ApS
Company Registration No: 37 83 88 29
Municipality of domicile: Copenhagen
Phone: +45 36 14 40 00
Internet: www.dxc.technology.com

Executive Board

Jørgen Jakobsen
Charlotte Grønfeldt Lundblad
Ebba Johanna Björnsdotter Waltre

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6, 2300 Copenhagen S, Denmark

Banks

SEB
Citibank

Enterprise Services Denmark ApS

Management's statement

The Executive Board have today considered and approved the annual report of Enterprise Services Denmark ApS for the financial year 1 April 2019 to 31 March 2020.

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 Company's financial position at 31 March 2020 and of its financial performance for the financial year 1 April 2019 – 31 March 2020.

We believe that the management report 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,

Executive Board

Jørgen Jakobsen

Charlotte Grønfeldt Lundblad

Ebba Johanna Björnsdotter Waltre

Enterprise Services Denmark ApS

Independent auditor's reports

To the shareholders of Enterprise Services Denmark ApS

Opinions

We have audited the financial statements of Enterprise Services Denmark ApS for the financial year 01.04.2019 - 31.03.2020, 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 31.03.2020 and of the results of its operations for the financial year 04.01.2019 – 31.03.2020 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.

Enterprise Services Denmark ApS

Independent auditor's reports (continued)

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:

- 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.

Enterprise Services Denmark ApS

Management report

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.

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,

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Eskild Nørregaard Jakobsen
State-Authorised
Public Accountant

Mne 11681

Enterprise Services Denmark ApS

Management commentary

Core business activity

Enterprise Services Denmark ApS (the Company) is a subsidiary of the US based IT group DXC Technology Company, and its sole shareholder is ES Hague BV Netherlands.

The Company's core business is the sales of services within the development, maintenance, integration and operation of IT solutions to private and the public sector.

Financial matters

The income statement of the Company for 2019/2020 shows revenue of TDKK 102,782 with a result for the year at TDKK (95,459). At March, 31, 2020 the balance sheet of the Company shows equity of TDKK 10,446 while total assets were TDKK 166,431.

Revenue and gross profit are impacted by invoicing of leased equipment utilized by group companies, The level of activity will vary depending on the groups outtake of such equipment and this will impact Revenues in the coming year.

Development in activities

Due to ES spin-off and CSC acquisition, HP Enterprise entered a global agreement of a committed asset purchase for FY18. This was operationally driven during FY18.

At the end of FY18 DXC had not fully utilized the committed purchase and decided to pre-buy assets aimed at future allocation and utilization in services across the global organization.

Purchased assets were allocated across the global organization based on estimated near term utilization. Denmark was chosen as the storing location for assets aimed at EU countries outside UK. Assets worth a value of MDKK 161,6 were allocated to Denmark and financed through a capital lease with HP Enterprise Financial Services leasing provider.

DXC drives a global program focused on optimizing asset utilization while ensuring approved, compliant and audited financial treatment from a global perspective. Our World Wide organization has stated that this is handled through a globally focused process.

On an ongoing basis identified Danish assets has been deployed physically to sites across EU for operational utilization. These assets have from transfer date been IC charged to the operational owner. Assets has remained in the ES DK books and has remained on the original lease agreement with HPEFS.

Non-deployed assets have remained physically in the Danish warehouse.

The rate of deployment has however been slowing and impairment of MDKK 100,5 to secure a conservative treatment of ageing assets. Impairment will be reversed to match future depreciation of non-deployed assets and any deployment of such assets. The parent company has supported the local statutory requirement of conservative accounting treatment of the non-deployed leased assets and has injected MDKK 100,0 in equity in FY20.

Enterprise Services Denmark ApS Management commentary (continued)

Impact of the COVID 19 (coronavirus) epidemic

In light of the continued global spread of the COVID-19 (coronavirus) epidemic, the Parent Entity and Enterprise Services Denmark ApS are continually monitoring the global economic situation in order to assess its potential negative impact on the operations. DXC undertakes actions to mitigate this impact and assess the risk of interruption to the operations resulting from the coronavirus as low. Up to the day of publication of this report the development of the COVID 19 pandemic did not have a significant impact on its businesses.

Subsequent events

No events have occurred after the fiscal year end up until this date that affect the balance sheet and subsequently this annual report.

Reporting class

This annual report for Enterprise Services Denmark ApS for the financial year 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises, with additions of certain provisions for reporting class C middle.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the company 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 company, and the value of the liabilities can be measured reliably.

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.

Financial assets and liabilities are measured on the basis of amortised cost – within which a fixed interest rate is used. Amortised cost is calculated as the purchase price inclusive of any accumulated amortised additions/deductions of the difference between the cost price and the nominal value.

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 hereunder valuation adjustments of financial assets and liabilities measured at fair value or amortised cost is recognised in the income statement when earned. Costs that have been incurred in order to generate earnings are recognised in the income statement hereunder depreciation, write downs, provisions.

Enterprise Services Denmark ApS

Accounting policy

Income statement

Change in comparative figures

In accordance to ÅRL §55, comparative figures have been changed on the following accounts, revenue and cost of sales, due to a reclassification between the accounts. As a consequence, the comparative figures are changed from previous published annual report due to subject of the transactions.

The change is caused by fixed assets deployments plan developed during fiscal year.

There is no effect on the result of the year, the change in revenue and cost of sales is as follows:

	01.04.2018 – 31.03.2019	Reclassification	01.04.2018 – 31.03.2019
	Before reclassification		After reclassification
	DKK'000	DKK'000	DKK'000
Revenue	57,158	26,330	83,488
Cost of sales	(7,798)	(26,330)	(34,128)
Other external expenses	(8,132)	0	(8,132)
Gross profit	41,228	0	41,228

Revenue

The revenue from leased assets is recognized linearly over the leasing period in accordance to the agreements, the revenue is accrued accordingly.

Revenue from the sale of services is recognised in the income statement when delivery is made, risk has transferred to the buyer, if the revenue can be calculated reliably and it is expected that payment is received. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the fixed consideration net of VAT and duties charged on behalf of a third party.

Cost of Sale

Cost of sale includes project revenue related costs, subcontracted and direct.

Other external expenses

Other external expenses include expenses for distribution, sale, marketing, administration, premises, loss on bad debts etc.

Personnel expenses

Personnel expenses include salaries and wages as well as social insurance contributions, pension contributions etc. for the company's employees.

Regulatory mechanisms for benefits to employees by social security, pensions or insurance nature is recognised in income, as the obligation arises, as a proportion of its staff costs.

Depreciation and Impairment

Depreciation on assets and goodwill amortization. Analysis of goodwill position result in specific impairment has been made to secure future goodwill is in line with expected cash flow NPV.

Enterprise Services Denmark ApS

Accounting policy (continued)

Financial income and expenses

These items comprise interest income and expenses, realised and unrealised capital gains and losses on payables and transactions in foreign currencies etc as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Foreign currency translation

On initial recognition, foreign currency transactions are converted by applying the exchange rate as at the transaction date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date and the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are converted using the exchange rate at the balance sheet date. The difference between the spot exchange rate and the date when the receivable or liability is realised, is recognised in the income statement under financial income and costs.

Plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

The accounting principles applied to these financial statements are consistent with those applied last year.

Income tax

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.

Enterprise Services Denmark ApS

Accounting policies (continued)

Balance sheet

Other fixtures and fittings, tools and equipment

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

Costs include 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	3-5 years
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Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are recognised in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Devaluation of fixed assets

Tangible assets are written down to the lower of recoverable amount and carrying amount.

The accounting value of fixed assets is evaluated yearly for indications of a decrease in value over and above that caused by depreciation.

If it becomes apparent that assets devalue, an impairment test is made of each and every asset or asset class.

Intangible assets

Purchased softwares are measured at cost less accumulated amortisation and impairment losses. These are amortised over the term of agreement usually 3-10 years.

Goodwill

Goodwill from the acquisition of assets from Hewlett-Packard ApS is amortized over standard life 10 years with additional impairment analysis during previous years suggest the further write down of goodwill and remaining balance is now zero reflect impaired value.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value.

A write down to counter to receivables will be performed if there are objective indications that the receivable or portfolio of receivables have devalued. If a single receivable is deemed to have devalued, then the write down will be undertaken on an individual receivable.

Write downs are calculated as the difference between the accounting value of receivables and the present value of the expected cash flows.

Prepayments

Prepayments disclosed as current assets include incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Costs for conclusion of outsourcing contracts are recognised in prepayments and amortized over the contract period.

Enterprise Services Denmark ApS

Accounting policy (continued)

Tax payable and deferred tax

The current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year taxable income, adjusted for prepaid tax.

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

Deferred tax assets, including the value of the carried forward taxable losses, are recognised in the balance sheet at their estimated realisable value, either to off-set future taxable income or deferred tax liabilities within the same legal entity or jurisdiction.

The company has entered into a joint taxation agreement. The actual Danish corporate tax is divided between the jointly taxed companies in proportion to their taxable income (distribution with reimbursement on losses).

Provisions

Provisions regard expected costs for restructuring and pensions. Accrued provisions are recognised when the company – due to a prior period event – has a legal or actual obligation and that fulfilling these obligations will lead to use of the company's financial resources. Provisions are measured at net realization value.

Other liabilities

Financial liabilities which include trade payables and liabilities to other group entities are measured at net realization value which usually corresponds to nominal value.

Deferred income

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

Enterprise Services Denmark ApS
Income statement for the period 1 April 2019– 31 March 2020

	Note	01.04.2019- 31.03.2020 DKK'000	01.04.2018- 31.03.2019 DKK'000
Revenue		102,782	83,488
Cost of sales		(23,606)	(34,128)
Other external expenses		(10,659)	(8,132)
Gross profit		68,517	41,228
Personnel expenses	1	(24,359)	(27,668)
Depreciation and impairment of losses		(137,416)	(11,058)
Earnings from operating activity		(93,259)	2,502
Financial income		2,218	1,167
Financial expenses		(3,999)	(3,718)
Profit/(loss) before income tax		(95,039)	(48)
Tax on profit /(loss)	2	(420)	530
Profit/(loss) for the year		(95,459)	481
Proposed distribution of profit	3		

Enterprise Services Denmark ApS
Balance sheet as at 31 March 2020

Assets	Note	2020 DKK'000	2019 DKK'000
Goodwill	4	0	3,963
Intangible assets		0	3,963
Other fixtures and fittings, tools and equipment		25,717	154,427
Plant and equipment	5	25,717	154,427
Non-current assets		25,717	158,390
Trade receivables		9,696	11,779
Group entity receivables		107,677	21,275
Other receivables		3,273	50,918
Deferred tax asset		0	420
Receivables		120,646	84,392
Cash and cash equivalents		20,068	18,923
Current assets		140,714	103,314
Assets		166,431	261,704

Enterprise Services Denmark ApS
Balance sheet as at 31 March 2020

Liabilities	Note	2020 DKK'000	2019 DKK'000
Share capital		50	50
Retained earnings		10,446	5,906
Equity		10,496	5,956
Long-term lease liabilities		72,659	103,859
Long-term other liabilities		2,026	0
Long-term liabilities		74,685	103,859
Trade payables		6,891	4,181
Current lease liabilities		32,194	31,159
Group entity payables		29,298	99,616
Other payables		12,227	16,281
Deferred income		640	652
Current liabilities		81,251	151,889
Liabilities other than provisions		155,935	255,748
Equity provisions and liabilities		166,431	261,704

Enterprise Services Denmark ApS
Statement of changes in equity

	Share Capital DKK'000	Retained Earnings DKK'000	Total DKK'000
	<u> </u>	<u> </u>	<u> </u>
Equity as at 1 April 2019	50	5,906	5,956
Share capital	-	-	-
Group contribution	-	100,000	100,000
Profits / losses of the year	-	(95,460)	(95,460)
	<u> </u>	<u> </u>	<u> </u>
Equity as at 31 March 2020	50	10,446	10,496

Enterprise Services Denmark ApS

Notes

1 Personnel expenses

	2019/20	2018/19
	DKK'000	DKK'000
Salaries and wages	20,332	24,546
Pension costs	1,997	2,264
Restructuring costs	1,807	852
Other social security costs	224	6
	24,359	27,668
Average number of employees	21	25

The Board of Directors are employed by group companies.

2 Income taxes

	2019/20	2018/19
	DKK'000	DKK'000
Current tax	0	0
Change in current tax	0	(806)
Change in deferred tax	420	124
Withholding tax	0	137
	420	(545)

3 Proposed distribution of profit

	2019/20	2018/19
	DKK'000	DKK'000
Retained earnings	(95,459)	481
	(95,459)	481

Loss realized for 01.04.2019 – 31.03.2020 was covered by capital injection performed by ES Hague B.V. in amount of MDKK 100.

Enterprise Services Denmark ApS

Notes (continued)

4 Goodwill

	Goodwill DKK'000
Cost as at 1 April 2019	12,641
Additions	-
Disposals	-
Cost as at 31 March 2020	12,641
Depreciation and impairment of losses as at 1 April 2019	(8,679)
Depreciation for the year	(1,265)
Impairment	(2,697)
Depreciation and impairment of losses as at 31 March 2020	(12,641)
Carrying amount as at 31 March 2020	0

5 Plant and equipment

	Other fixtures DKK'000
Cost as at 1 April 2019	160,632
Additions	4,743
Cost as at 31 March 2020	165,375
Depreciation as at 1 April 2019	(6,205)
Depreciation for the year	(32,893)
Impairment	(100,560)
Depreciation as at 31 March 2020	(139,658)
Carrying amount as at 31 March 2020	25,717

Majority of fixed assets are pre-buy assets that are part of global agreement during Enterprise Services spin-off and CSC acquisition.

Deployment of pre-buy assets amounts to MDKK 41.1 out of MDKK 161.6 as at March 31, 2020. Undeployed assets were subjected to impairment testing that gave MDKK 100.6 write-down.

Pre-buy assets are subject to depreciation for 6 years.

6 Unrecognized rental and lease commitments

The Company has lease obligation towards HP Enterprise Financial Services arisen on pre-buy assets. The agreement is valid for 60 months commenced June, 1st 2018. Remaining lease obligation as at March 31, 2020 amounts MDKK 102,038.

Enterprise Services Denmark ApS

Notes (continued)

7 Contingent liabilities

Joint taxation

The Company participates in the Danish joint taxation arrangement with DXC Technology. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Related parties and ownership

Enterprise Services Denmark ApS is a fully owned subsidiary of DXC Hague BV, Netherlands. Ultimate parent is DXC Technology Company, the US and consolidated financial statement can be obtained at [www://dxc.technology/investor_relations](http://www.dxc.technology/investor_relations).

Enterprise Services Denmark ApS ownership structure:

Enterprise Services Denmark ApS, Denmark
DXC Hague B.V., the Netherlands – Holding Company
Enterprise Services Luxembourg S.a.r.l., Luxembourg - Holding Company
ES Alps HoldCo B.V., the Netherlands - Holding Company
DXC Gatriam Holding B.V., the Netherlands - Holding Company
ES Sinope Holding B.V., the Netherlands - Holding Company
DXC Luxembourg International S.a.r.l., Luxembourg - Holding Company
Lux 1 Holding Company Inc., the United States (Delaware) - Holding Company
DXC US International Inc., the United States (Nevada) - Holding Company
Computer Sciences Corporation, the United States (Nevada) - Holding Company
DXC Technology Company, the United States (Nevada) - Holding Company

There are no transactions that are not per arm's length principle.