



Mercer (Danmark) A/S

Tromsøgade 2
2100 København Ø
CVR No. 11989748

Annual report 2023

The Annual General Meeting adopted the annual report on 31.05.2024

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Cilla Katarina Nygård

Chairman of the General Meeting

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Entity details

Entity

Mercer (Danmark) A/S

Tromsøgade 2

2100 København Ø

Business Registration No.: 11989748

Registered office: København

Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Cilla Katarina Nygård, Chairman

Dorothee Carolin Gnädinger

Thomas N. Geraghty

Executive Board

Dorothee Carolin Gnädinger

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Mercer (Danmark) A/S for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

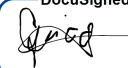
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

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, 31.05.2024

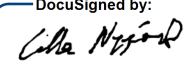
Executive Board

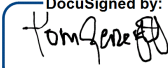
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Dorothee Carolin Gnädinger

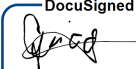
Board of Directors

Cilla Katarina Nygård
Chairman

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Thomas W. Geraghty

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Dorothee Carolin Gnädinger

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Independent auditor's report

To the shareholders of Mercer (Danmark) A/S

Opinion

We have audited the financial statements of Mercer (Danmark) A/S for the financial year 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 by relevant law and regulations.


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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 31.05.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

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Tim Kjær-Hansen

State Authorised Public Accountant

Identification No (MNE) mne23295

Management commentary

Primary activities

The Company's activities is to render consultancy and advisory services to companies within Compensation & Benefit.

Description of material changes in activities and finances

The income statement for 2023 shows a profit of DKK 73,880,878 against a profit of DKK 142,656,930 last year, and the balance sheet at 31 December 2023 shows an equity of DKK 35,056,659.

During 2023, the Company has sold its investment in Mercer (Norge) AS. The valuation of the investment was reassessed in 2022, which resulted in a partial reversal of the write-down of Mercer (Norge) AS of DKK. 74,028 thousand in 2022. Following the sale of Mercer (Norge) AS in 2023, the remaining write-down of DKK. 5,602 thousand as shown in note 5 has been booked to the profit and loss statement in 2023.

Events after the balance sheet date

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

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		39,505,597	35,112,075
Staff costs	1	(25,371,858)	(22,739,210)
Depreciation, amortisation and impairment losses		(57,710)	0
Operating profit/loss		14,076,029	12,372,865
Income from investments in group enterprises		63,079,138	133,314,435
Other financial expenses		(8,418)	(347,082)
Profit/loss before tax		77,146,749	145,340,218
Tax on profit/loss for the year	2	(3,265,871)	(2,683,288)
Profit/loss for the year		73,880,878	142,656,930
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		26,000,000	80,400,000
Extraordinary dividend distributed in the financial year		105,000,000	0
Retained earnings		(57,119,122)	62,256,930
Proposed distribution of profit and loss		73,880,878	142,656,930

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		2,010,325	0
Property, plant and equipment	3	2,010,325	0
Investments in group enterprises		12,088,073	101,143,073
Financial assets	4	12,088,073	101,143,073
Fixed assets		14,098,398	101,143,073
Trade receivables		19,324,049	10,844,895
Contract work in progress		1,604,143	1,362,864
Receivables from group enterprises		34,511,383	54,848,864
Deferred tax		0	51,570
Other receivables		0	499,708
Income tax receivable		338,899	830,262
Receivables		55,778,474	68,438,163
Current assets		55,778,474	68,438,163
Assets		69,876,872	169,581,236

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		1,507,000	1,507,000
Retained earnings		7,549,659	64,668,781
Proposed dividend		26,000,000	80,400,000
Equity		35,056,659	146,575,781
Deferred tax		53,200	0
Provisions		53,200	0
Prepayments received from customers		7,617,892	3,469,801
Payables to group enterprises		16,338,650	12,089,201
Other payables		10,810,471	7,446,453
Current liabilities other than provisions		34,767,013	23,005,455
Liabilities other than provisions		34,767,013	23,005,455
Equity and liabilities		69,876,872	169,581,236
Unrecognised rental and lease commitments	5		
Contingent liabilities	6		
Assets charged and collateral	7		

Statement of changes in equity for 2023

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,507,000	64,668,781	0	80,400,000	146,575,781
Ordinary dividend paid	0	0	0	(80,400,000)	(80,400,000)
Extraordinary dividend paid	0	0	(105,000,000)	0	(105,000,000)
Profit/loss for the year	0	(57,119,122)	105,000,000	26,000,000	73,880,878
Equity end of year	1,507,000	7,549,659	0	26,000,000	35,056,659

Notes

1 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	20,817,715	19,393,518
Pension costs	2,034,598	1,791,699
Other social security costs	156,090	115,783
Other staff costs	2,363,455	1,438,210
	25,371,858	22,739,210
Average number of full-time employees	21	20

2 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	3,161,101	2,669,738
Change in deferred tax	104,770	13,550
	3,265,871	2,683,288

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	621,663
Additions	2,068,035
Disposals	(53,900)
Cost end of year	2,635,798
Depreciation and impairment losses beginning of year	(621,663)
Depreciation for the year	(57,710)
Reversal regarding disposals	53,900
Depreciation and impairment losses end of year	(625,473)
Carrying amount end of year	2,010,325

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	106,745,254
Disposals	(94,657,181)
Cost end of year	12,088,073
Impairment losses beginning of year	(5,602,181)
Reversal regarding disposals	5,602,181
Impairment losses end of year	0
Carrying amount end of year	12,088,073

5 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	11,744,788	6,258,419

6 Contingent liabilities

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

7 Assets charged and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

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 a few 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, 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.

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 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 write-downs of receivables recognised in current assets.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to tangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividends etc. received from the individual group enterprises in the financial year.

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, and 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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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Balance sheet**Other fixtures and fittings, tools and equipment**

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

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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments 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.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

Tax payable or receivable

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

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.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.