CGI Danmark A/S

Lautrupvang 4 B, DK-2750 Ballerup

Annual Report for 1 October 2022 - 30 September 2023

CVR-nr. 63 89 08 12

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25/3 2024

Asger Mou
Chairman of the General Meeting

Contents

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 2022 - 30 September 2023.

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 2023 of the Company and of the results of the Company operations for 2022/23.

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, 25 March 2024

Executive Board

Maiken Lykke *Managing Director*	Hans Lynnerup *Executive Officer*

Board of Directors

Niels Bruijl *Chairman*	Steve Perron	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 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 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 2022 - 30 September 2023, 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, 25 March 2024
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	Niels Bruijl Steve Perron 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:

	2022/23 TDKK	2021/22 TDKK	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK
Key figures					
Profit/loss					
Revenue	518,361	638,287	639,181	643,005	671,761
Gross profit/loss	320,544	391,726	401,398	389,241	389,997
Profit/loss before financial income and expenses	23,225	80,348	72,602	52,275	62,794
Net financials	-3,302	2,726	-1,182	1,622	-1,742
Net profit/loss for the year	14,796	64,872	50,249	38,686	39,894
Balance sheet					
Balance sheet total	198,594	312,657	376,616	353,097	307,556
Equity	77,957	168,161	153,178	117,929	134,120
Investment in property, plant and equipment	17,774	7,455	5,448	6,453	3,881
Number of employees	356	383	392	430	440
Financial ratios					
Gross margin	61.8%	61.4%	62.8%	60.5%	58.1%
Profit margin	4.5%	12.6%	11.4%	8.1%	9.3%
Return on assets	11.7%	25.7%	19.3%	14.8%	20.4%
Solvency ratio	39.3%	53.8%	40.7%	33.4%	43.6%
Return on equity	12.0%	40.4%	37.1%	30.7%	28.7%

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

Founded in 1976, CGI is among the largest independent IT and business consulting services firms in the world. With 91,500 consultants and professionals across the globe, 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. CGI works with 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.

Vision and Strategy

CGI is unique compared to most companies, as our vision is based on a dream: "To create an environment in which we enjoy working together and, as owners, contribute to building a company we can be proud of." This dream has motivated us since our founding in 1976 and drives our vision: "To be a global, world-class end-to-end IT and business consulting services leader helping our clients succeed."

In pursuing our dream and vision, CGI has been highly disciplined throughout its history in executing a Build and Buy profitable growth strategy comprised of four pillars that combine profitable organic growth (Build) and accretive acquisitions (Buy):

Pillar 1: Win, renew and extend contracts
Pillar 2: New large managed IT and business process services contracts
Pillar 3: Metro market acquisitions
Pillar 4: Large, transformational acquisitions

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 2022/23 of 518 million DKK (2021/22 of 638 million) was distributed between public and private sector business as below:
Public sector 278 million DKK (2021/22: 376 million DKK)
Private sector 240 million DKK (2021/22: 262 million DKK)

The company's operating income (Profit before financial income and expenses) was 23.2 million DKK (14.8 million DKK after tax), with a return on equity of 12.0 % (2021/22 40.4%).

Within the fiscal year, the previous year's company's excess liquidity, corresponding to 121 million DKK lent to CGI group companies, has been repaid.

As per 30 September 2023, CGI Danmark's equity was 78 million DKK (2021/22: 168 million DKK) with a solvency rate of 39.3 % (2021/22: 53.8%).

Management recognises the result for CGI Denmark was not as expected. As a result of a highly competitive market and challenges within the overall economical climate, CGI Denmark has not been able to mitigate the revenue decline however, actions were taken to ensure profit was retained for the financial year.

Management's Review

Key figures, employees

	2022/23	2021/22
No of employees:	356	383
Average age:	47.0	46.9
Average seniority:	8.0	10.3
No of men:	72.1%	72.7%
No of women:	27.9%	27.3%
Employees turnover:	19.8%	17.3%

Outlook

Businesses and organisations 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 impacts and to gain competitive advantage.

CGI Denmark is well suited to address these needs, and for the fiscal year to come, management expects to reach a similar level of revenue and a slight increase in profit margin before tax to be within the range of 5% and 10%.

This requires the company to continue winning new business and able to attract and retain employees in a highly competitive market.

Objectives

CGI Denmark A/S wishes to strengthen it position in the market through organic growth and within selected industries.

Among the targets are increased focus on client's cloud transformation, building even stronger relationship with customers at the highest management level, bring established CGI IP's to the Danish Market and further harness the power of CGI's unique proximity model, combining local and global resources to deliver high end quality services. Developing CGI's ability to attract, develop and retain highly qualified employees is key to enabling further expansion and grow the high-end business consultancy areas of the business.

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 be found at: https://www.cgi.com/sites/default/files/2024-02/cgi-2023-esg-report.pdf

Management's Review

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

CGI Danmark has 1 (one) female member of the company's board of directors which consists of a total of 3 (three) members, equivalent to a gender balance of 33.3 % female board members and 66.7% male.

The company's management aims to maintain the current gender distribution in the board of directors with at least 1 (one) female member of the board.

The company's Danish management team (Directors, VPs etc.) consists of 34 % women and 66 % men (13 women and 25 men) as per September 2023.

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.

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

As part of a global IT and business consulting services organization, CGI is committed to maintaining levels of protection of data aligned to best practices in the industry which, as a minimum, comply with the requirements of the applicable legislation and CGI's contractual obligations. In this way CGI recognizes the importance of ethical considerations when it comes to the use (including generation, recording, curation, dissemination, sharing, processing, or any other kind of use) of any type of data (personal as non-personal) and therefore endeavor to bring awareness of the topic in the organization.

CGI aims to be transparent about the data we use by documenting not only the how and why behind our collection and processing of personal data (as already stated in the CGI Data Privacy Policy) but also of non-personal data, where ethical considerations pose a relevant risk.

CGI does not and will not capitalize on data. When developing for example AI solutions at our client's request, we take ethical aspects into considerations and are aware of the need for AI solutions to be - at a minimum – respectful to human autonomy, fair, explainable, and reliable.

CGI will bring even more focus on implementing "ethical use of data"- awareness as a part of our general Code of Ethics training for members. CGI Code of Ethics applies to all members and the CGI Third Party Code of Ethics applies to all third-party vendors. The Code of Ethics is re-committed by every member once a year. Data privacy and security awareness training is also performed once a year by all Members.

Uncertainty relating to recognition and measurement

The Company has an ongoing tax case with the Danish Tax Authorities. We refer to note 19 "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 exisiting clients' needs and is able to respond switfly to any future need for corrective measures such as restructuring or otherwise adapting the organization.

In Q4 of the financial year, the Company initiated a cost optimization program to accelerate actions to right-size its real estate portfolio and improve operational efficiencies, including the increased use of automation and global delivery, focused on administrative activities. We refer to note 4 "Special Items" for further description.

Subsequent events

Except the transfer pricing settlement disclosed as per note 19, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 October - 30 September

	Note	2022/23	2021/22
		TDKK	TDKK
Revenue	1	518,361	638,287
Cost of sales		-154,378	-196,668
Other external expenses		-43,439	-49,893
Gross profit/loss		320,544	391,726
Staff expenses	2	-284,575	-300,541
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12,744	-10,837
Profit/loss before financial income and expenses		23,225	80,348
Financial income	5	2,235	3,931
Financial expenses		-5,537	-1,205
Profit/loss before tax		19,923	83,074
Tax on profit/loss for the year	6	-5,127	-18,202
Net profit/loss for the year		14,796	64,872

Balance Sheet 30 September

Assets

	Note	2022/23 TDKK	2021/22 TDKK
Software		69	-
Intangible assets	7	**69**	**-**
Buildings		15,847	9,765
Other fixtures and fittings, tools and equipment		6,258	7,531
Leasehold improvements		690	1,226
Property, plant and equipment	8	**22,795**	**18,522**
Investments in subsidiaries	9	-	-
Deposits	10	2,162	2,084
Contract costs	10	-	176
Fixed asset investments		**2,162**	**2,260**
Fixed assets		**25,026**	**20,782**
Trade receivables		49,470	49,833
Contract work in progress	12	31,332	52,240
Receivables from group enterprises	11	46,116	131,308
Other receivables		422	396
Corporation tax	19	19,355	22,046
Prepayments	13	10,081	6,562
Receivables		**156,776**	**262,385**
Cash at bank and in hand		16,792	29,490
Current assets		**173,568**	**291,875**
Assets		**198,594**	**312,657**

Balance Sheet 30 September

Liabilities and equity

	Note	2022/23 TDKK	2021/22 TDKK
Share capital	14	28,554	28,554
Retained earnings		23,403	34,607
Proposed dividend for the year	15	26,000	105,000
Equity		**77,957**	**168,161**
Provision for deferred tax	16	4,974	8,235
Other provisions	17	4,729	2,946
Provisions		**9,703**	**11,181**
Lease obligations		13,626	9,806
Long-term debt	**18**	**13,626**	**9,806**
Lease obligations	18	9,781	5,732
Trade payables		17,015	25,879
Contract work in progress, liabilities	12	18,812	23,031
Payables to group enterprises		16,179	11,428
Corporation tax		4,392	15,226
Other payables		31,129	42,213
Short-term debt		**97,308**	**123,509**
Debt		**110,934**	**133,315**
Liabilities and equity		**198,594**	**312,657**

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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	34,607	105,000	168,161
Ordinary dividend paid	-	-	-105,000	-105,000
Net profit/loss for the year	-	-11,204	26,000	14,796
Equity at 30 September	**28,554**	**23,403**	**26,000**	**77,957**

Notes to the Financial Statements

1 **Revenue**	2022/23 TDKK	2021/22 TDKK
Business segments:		
Public sector	278,213	375,797
Private sector	240,148	262,490
	518,361	**638,287**

2 **Staff expenses**	2022/23 TDKK	2021/22 TDKK
Wages and salaries	258,885	273,233
Pensions	24,882	25,299
Other social security	808	869
Other staff expenses	-	1,140
	284,575	**300,541**
Including remuneration to the Executive Board of:		
Executive Board	4,902	5,251
	4,902	**5,251**
Average number of employees	**356**	**383**

No remuneration is paid for board work.

Notes to the Financial Statements

3 **Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**	2022/23 TDKK	2021/22 TDKK
Amortisation of intangible assets	8	130
Depreciation of property, plant and equipment	9,883	10,707
Depreciation and amortisation	9,891	10,837
Impairment of property, plant and equipment	2,853	-
Depreciation, amortisation and impairment	**12,744**	**10,837**
Depreciation and amortisation is specified as follows:		
Software	8	130
Other fixtures and fittings, tools and equipment	2,015	3,084
Leasehold improvements	533	704
Buildings (Right of use assets)	5,062	4,658
Other fixtures and fittings, tools and equipment (Right-of-use assets)	2,273	2,261
	9,891	**10,837**
Impairment is specified as follows:		
Other fixtures and fittings, tools and equipment	167	-
Leasehold improvements	146	-
Buildings (Right of use assets)	2,540	-
	2,853	**-**

With respect to impairment reference is made to Note 4.

Notes to the Financial Statements

4 Special Items

In Q4 of the financial year, the Company initiated a cost optimization program to accelerate actions to right-size its real estate portfolio and improve operational efficiencies, including the increased use of automation and global delivery, focused on administrative activities.

Special items amounting to TDKK 4,708 are presented in the income statement as Depreciation, amortisation and impairment of intangible assets and property, plant and equipment amounting to TDKK 2,853, Other external expenses amounting to TDKK 1,516 and Staff expenses amounting to TDKK 339.

5 Financial income	2022/23 TDKK	2021/22 TDKK
Interest received from group enterprises	**1,906**	**2,759**

6 Tax on profit/loss for the year	2022/23 TDKK	2021/22 TDKK
Current tax for the year	7,475	17,541
Deferred tax for the year	-3,261	837
Adjustment of tax concerning previous years	913	-176
	5,127	**18,202**

7 Intangible assets

	Software TDKK
Cost at 1 October	-
Additions for the year	77
Disposal for the year	-
Cost at 30 September	77
Impairment losses and amortisation at 1 October	-
Amortisation for the year	8
Disposal for the year	-
Impairment losses and amortisation at 30 September	8
Carrying amount at 30 September	**69**

Notes to the Financial Statements

8 Property, plant and equipment

	Buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 October	11,302	23,635	5,648	40,585
Additions for the year	13,684	3,947	143	17,774
Disposals for the year	-	-11,992	-	-11,992
Cost at 30 September	24,986	15,590	5,791	46,367
Impairment losses and depreciation at 1 October	1,537	16,104	4,422	22,063
Depreciation for the year	5,062	4,288	533	9,883
Impairment of the year	2,540	167	146	2,853
Reversal of impairment and depreciation of sold assets	-	-11,227	-	-11,227
Impairment losses and depreciation at 30 September	9,139	9,332	5,101	23,572
Carrying amount at 30 September	**15,847**	**6,258**	**690**	**22,795**
Including right-of-use assets amounting to	15,847	3,194	-	19,041

9 Investments in subsidiaries

	2022/23	2021/22
	TDKK	TDKK
Carrying amount at 1 October	-	1,453
Additions for the year	-	-
Disposals for the year	-	-1,453
Carrying amount at 30 September	**-**	**-**

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

Notes to the Financial Statements

10 Other fixed asset investments

	Deposits	Contract costs
	TDKK	TDKK
Cost at 1 October	2,084	3,073
Additions for the year	78	-
Disposal for the year	-	-3,073
Cost at 30 September	2,162	-
Impairment losses at 1 October	-	2,897
Impairment losses for the year	-	176
Disposal for the year	-	-3,073
Impairment losses at 30 September	-	-
Carrying amount at 30 September	**2,162**	**-**

11 Receivables from group enterprises

	2022/23	2021/22
	TDKK	TDKK
The following receivables fall due for payment more than 1 year after year end:	**-**	**-**

12 Contract work in progress

	2022/23	2021/22
	TDKK	TDKK
Selling price of work in progress	59,620	86,980
Payments received on account	-47,100	-57,771
	12,520	**29,209**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	31,332	52,240
Prepayments received recognised in debt	-18,812	-23,031
	12,520	**29,209**

13 Prepayments

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

Notes to the Financial Statements

14 Equity

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

15 Proposed distribution of profit

	2022/23	2021/22
	TDKK	TDKK
Proposed dividend for the year	26,000	105,000
Retained earnings	-11,204	-40,128
	14,796	**64,872**

16 Provision for deferred tax

	2022/23	2021/22
	TDKK	TDKK
Provision for deferred tax at 1 October	8,235	7,398
Amounts recognised in the income statement for the year	-3,261	837
Provision for deferred tax at 30 September	**4,974**	**8,235**

17 Other provisions

	2022/23	2021/22
	TDKK	TDKK
Balance at beginning of year	2,946	3,066
Provision in year	1,783	8
Utilized in year	-	-128
	4,729	**2,946**

18 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	2022/23	2021/22
	TDKK	TDKK
After 5 years	-	-
Between 1 and 5 years	13,626	9,806
Long-term part	13,626	9,806
Within 1 year	9,781	5,732
	23,407	**15,538**

Notes to the Financial Statements

19 Contingent assets, liabilities and other
Charges and security

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

The Company has not provided guarantees as security for work in progess at 30 September 2023 (in 2021/22 guarantees provided amounted to TDKK 3,442).

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.

In December 2023, Danish competent authorities came to an agreement on some tax cases. An amount of DKK 19.4 million has been recognized as per final settlement. This transaction has been considered as a subsequent adjusting event after the balance sheet date.
Management has still recognized 50% of the unsettled claims regarding the income years 2012-2014 in the financial statement at 30 September 2023 amounting to DKK 4.9 million.

20 Related parties

	Basis
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 renumeration 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:

https://www.cgi.com/sites/default/files/2023-12/cgi-2023-annual-report.pdf

21 Fee to auditors appointed at the general meeting

	2022/23 TDKK	2021/22 TDKK
Audit fee	372	368
Tax advisory services	152	373
Non-audit services	15	55
	539	**796**

22 Subsequent events

Except the transfer pricing settlement disclosed as per note 19, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

23 Accounting Policies

The Annual Report of CGI Danmark A/S for 2022/23 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 2022/23 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

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.

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 followin

- 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 Companys 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 licenses

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 indi- cation of impairment other than that expressed by amortisation and depreciation.

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

Other fixed asset investments

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

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