

---

# ***Heidrick & Struggles A/S***

Amaliegade 10, 5., DK-1256 Copenhagen K

## **Annual Report for 1 January - 31 December 2018**

---

CVR No 10 39 84 01

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
9 /7 2019

Kamau Coar  
Chairman of the General  
Meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Company Information</b>	
Company Information	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	7
Balance Sheet 31 December	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Heidrick & Struggles A/S for the financial year 1 January - 31 December 2018.

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 31 December 2018 of the Company and of the results of the Company operations for 2018.

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

Copenhagen, 9 July 2019

## **Executive Board**

Jan Nørgaard Lauridsen  
CEO

## **Board of Directors**

Kamau Coar  
Chairman

Lawrence Carl Bachman

Jan Nørgaard Lauridsen

# **Independent Auditor's Report**

To the Shareholder of Heidrick & Struggles A/S

## **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Heidrick & Struggles A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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' 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.

## **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 Financials 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.

# Independent Auditor's Report

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.

## **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 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.

# **Independent Auditor's Report**

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.

Copenhagen, 9 July 2019

**Beierholm**

Statsautoriseret Revisionspartnerselskab

*CVR No 32 89 54 68*

Kim Larsen

statsautoriseret revisor

mne32179

## **Company Information**

### **The Company**

Heidrick & Struggles A/S  
Amaliegade 10, 5.  
DK-1256 Copenhagen K  
Facsimile: + 45 Telefax

CVR No: 10 39 84 01  
Financial period: 1 January - 31 December  
Municipality of reg. office: Copenhagen

### **Board of Directors**

Kamau Coar, Chairman  
Lawrence Carl Bachman  
Jan Nørgaard Lauridsen

### **Executive Board**

Jan Nørgaard Lauridsen

### **Auditors**

Beierholm  
Statsautoriseret Revisionspartnerselskab  
Knud Højgaards vej 9  
DK-2860 Søborg

# **Management's Review**

## **Key activities**

The Company's activities consist of recruitment and related consultancy services.

## **Development in the year**

The income statement of the Company for 2018 shows a profit of DKK 1,976,555, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 3,335,069.

## **Subsequent events**

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



## Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
<b>Gross profit/loss</b>		<b>50.874.805</b>	<b>48.612.611</b>
Staff expenses	1	-47.104.886	-21.392.455
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-482.504	-307.074
Other operating expenses		-383.369	0
<b>Profit/loss before financial income and expenses</b>		<b>2.904.046</b>	<b>26.913.082</b>
Financial income		58.783	43.811
Financial expenses		-140.004	-213.798
<b>Profit/loss before tax</b>		<b>2.822.825</b>	<b>26.743.095</b>
Tax on profit/loss for the year	2	-846.270	-7.006.647
<b>Net profit/loss for the year</b>		<b>1.976.555</b>	<b>19.736.448</b>

## Distribution of profit

### Proposed distribution of profit

Extraordinary dividend paid	0	19.384.914
Retained earnings	1.976.555	351.534
	<b>1.976.555</b>	<b>19.736.448</b>

## Balance Sheet 31 December

### Assets

	Note	2018 DKK	2017 DKK
Other fixtures and fittings, tools and equipment		841.250	844.415
<b>Property, plant and equipment</b>	3	<b>841.250</b>	<b>844.415</b>
Deposits		0	571.391
<b>Fixed asset investments</b>		<b>0</b>	<b>571.391</b>
<b>Fixed assets</b>		<b>841.250</b>	<b>1.415.806</b>
Trade receivables		14.247.315	12.065.987
Other receivables		1.745.767	446.058
Deferred tax asset		1.141.544	77.474
Corporation tax		1.487.355	0
Prepayments		578.102	341.085
<b>Receivables</b>		<b>19.200.083</b>	<b>12.930.604</b>
<b>Cash at bank and in hand</b>		<b>24.936.049</b>	<b>4.868.211</b>
<b>Currents assets</b>		<b>44.136.132</b>	<b>17.798.815</b>
<b>Assets</b>		<b>44.977.382</b>	<b>19.214.621</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Share capital		1.000.000	1.600.000
Retained earnings		2.335.069	358.514
<b>Equity</b>		<b><u>3.335.069</u></b>	<b><u>1.958.514</u></b>
Trade payables		403.401	1.352.792
Payables to group enterprises		6.815.456	4.500.000
Corporation tax		0	4.715.887
Other payables		30.475.011	6.687.428
Deferred income		3.948.445	0
<b>Short-term debt</b>		<b><u>41.642.313</u></b>	<b><u>17.256.107</u></b>
<b>Debt</b>		<b><u>41.642.313</u></b>	<b><u>17.256.107</u></b>
<b>Liabilities and equity</b>		<b><u>44.977.382</u></b>	<b><u>19.214.621</u></b>
Contingent assets, liabilities and other financial obligations	4		
Related parties	5		
Accounting Policies	6		

## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	1.600.000	358.514	1.958.514
Cash capital reduction	-600.000	0	-600.000
Net profit/loss for the year	<u>0</u>	<u>1.976.555</u>	<u>1.976.555</u>
<b>Equity at 31 December</b>	<b><u>1.000.000</u></b>	<b><u>2.335.069</u></b>	<b><u>3.335.069</u></b>

## Notes to the Financial Statements

	2018	2017
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	44.118.309	20.141.060
Pensions	2.784.559	1.048.483
Other social security expenses	202.018	202.912
	<u>47.104.886</u>	<u>21.392.455</u>
<b>Average number of employees</b>	<u>34</u>	<u>28</u>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	1.910.340	7.013.352
Deferred tax for the year	-1.064.070	-6.705
	<u>846.270</u>	<u>7.006.647</u>
<b>3 Property, plant and equipment</b>		Other fixtures and fittings, tools and equipment
		DKK
Cost at 1 January		4.228.129
Additions for the year		479.339
Disposals for the year		-3.470.849
Cost at 31 December		<u>1.236.619</u>
Revaluations at 1 January		<u>0</u>
Revaluations at 31 December		<u>0</u>
Impairment losses and depreciation at 1 January		3.383.714
Impairment losses for the year		204.334
Depreciation for the year		278.170
Reversal of impairment and depreciation of sold assets		-3.470.849
Impairment losses and depreciation at 31 December		<u>395.369</u>
<b>Carrying amount at 31 December</b>		<u>841.250</u>

## Notes to the Financial Statements

	<u>2018</u>	<u>2017</u>
	DKK	DKK
<b>4 Contingent assets, liabilities and other financial obligations</b>		
Rental and lease obligations until maturity in total	<u>1.008.292</u>	<u>805.088</u>

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of HEIDRICK & STRUGGLES. FILIAL AF HEIDRICK & STRUGGLES AB. SVERIGE, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 5 Related parties

### Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

<u>Name</u>	<u>Place of registered office</u>
Heidrick & Struggles International, Inc.	Chicago, USA

# Notes to the Financial Statements

## 6 Accounting Policies

The Annual Report of Heidrick & Struggles A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

### Recognition and measurement

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 the Entity has a legal or constructive obligation as a result of prior event, and 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income Statement

### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### Gross profit/loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

### Other operating income and expenses

#### Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

#### 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

## 6 Accounting Policies (continued)

### Balance Sheet

#### 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:

Other fixtures and fittings, tools and equipment      3 - 7    years

Depreciation period and residual value are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Impairment of fixed assets

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

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

#### Fixed asset investments

Fixed asset investments consist of deposits.

#### Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

#### Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial years. Prepayments are measured at cost.

# Notes to the Financial Statements

## 6 Accounting Policies (continued)

### Deferred tax assets and liabilities

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### 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

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

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.