

Heidrick & Struggles A/S

Amaliegade 10, 5.
1256 Copenhagen K
Business Registration No
10398401

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Jan Nørgaard Lauridsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	7
Balance sheet at 31.12.2017	8
Statement of changes in equity for 2017	10
Notes	11
Accounting policies	13

Entity details

Entity

Heidrick & Struggles A/S
Amaliegade 10, 5.
1256 Copenhagen K

Central Business Registration No (CVR): 10398401
Registered in: Copenhagen
Financial year: 01.01.2017 - 31.12.2017

Board of Directors

Kamau Coar, Chairman
Lawrence Carl Bachman
Jan Nørgaard Lauridsen

Executive Board

Jan Nørgaard Lauridsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Heidrick & Struggles A/S for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary 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, 31.05.2018

Executive Board

Jan Nørgaard Lauridsen
CEO

Board of Directors

Kamau Coar
Chairman

Lawrence Carl Bachman

Jan Nørgaard Lauridsen

Independent auditor's report

To the shareholders of Heidrick & Struggles A/S

Opinion

We have audited the financial statements of Heidrick & Struggles A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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:

Independent auditor's report

- 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.

Independent auditor's report

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, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

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

Development in activities and finances

The Company has realised a gross profit of DKK 48,6 million and a profit after tax of DKK 19,7 million. Management considers profit for the year satisfactory.

For the coming years, Management expects the level of activity and results to be in line with 2017.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, other than the one below, which would influence the evaluation of this annual report.

The Company's shares have been part of a share trading as of 05.01.2018 with Heidrick & Struggles AB which is now the owner of the Company's shares.

	Number	Nominal value DKK	Share of contributed capital %
Treasury shares			
Holding of treasury shares:			
Share class A	200	200.000	12,5
Share class C	200	200.000	12,5
Share class E	200	200.000	12,5
	600	600.000	37,5

Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Gross profit		48.612.611	55.259.186
Staff costs	1	(21.392.455)	(21.016.969)
Depreciation, amortisation and impairment losses		<u>(307.074)</u>	<u>(439.425)</u>
Operating profit/loss		26.913.082	33.802.792
Other financial income		43.811	322.350
Other financial expenses		<u>(213.798)</u>	<u>(307.541)</u>
Profit/loss before tax		26.743.095	33.817.601
Tax on profit/loss for the year	2	<u>(7.006.647)</u>	<u>(7.292.631)</u>
Profit/loss for the year		<u>19.736.448</u>	<u>26.524.970</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	25.261.631
Extraordinary dividend distributed in the financial year		19.384.914	6.691.341
Retained earnings		<u>351.534</u>	<u>(5.428.002)</u>
		<u>19.736.448</u>	<u>26.524.970</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Other fixtures and fittings, tools and equipment		<u>844.415</u>	<u>1.417.711</u>
Property, plant and equipment	3	<u>844.415</u>	<u>1.417.711</u>
Other receivables		<u>571.391</u>	<u>559.885</u>
Fixed asset investments		<u>571.391</u>	<u>559.885</u>
Fixed assets		<u>1.415.806</u>	<u>1.977.596</u>
Trade receivables		12.065.987	29.154.605
Deferred tax		77.474	70.769
Other receivables		446.058	17.523
Prepayments		<u>341.085</u>	<u>221.430</u>
Receivables		<u>12.930.604</u>	<u>29.464.327</u>
Cash		<u>4.868.211</u>	<u>12.423.176</u>
Current assets		<u>17.798.815</u>	<u>41.887.503</u>
Assets		<u>19.214.621</u>	<u>43.865.099</u>

Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		1.600.000	1.600.000
Retained earnings		358.514	6.980
Proposed dividend		0	25.261.631
Equity		<u>1.958.514</u>	<u>26.868.611</u>
Trade payables		1.352.792	3.084.041
Payables to group enterprises		4.500.000	0
Income tax payable		4.715.887	2.416.597
Other payables		6.687.428	11.495.850
Current liabilities other than provisions		<u>17.256.107</u>	<u>16.996.488</u>
Liabilities other than provisions		<u>17.256.107</u>	<u>16.996.488</u>
Equity and liabilities		<u>19.214.621</u>	<u>43.865.099</u>

Unrecognised rental and lease commitments

4

Statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1.600.000	6.980	25.261.631	26.868.611
Ordinary dividend paid	0	0	(25.261.631)	(25.261.631)
Extraordinary dividend paid	0	(19.384.914)	0	(19.384.914)
Profit/loss for the year	0	19.736.448	0	19.736.448
Equity end of year	1.600.000	358.514	0	1.958.514

Notes

	2017	2016
	DKK	DKK
1. Staff costs		
Wages and salaries	20.141.060	19.718.049
Pension costs	1.048.483	1.079.466
Other social security costs	202.912	219.454
	21.392.455	21.016.969
 Average number of employees	 28	
	2017	2016
	DKK	DKK
2. Tax on profit/loss for the year		
Current tax	7.013.352	7.293.278
Change in deferred tax	(6.705)	(647)
	7.006.647	7.292.631
		Other
		fixtures and
		fittings,
		tools and
		equipment
		DKK
3. Property, plant and equipment		
Cost beginning of year		5.848.276
Disposals		(1.620.147)
Cost end of year		4.228.129
Depreciation and impairment losses beginning of year		(4.430.565)
Depreciation for the year		(361.104)
Reversal regarding disposals		1.407.955
Depreciation and impairment losses end of year		(3.383.714)
Carrying amount end of year		844.415
	2017	2016
	DKK	DKK
4. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	805.088	1.090.399

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

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

Recognition and measurement

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

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

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

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. 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

Gross profit or loss

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

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.

Accounting policies

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include 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.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation 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 financial income

Other financial income comprises dividends etc received on other investments, 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

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

Balance sheet

Property, plant and equipment

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

Cost comprises 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.

Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

Estimated useful lives and residual values are reassessed annually.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Treasury shares

Acquisition and selling prices and dividends for treasury shares are classified directly as equity under retained earnings. Gains and losses on sale are not recognised in the income statement. Capital reduction by cancellation of treasury shares reduces the contributed capital by an amount corresponding to the nominal value.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.