DXC Technology Danmark A/S

Company Registration No 15 23 15 99

Retortvej 8, 2500 Valby

Annual report 2019/20

(April 1 2019 to March 31 2020)

The annual report is presented and adopted on the Annual General Meeting on 20 November 2020

Chairman of the Annual General Meeting

Nikolay Ivanov

Nikolay V Ivanov

DXC Technology Danmark A/S
Contents

DXC Technology Danmark A/S
Company Details

DXC Technology Danmark A/S

Retortvej 8

2500, Valby

Company Registration No: 15 23 15 99

Financial year: 1 April – 31 March

Municipality of domicile: Copenhagen

Phone: +45 3614 4000

Fax: +45 3614 4011

Internet: www.dxc.technology/dk

Board of Directors

Jørgen Jakobsen, Chairman

Ebba Johanna Björnsdotter Waltre

Charlotte Grønfeldt Lundblad

Lasse Eldrup*

Theis Geran*

*Elected by employees

Executive Board

Peter Winther-Schmidt

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Copenhagen S 2300

DXC Technology Danmark A/S
Management's statement

The Board of Directors and the Executive Board have today considered and approved the annual report of DXC Technology Danmark A/S 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 2019 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, 20 November 2020

Executive Board

Peter Winther-Schmidt
Managing Director

Board of Directors

Jørgen Jakobsen
Chairman

Ebba Johanna Björnsdotter Waltre

Charlotte Grønfeldt Lundblad

Lasse Eldrup

Theis Geran

To the shareholders of DXC Technology Danmark A/S

Opinion
We have audited the financial statements of DXC Technology Danmark A/S for the financial year 1 April 2019 – 31 March 2020, which comprise a summary of significant accounting policies, the income statement, balance sheet, statement of changes in equity and notes. 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 March 2020 and of the results of its operations for the financial year 1 April 2019 – 31 March 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.

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.

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.

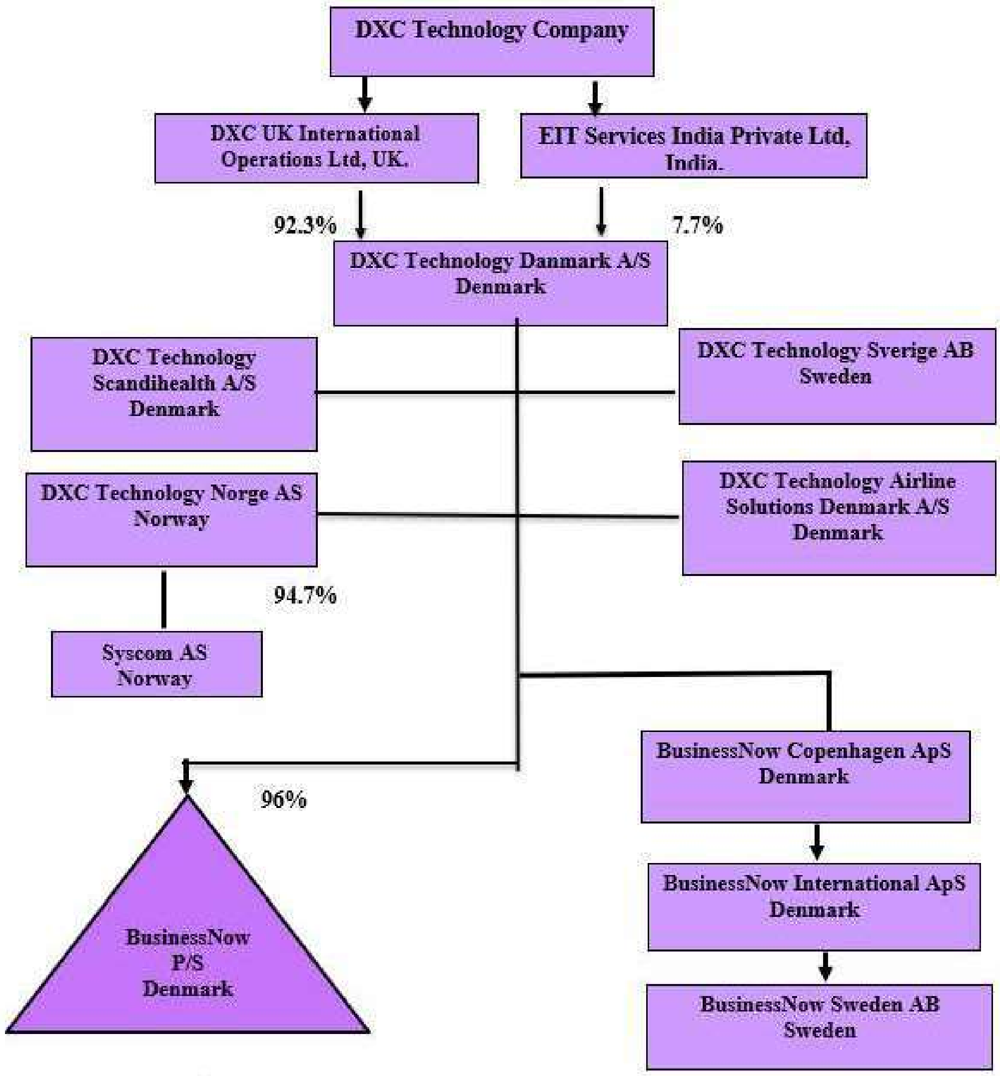
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 20 November 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Eskild Nørregaard Jakobsen
State-Authorised
Public Accountant
MNE no: 11681

Group overview / structure



All entities are wholly owned, unless otherwise stated.
A number of companies exists between DXC UK International Operations Ltd. and EIT Services India Private Ltd. and the ultimate parent company, DXC Technology Company.

Management report

Financial highlights

Key figures

	2019/20 DKKm	2018/19 DKKm	2017/18 DKKm	2016/17 DKKm	2015/16 DKKm
Revenue ***	1,137	808	720	984	1,094
Loss from operating activities	(249)	(80)	(65)	(31)	(344)
Net financials	5	(6)	(14)	(6)	(23)
Loss for the year	(728)	(310)	(523)	(88)	(930)
Equity	670	554	230	380	65
Balance sheet total	2,198	2,456	1,406	2,267	2,354
Investment in PPE	15	34	8	16	26
Average operating assets **	2,132	1,764	1,837	2,310	2,637
Ratios					
Operating margin (%)	(21.9)	(9.9)	(9.0)	(3.2)	(31.4)
Return on operating assets (%)	(11.7)	(4.5)	(3.5)	(1.4)	(13.0)
Return on equity (%)	(119.1)	(79.1)	(171.3)	(39.4)	(197.2)
Equity Share (%)	30.5	22.5	16.3	16.8	2.8

*Key ratios are calculated in accordance with the current version of "The Danish Society of Financial Analysts recommendations & Financial Ratios"

** The comparison figures have not been updated for the years 15/16 – 17/18.

*** The increase from 2018/19 to 2019/20 is driven by the full year effect of the acquisition of the Eclipse business.

Core business activity

The DXC Technology Danmark A/S Group consists of a number of companies which together serve the public sector, the health sector and private enterprises in several industries across the Nordic countries (Denmark, Sweden and Norway).

The DXC Technology Danmark A/S Group's core business activity is to lead clients on their digital transformation journey, managing and modernizing mission-critical systems, and integrating them with new digital solutions to produce better business outcomes. Our employees help commercial and public sector clients solve their toughest challenges by modernizing their business processes, applications and infrastructure with next-generation technology solutions.

Development of activities and financial matters

Result for the year

DXC Technology Danmark A/S (Group) generated revenues of 2.806 mDKK (2018/19: 2.200 mDKK). The change in Group revenue is in line with management's expectations for the year. The increase is driven by the full year effect of the acquisition of the Eclipse business in FY19 and the acquisition of Syscom AS in FY20.

DXC Technology Danmark A/S (parent company) generated revenues of 1,137.5 mDKK (2018/19: 807.7 mDKK) meeting the expectations from management. The increase is driven by the full year effect of the acquisition of the Eclipse business. The sale of a piece of land have generated a profit of 52.7 mDKK.

The loss from operating activity of 248.7 mDKK is larger compared to the loss of 79.6 mDKK generated in 2018/19. The result from operating activity has been impacted by higher costs associated to projects than expected and expenses related to transformation of the workforce.

The result from investments in subsidiaries shows a loss of 487.5 mDKK (2018/19: loss of 227.1 mDKK). The main reason is significant losses in the subsidiaries DXC Technology Scandihealth A/S, and DXC Technology Sverige AB. The loss in subsidiaries is mainly due to higher project costs than expected.

Loss for the year amounts to 728.2 mDKK as against last fiscal year (2018/19: loss of 309.7 mDKK).

Evaluation of last year's expectations

In the annual report for the fiscal year 2018/19 for the parent company, DXC Technology Danmark A/S, the expectation for 2019/20 was to improve the result compared to last year.

Fiscal year 2019/20 denotes an increase in revenue up from 808 to 1,137m DKK, meeting the expectations from management, while the result of operating activities has decreased due to expenses related to transformation of the workforce, higher cost associated to projects and non-recurring items.

Financial resources

During the year, the DXC Technology Danmark A/S received a capital injection of 865 DKKm from the parent company DXC UK International Operations Limited and a 629 DKKm intercompany loan from EIT Services India Private Limited to support operational activities and regional investments.

The Danish company is a subsidiary in the DXC Technology Group and is funded by combination of equity, and group bank facilities managed by the ultimate parent company and the capital structure of the company has not been optimized for standalone purposes. The Danish company has received a letter of support from the ultimate parent to ensure that the company has sufficient capital and liquidity.

Core business activity (continued)

Expectations for the future

In the fiscal year 2020/21 management expects increased revenues compared to the fiscal year 2019/20 as a result of the shared projects materializing for BusinessNow A/S. The main drivers for growing the Nordic business are the launching of new and standardized next generation IT solutions within end-user services, cloud services, cyber security, mobility solutions, big data & analytics solutions, and application modernization and transformation.

Management expects earnings from operating activities excluding non-recurring items to be improved compared to 2019/20 in the level of 50.0 mDKK. Future results are subject to uncertainties and risks of which many are beyond the company's control.

Uncertainty related to recognition and measurement

Investment in subsidiaries, goodwill and customer relationship

The recoverable amount for investments in subsidiaries is based upon the estimated capital value of the cash generating units (CGU).

A discount rate between 9.22 – 10,30% has been used when discounting the future cash flows, which is part of the valuation. The discount rate is based upon management's estimate over weighted average cost of capital. The terminal period assumes and includes an increase in inflation of 2.0%.

When calculating the present value, it is necessary to make use of a series of assumptions in order to estimate future cash flows. The primary assumptions regard future cost-structure of the subsidiaries' services and developments in specific contracts with clients. This relates to; the securing of new contracts and the renegotiation of contracts with existing clients. Another important assumption is the realization of cost reductions in conjunction with the ongoing restructuring of the Nordic Group.

The calculations are furthermore complicated by the uncertainty surrounding the economic situation in the markets in which the companies operate in as well as developments in interest and exchange rates.

Even a small future change in estimates or budget assumptions can cause considerable changes in valuations of the recognized investments.

Special risks

Risk management policy

As a result of its operations and financing, the Company is exposed to a number of financial risks e.g. changes in currency and interest rates, liquidity risks and credit risks. Management of financial risks in the Nordic Group is centralized and handled by the company. The general framework for financial risk management is determined in the DXC Technology Group's finance policy which is applicable to all DXC Technology entities worldwide.

Operational risks

The Company's most significant operational risk is related to its ability to be price-competitive as well as deliver solutions to clients who demand a highly-qualified workforce at a competitive price. It is thus essential, that the workforce is continuously molded to fit the actual demands of clients. Furthermore, it is important that the Company continuously innovate in order to be on the forefront in terms of IT systems in general.

Market risks

The Company's most significant market risk is tied to its ability to be strongly positioned within the important Nordic markets in which it operates.

Currency risks

The Company primarily invoices and incur cost in DKK. However, the Company has some exposure to currency exchange fluctuations in SEK, NOK and INR. In general, the Company is hedged against the risks by using currency forward contracts. However, no speculative positions are held.

Interest risks

The Company is exposed to the changes in interest rates.

The interest-bearing debt is held partially in variable and fixed intercompany loans as well as external variable loans. Further changes in interest rates will also have a moderate and indirect effect on the Company's earnings, due to the Company's involvement in the Group's cash pool schemes.

Liquidity risks

The Company is dependent on having access to long-term financing. This is why the Company adheres to the policy of having unused credit facilities that are sufficient to cover the planned operations.

The Company's financial resources are comprised of cash and cash equivalents and unutilized credit facilities. Cash pools have been established in the relevant currencies (DKK, SEK, NOK & EUR). The Company also participates in a cash pool with DXC UK and its subsidiaries through Bank of America.

The ultimate parent has issued a letter of support to ensure that the company has sufficient liquidity.

Credit risks

Credit risks tied to financial assets relate to those values which are recognized in the Company's balance sheet. The Company has no significant business risks related to or dependence of one customer or business partner. However, the Company has significant transactions and receivables with a few public customers.

Risk on COVID-19

In relation to COVID-19, Management continue to monitor the effects of the outbreak globally and the potential impact on the business. The outbreak increases uncertainty about the future prospects of the company. However, senior leadership in DXC is actively managing the Company's response through a COVID-19 Response Team that meets on a daily basis to deal with all operational issues as and when they arise. Management is actively taking steps to ensure the protection and retention of staff and the associated corporate memory that are crucial to the company's ability to weather this crisis and to rebuild when the opportunity arises.

Intellectual property

The Company's business model seeks to create value for clients by delivering IT solutions which are adaptable to future needs. This makes large demands on knowledge based resources and business processes.

In order to be able to deliver these solutions, it is paramount that the Company is able to recruit and retain individuals who are highly educated within IT.

In order to ensure competitive and high quality of services delivered, a high competency level is required. Therefore, the Company offers internal and external training. Further education gives the employee the opportunity to develop competencies and gain qualifications which strengthen the individual professional development.

Corporate social responsibility

DXC Technology is an environmentally aware organization and continually strives to reduce the detrimental environmental effects of its operations by way of process optimization, paper use, environmentally friendly cars and cooling of server and data centers.

DXC Technology Danmark A/S, which is the head office for DXC Technology Nordics, is ISO9001/ISO20000 certified. This commits the Company to optimize daily routines and processes in order to minimize the use of resources. The Company's subsidiaries are covered by this certification.

In addition to this DXC Technology Danmark A/S is ISO14001 environmentally certified, which is an important parameter for the Group's clients. The Company and its subsidiaries benefit by this certification in the following areas.

Cooling of servers and data centers occurs by using cold air in winter. The effect of server virtualization has also saved on Kwh used, due to less physical servers. These methods have had a positive effect on electricity usage, the external environment as well as the internal work environment in the Company's server room.

DXC Technology Danmark A/S is not liable to prepare green financial statements.

Corporate social responsibility in DXC Technology is comprised of five pillars:

- Clients. Providing our customers with innovation to help resolve pressing global issues associated with climate change and natural resource usage.
- Employees. Striving to be the employer of choice, offering professional development, ensuring staff well-being and valuing creativity, respect and diversity.
- Community. Developing sustainable business-community partnerships to address local economic, social and environmental issues and contribute to sustainable development.
- Environment. Effectively managing our internal environmental sustainability, across energy, CO2 emissions, waste and water and natural resource use.
- Governance. Running our global business with high ethical, environmental and supply chain standards.

Corporate social responsibility (continued)

In DXC Technology Denmark the focus in this fiscal year has been around employees, community and environment and initiatives such as Women in Tech where DXC Technology is sponsoring different networks focused around female technologist and leaders employed by DXC Technology. Creating an environment and culture where female technologists and leaders are role models to other women wanting to start at career within tech businesses.

Please see the comments sections of the 2020 report of the ultimate parent company DXC Technology Company at https://www.dxc.technology/cr. During January to March, 2020 no changes have occurred relating to policies and results of actions.

Share of the under-represented gender

DXC Technology Danmark A/S has set a target of at least 40% female board members in 2020. The current status is that there are two elected female members (67%).

DXC Technology will try to ensure, at least one female candidate is presented to all senior management positions. If two candidates are equal on qualifications the female candidate will be chosen. No changes in the senior management positions in current year.

DXC Technology has implemented employee performance appraisal reviews and personal development plans for all employees, to ensure that all employees are measured up against individual goals, and get immediate feedback to these. Development plans are set to reach the best possible use of the employee qualifications. The plans are consolidated in a system, to ensure that DXC Technology has a cross organizational overview of qualifications. This has enabled the company to utilize the employee qualifications in the best way.

It is important to DXC Technology that female employees find that they have the same opportunities for career development and access to management positions as their male colleagues. DXC Technology has flexible working conditions to ensure work life balance.

Research and development

The company development activities relate primarily to the development of IT solutions for the customers in the Eclipse business.

This year, the focus has been on specific development plans of new IT solutions. These plans are to ensure that there is strategic fit between the Company's activities and the demands from the market, so that the Company's new and innovative IT products and solutions can be brought to the market and our clients faster than those of competitors.

Subsequent events

Details of significant events since the balance sheet date are contained in note 20 to the financial statements.

This annual report for DXC Technology Danmark A/S for the financial year 2019/20 has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C (large).

The accounting policies applied for these financial statements are consistent with those applied last year. The Company has made a number of reclassifications which have affected the comparison figures. However, these changes have had no effect on, financial position and results of its operations, but increased total assets and liabilities with 708,6 mDKK.

In accordance with section 112, 2 of the Danish Financial Statement Act, DXC Technology Danmark A/S has not prepared consolidated financial statements.

In accordance with provision 86, 4 of the Danish Financial Statements Act, the Company has omitted to prepare a cash flow statement as the cash flow is part of the cash flow statement for the group annual report for DXC Technology Company, Tysons, Virginia, USA.

Recognition and measurement

Assets are recognized 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 recognized 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 affected as described below for each financial statement item.

Financial assets and liabilities are measured on the basis of amortized cost – within which a fixed interest rate is used. Amortized cost is calculated as the purchase price inclusive of any accumulated amortized 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 amortized cost is recognized in the income statement when earned. Costs that have been incurred in order to generate earnings are recognized in the income statement hereunder depreciation, write downs, provisions.

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 or the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.

Foreign currency translation (continued)

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 realized, is recognized in the income statement under financial income and costs.

When recognizing foreign subsidiaries that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date.

Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized directly in equity.

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

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments not complying with the requirements for hedging are recognized directly in income statement.

Income statement

Revenue

Revenue from the sale of services is recognized 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 recognized 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other operating income

Other operating income include income of a secondary nature compared to the Company's core business activities.

Other external expenses

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

Other external expenses also include research costs and costs of development projects that do not meet the criteria for recognition in the balance sheet. In addition, provisions for loss on contract work in progress are recognized.

Personnel expenses

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

Financial income and expenses

These items include interest income and expenses, realized and unrealized 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.

Income tax

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

Balance sheet

Goodwill

Goodwill is measured as the difference between cost of the investments and the pro rata share of the fair value of the assets and liabilities acquired measured at fair value of the date of acquisition.

Goodwill is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortization period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer amortization period is considered to give a better reflection of the benefit from the relevant resources.

Acquired licenses

Acquired intellectual property rights in the form of licenses are measured at cost less accumulated amortization and impairment losses. Licenses are amortized over the term of the agreement usually 3 – 10 years.

Gain or loss on the delivery of licenses is calculated as the difference between the sales price inclusive of deductions such as sales costs and the accounting value at the time of sale. Gain or loss is recognized in the income statement as a correction of write-ups or write-downs or under income from other operations if the sales price should exceed the cost price.

Customer Relationship

Customer relationship is amortized straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortization period is usually 10 years.

Development projects

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognized as intangible assets, if the cost price can be reliably measured and there is sufficient security that the future earnings are greater than other external expenses as well as development costs. Other development costs are recognized as costs in the income statement as incurred.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated

Cost includes 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.

For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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:

Buildings	40 years
Technical installations	15 years
Plant and machinery	3-10 years
Tools	10 years
Automobiles	5 years
Other equipment	5-7 years
Leasehold	3-5 years

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 recognized in the income statement as adjustment to depreciation and impairment losses, or under other operating income if the selling price exceeds original cost.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or minus unamortized positive, or negative, goodwill and plus or minus unrealized intra-group profits or losses.

The company's share of the enterprises' profits or losses after elimination of unrealized intra-group profits and losses and minus or plus amortization of positive, or negative, goodwill is recognized in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Company's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries is transferred to reserve for net revaluation according to the equity method under equity.
Investments acquired from companies within the group, are recognized at the time of takeover at fair value with a corresponding entry in equity.

Impairment of fixed assets

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

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

Assets are written down to the recoverable amount if this is lower than the carrying amount.

Receivables

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

A write down of 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.

Inventory

The stock consists primarily of purchased goods and spare parts and calculated according to the FIFO principle. The cost price for commodities are calculated as the acquisition price.

Assets are written down to the recoverable amount if this is lower than the carrying amount.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried based on the stage of completion.

The stage of completion is determined as the ratio between actual and total budgeted costs on each project.

When it is probable that total costs incurred on each project will exceed total income on the project, the expected loss is recognized in the income statement.

When the sales value cannot be reliably measured, the sales value is measured at costs incurred or at a lower net realizable value.

On account invoices are deducted in the sales value. Each contract in progress is recognized as a receivable when the net value is positive and as a liability when prepayments exceed the sales value.

Sales promotion costs and costs related to obtaining the contracts are recognized in the income statement concurrently with the incurred costs.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Tax receivable/payable and deferred tax

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

Deferred tax is recognized 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 recognized in the balance sheet at their estimated realizable 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 are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Other provisions are recognized and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Once it is likely that total costs will exceed total income from contract in progress a provision is made for the total loss estimated to result from the relevant contract.

Fair value of defined benefit plans in subsidiaries are calculated by actuars and gains/losses are recognized to equity in the period which they arise.

Other liabilities

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

Segment reporting

Information is given regarding the business segments and geographical markets. Segment information follows accounting principles, risk and internal financial controlling.

Financial highlights
The definition of key ratios is in accordance with the current version of "The Danish Society of Financial Analysts Recommendations & Financial Ratios"
000

Operating margin (%) = $\dfrac{\text{Earnings from operating act. x 100}}{\text{Revenue}}$

Return on operating assets (%) = $\dfrac{\text{Earnings from operating act. x 100}}{\text{Average operating assets}}$

Return on equity (%) = $\dfrac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Equity share (%) = $\dfrac{\text{Equity x 100}}{\text{Total assets}}$

Operating assets = Operating assets are total assets less Cash

DXC Technology Danmark A/S
Income statement for the financial year 1 April 2019– 31 March 2020

	Note	2019/20 DKKm	2018/19 DKKm
Revenue	2	1,137.5	807.7
Other operating income	9	52.7	-
Other external expenses		(627.2)	(349.4)
Gross profit		**563.0**	**458.3**
Personnel expenses	4	(734.5)	(485.3)
Depreciation and amortization	8,9	(77.2)	(52.6)
Loss from operating activity		**(248.7)**	**(79.6)**
Result from investment in subsidiaries	10	(487.5)	(227.1)
Loss before financial items		**(736.2)**	**(306.7)**
Financial income		57.0	3.3
Financial expenses	5	(51.9)	(9.0)
Loss before income tax		**(731.1)**	**(312.4)**
Income tax	6	2.9	2.7
Loss for the year		**(728.2)**	**(309.7)**
Proposed distribution of loss	7		

DXC Technology Danmark A/S
Balance sheet as at 31 March 2020

	Note	2019/20 DKKm	2018/19 DKKm
Goodwill		113.9	128.1
Acquired licenses		2.2	7.9
Customer relationship		65.9	74.0
Completed development projects		19.0	36.1
Intangible assets	8	**201.0**	**246.1**
Land and buildings		147.3	163.6
Plant and machinery		37.3	45.6
Other fixtures and fittings, tools and equipment		1.4	2.4
Leasehold improvements		0.4	0.9
Property, plant and equipment	9	**186.4**	**212.5**
Investment in subsidiaries	10	840.7	848.9
Other receivables	11	6.2	1.6
Deferred tax		1.0	-
Financial assets		**847.9**	**850.5**
Non-current assets		**1,235.3**	**1,309.1**
Trade receivables		195.0	240.4
Inventory		0.5	3.2
Contract work in progress	13	-	0.7
Intercompany receivables	16	708.6	463.7
Joint taxation receivable		4.8	2.7
Other receivables		9.8	11.9
Prepayments	14	36.4	90.2
Receivables		**955.2**	**812.8**
Cash and cash equivalents	16	7.0	334.0
Current assets		**962.2**	**1,146.8**
Assets		**2,197.5**	**2,455.9**

DXC Technology Danmark A/S
Balance sheet as at 31 March 2020

	Note	2019/20 DKKm	2018/19 DKKm
Share capital	15	650.0	350.0
Revaluation surplus		11.0	11.0
Share premium		0.0	480.2
Reserve for development projects		19.0	36.1
Retained earnings		(10.3)	(323.7)
Equity		**669.7**	**553.6**
Other payables		39.4	0.0
Other debt		0.0	11.2
Non-current liabilities		**39.4**	**11.2**
Trade payables		132.1	109.7
Group entity payables	16	1,087.1	1,504.9
Other payables	14	268.9	276.5
Prepayment from customer	13	0.3	-
Current liabilities		**1,488.4**	**1,891.1**
Total current liabilities		**1,488.4**	**1,891.1**
Equity provisions and liabilities		**2,197.5**	**2,455.9**

Uncertainty related to recognition and measurement	1
Contingencies and commitments	16
Loans and collateral	17
Related parties	18
Financial resources	19
Subsequent events	20

DXC Technology Danmark A/S
Statement of changes in equity for 1 April 2019 – 31 March 2020

	Share capital DKKm	Revaluation surplus DKKm	Share premium DKKm	Reserve for development projects DKKm	Retained earnings DKKm	Total DKKm
Equity as at 1 April 2019	350.0	11.0	480.2	36.1	(323.7)	553.6
Capital injection	300.0	-	565.0	-	-	865.0
Transfer	-	-	(1,045.2)	-	1,045.2	-
Loss for the year	-	-	-	-	(728.2)	(728.2)
Development projects reserve, Addition	-	-	-	1.8	(1.8)	-
Development projects reserve, Disposal	-	-	-	(18.9)	18.9	-
Currency adjustments	-	-	-	-	(20.7)	(20.7)
Equity as at 31 March 2020	**650.0**	**11.0**	**-**	**19.0**	**(10.3)**	**669.7**

During the year ended 31 March 2020, an increase in share capital was recorded. Further details are provided in note 15.

1. Uncertainty related to recognition and measurement

Investment in subsidiaries, goodwill and customer relationship
The recoverable amount for investments in subsidiaries is based upon the estimated capital value of the cash generating units (CGU).

A discount rate between 9.22 – 10,30 % have been used when discounting the future cash flows, which is part of the valuation. The discount rate is based upon management's estimate over weighted average cost of capital. The terminal period assumes and includes an increase in inflation of 2%.

When calculating the capital value, it is necessary to make use of a series of assumptions in order to estimate future cash flows. The primary assumptions regard future cost-structure of the companies' services and developments in specific contracts with clients. This relates to; the acquisition of new contracts and the renegotiation of contracts with existing clients. Another important assumption is the realization of cost reductions in conjunction with the ongoing restructuring of the Nordic group.

The calculations are furthermore complicated by the uncertainty surrounding the economic situation in the markets in which the companies operate in as well as developments in interest and exchange rates.

Even a small future change in estimates or budget assumptions can cause considerable adjustments in valuations of the recognized investment.

2. Segment reporting

	2019/20 DKKm	2018/19 DKKm
Revenue divided between main segments		
Public sector sales	744.0	526.2
Financial sector sales	49.9	35.3
Small and medium sized customer services	343.6	246.2
	1,137.5	**807.7**

94% (2018/19: 92%) of the company's revenue is derived from the Danish market and 6% (2018/19: 8%) export.

The increase from 2018/19 to 2019/20 is driven by the full year effect of the acquisition of the Eclipse business.

3. Fees to auditors appointed at the general meeting

	2019/20 DKKm	2018/19 DKKm
Statutory audit services	3.6	3.1
Other assurance services	7.3	5.6
	10.9	**8.7**

4. Personnel expenses

	2019/20 DKKm	2018/19 DKKm
Salaries and services	657.4	436.1
Pension costs	69.3	45.2
Other social insurance contributions	7.8	4.0
	734.5	**485.3**
Total compensation and remuneration to the Managing Director and Board of Directors	**2.7**	**3.2**
Average number of employees	**702**	**522**

In accordance with provision 98 b, 3 of the Danish Financial Statements Act the remuneration of the Managing Director and Board of Directors is disclosed as a combined amount.

The reorganization costs in current year is 32.8 DKKm (2018: 11.3 DKKm).

5. Financial expenses

	2019/20 DKKm	2018/19 DKKm
Financial expenses, group entities	46.8	-
Interest on bank borrowings (net)	4.1	9.0
Interest and others	1.0	-
	51.9	**9.0**

6. Income taxes

	2019/20 DKKm	2018/19 DKKm
Current tax	(2.9)	(1.8)
Net change in not recognized tax asset	13.6	16.4
Current year deferred tax	(15.8)	(15.5)
Change in deferred tax previous years	2.2	(0.9)
	(2.9)	**(1.8)**

7. Proposed distribution of loss

	2019/20 DKKm	2018/19 DKKm
Loss for the year	(728.2)	(309.7)
	(728.2)	**(309.7)**

8. Intangible assets	Goodwill	Customer relationships	Completed development projects	Acquired licenses
	DKKm	DKKm	DKKm	DKKm
Cost as at 01 April 2019	142.6	76.1	38.5	81.5
Additions	-	-	1.8	-
Disposal	-	-	(4.9)	-
Cost as at 31 March 2020	**142.6**	**76.1**	**35.4**	**81.5**
Amortisation as at 01 April 2019	14.5	2.1	2.4	73.6
Amortisation for the year	14.2	8.1	14.0	5.7
Amortisation 31 March 2020	**28.7**	**10.2**	**16.4**	**79.3**
Carrying amount as at 31 March 2020	**113.9**	**65.9**	**19.0**	**2.2**

The company develops software to be sold to customers. The cost comprises primarily of man hours and is supported by estimates for future revenue and earnings.

The projects are evaluated on a yearly basis.

9. Property, plant & equipment	Land & buildings	Plant and machinery	Other fixtures	Leasehold improvements
	DKKm	DKKm	DKKm	DKKm
Cost 01 April 2019	753.1	439.4	28.2	16.8
Additions	41.8	14.7	0.1	-
Disposals	(47.4)	-	-	-
Cost 31 March 2020	**747.5**	**454.1**	**28.3**	**16.8**
Revaluation as at 01 April 2019	12.3	-	-	-
Revaluation as at 31 March 2020	**12.3**	-	-	-
Depreciation 01 April 2019	601.8	393.8	25.8	16.0
Depreciation for the year	10.7	23.0	1.1	0.4
Depreciation 31 March 2020	**612.5**	**421.8**	**26.9**	**16.4**
Book value 31 March 2020	**147.3**	**37.3**	**1.4**	**0.4**

The company have acquired a land-plot that is sold to an external developer. The gain from this land sale have been recognized as other operating income.

	Purchase price DKKm	Valuation adjustments DKKm	Total DKKm
10. Investment in subsidiaries			
Carrying amount 01 April 2019	2,429.4	(1,580.5)	848.9
Capital contribution	500.0	-	500.0
Net share of profit for the year	-	(479.0)	(479.0)
Goodwill amortisation	-	(8.5)	(8.5)
Currency adjustments	-	(20.7)	(20.7)
Carrying amount as at 31 March 2020	**2,929.4**	**(2,088.6)**	**840.7**

Carrying amount of goodwill and other intangible assets are recognized with an amount of 111.3 DKKm (2018/19: 123.1 DKKm).

During the year, DXC Technology Danmark A/S made a capital contribution in DXC Technology Scandihealth A/S of 500 DKKm.

The corridor method is applied when recognizing defined benefit plans in subsidiaries measured under the equity method. The not disclosed pension obligation is 132 DKKm (2018/19: 173 DKKm).

Equity holdings in group entities comprise of:

- DXC Technology Scandihealth A/S, Aarhus 100%
- DXC Technology Airline Solutions Denmark A/S, Copenhagen 100%
- DXC Technology Sverige AB, Stockholm 100%
- DXC Technology Norge AS, Oslo 100%
    a) Syscom AS, Oslo 94.7%
- BusinessNow P/S, Copenhagen 96.0%
- BusinessNow Copenhagen ApS, Copenhagen 100%
    a) BusinessNow International ApS, Copenhagen 100%
    b) BusinessNow Sweden AB, Stockholm 100%

11. Financial assets

	Other Receivables DKKm
Cost as at 1 April 2019	1.6
Additions	4.6
Cost as at 31 March 2020	**6.2**

12. Deferred tax

	Deferred tax asset DKKm	Deferred tax liabilities DKKm	2020 Total DKKm	2019 Total DKKm
Deferred tax regards the following financial statement items:				
Intangible assets	-	(1.7)	(1.7)	(1.7)
Plant and equipment	151.3	-	151.3	151.2
Accrued contract cost	-	(0.1)	(0.1)	(0.1)
Other provisions	0.3	-	0.3	0.3
Income tax losses carried forward	110.8	-	110.8	110.8
	262.4	**(1.8)**	**260.6**	**260.6**
Not recognized amounts			(260.6)	(260.6)
Carrying value 31 March 2020			-	-

Deferred taxes 01 April 2019	-	-
Change in deferred tax TP case Previous years	(2.2)	(2.2)
Net change in not recognized deferred tax asset	(13.6)	(13.6)
Change in deferred tax previous years	15.8	15.8
Deferred taxes 31 March 2020	-	-

13. Prepayment from Customer /Contract work in progress

	2019/20 DKKm	2018/19 DKKm
Sales value of work performed	2.4	11.6
Invoiced on account	(2.7)	(10.9)
	(0.3)	**0.7**

The net value is recorded as follows:		
(Prepayment from customers) /contract work in progress	(0.3)	0.7
	(0.3)	**0.7**

14. Prepayments/other payables

Prepayments are made up of prepaid administration, personnel expenses, support and maintained licenses as well as transitional costs.

The company entered the monthly currency hedging to eliminate the currency risk on assets and liabilities in foreign currency. The hedges are settled monthly.
Included in prepayments is the unrealized gain on a currency hedge of 1.91mn DKK (2018/19: 0.68 m DKK).
Included in other payables is the unrealized loss on a currency hedge of 16.2mn DKK (2018/19: 0.0 m DKK).

15. Share capital

Share capital is made up of 13 shares of 50 DKKm totaling to DKK 650,000,000.

During the year ended March 2020, the share capital of DXC Technology Denmark AS increased by subscription of shares 6 shares by DXC UK International Operations Limited. Details of the revised share capital structure is given below:

Nominally (DKK)	Ownership %	Shares	Shareholder
600,000,000	92.31%	12 shares of DKK 50,000,000	DXC UK International Operations Limited
50,000,000	7.69%	1 share of DKK 50,000,000	EIT Services India Private Limited
650,000,000.00		**Total**	

16. Contingencies and commitments etc.

Guarantee for work in progress

The company has put forth a guarantee for a total of 0.0m DKK for work in progress service deliverables (2018/19: 73.4m DKK) and 3.9m DKK on behalf of other European DXC Technology entities covered by CSC Computer Sciences Corp. (2018/19: 48.0m DKK).

Operating lease commitments
Future lease payment according to the contracts are expected to become payable:

	2019/20 DKKm
Payable within nil – one year	32.6
Payable within one – five years	71.6
	104.2

16. Contingencies and commitments etc. (continued)

Other commitments

The facilities on Retortvej 8, Valby are subject to a conditional term, where after Copenhagen Municipality can re-purchase the land in 2040. The facilities carrying amount is 147.3 mDKK (2018/19: 178.7 mDKK).

The grounds are polluted with tar compounds from the earlier Valby Gas Works. The assessment made is that an eventual clean-up of the grounds at the request of the authorities will not lead to significant costs for the company.

The company are a part in some disputes and it is the company's assessment that the disputes will not trigger obligations in addition to the obligations recognized in the company's annual report

A customer has filed a lawsuit for compensation of a significant amount against the company. The company disputes the claim and has similarly filed a lawsuit against the customer for reimbursement of a significant amount. It is the company's assessment that the dispute will not trigger obligations in addition to the obligations recognized in the company's annual report

VAT exempted services

The Danish Authorities have issued a guideline regarding the VATable treatment of services related to payment services etc. to special investment funds. The conclusion in the guideline is that the mentioned services are not VATable but instead subject to payroll tax. DXC Technology Danmark A/S has, therefore, raised a claim to the Danish Authorities to cover output VAT for the part of the total sale that DXC Technology Danmark A/S consider to be included in the guideline. However, the claim will be reduced by deduction of input VAT, energy tax and payroll tax that all would be triggered if the services are subject to payroll tax instead of VAT. The deductions could potentially cause the net position to turn negative resulting in a net liability for the Company. The outcome is very uncertain as the Danish Authorities will potentially not consider all customers included in the claim as investments funds. Consequently, it is not possible with reasonableness to determine a possible range of net position exposure for DXC Technology Danmark A/S in this matter.

Cash pool

The Company's financial resources are comprised of cash and cash equivalents and unutilized credit facilities. Cash pools have been established in the relevant currencies (DKK, SEK, NOK & EUR). The participants are jointly liable for the debt in the cash pool, which totals to 7 DKKm as of March 31, 2020. The Company also participates in a cash pool with DXC UK and its subsidiaries through Bank of America.

17. Loans and collaterals

Joint taxation

The Company serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these companies.

18. Related parties

The following related parties have a controlling interest in DXC Technology Danmark A/S:

Name	Municipality of domicile	Basis of influence
DXC UK International Operations Ltd	England	Parent
DXC UK International Ltd	England	Parent
DXC UK International Services Ltd	England	Parent
DXC UK International Holdings Ltd	England	Parent
DXC Lux 6 S.a.r.l.	Luxembourg	Parent
DXC Luxembourg Holding S.a.r.l.	Luxembourg	Parent
DXC Lux 5 S.a.r.l.	Luxembourg	Parent
DXC Luxembourg International S.a.r.l.	Luxembourg	Parent
Lux 1 Holding Company, Inc.	Delaware , USA	Parent
DXC US International Inc.	Nevada, USA	Parent
DXC Technology Company	Tysons, Virginia, USA	Ultimate parent

Transactions with related parties

	2019/20 DKKm	**2018/19 DKKm**
Revenue regarding labor and services with related parties	85.4	97.9
Costs regarding labor and services from related parties	(77.2)	(79.4)
Receivable/Payable partially relates to a cash pool and loans and partially receivables and payables from ordinary transactions with related parties	(426.5)	(1,041.1)

Details on remuneration of the key management personnel is included in note no. 4.

Group ownership

DXC Technology Danmark A/S is included in the consolidated financial statements of DXC Technology Company, Tysons, Virginia, USA. The consolidated financial statements for DXC Technology Company is available at https://www.dxc.technology/investor_relations/insights/149093-2020_annual_report

19. Financial resources

The ultimate parent company has issued a letter of support to ensure that the Company will have sufficient capital resources.

20. Subsequent events

As a result of the outbreak of COVID-19, the DXC group (US group) has introduced a number of resilience protocols and business continuity plans under the direction of the COVID-19 Response Team led by the most senior members of the management team. The plans in place are aimed at protecting both DXC's customers and employees.

The DXC group's performance in FY20 was consistent with plans announced to the market and there has been no real impact on the results of the business given the timing of the outbreak and its impact on the economy, i.e. mid- to late March 2020. The macro economic outlook remains uncertain. This potentially could have an adverse impact on the performance and cash flow of the group. The group will continue to monitor and take steps, where necessary, to limit the impact of a possible recession as a result of COVID-19 on the performance, operations and financial position of the group. However, the group is well positioned with strong capital and liquidity resources at its disposal.

There were no material or significant events other than mentioned above that occurred in the period from 31 March 2020 to the date of reporting that would require adjustment to or disclosure in the financial statements.