Annual Insights 2022

KPMG P/S Annual report
1 October 2021 – 30 September 2022

KPMG P/S
Dampfærgevej 28 · 2100 København Ø
Denmark · CVR no. 25 57 81 98

The annual report was presented and adopted at the Company's annual general meeting on 26 January 2023

Chairperson of the meeting
26 January 2023

Michael Skovgaard Christensen

Contents

Company details

KPMG P/S

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CVR no.: 25 57 81 98

Established: 11 December 2013
Financial year: 1 October–30 September

Board of Directors

Anja Bjørnholt Lüthcke (Chairperson)
Flemming Lund
Henrik Barner Christiansen
Klaus Rytz
Martin Povelsen

Executive Board

Morten Mønster

Leadership

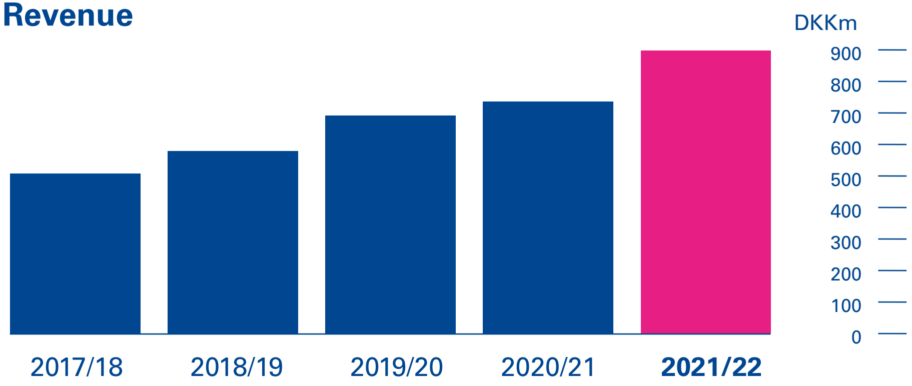
Morten Mønster, CEO & Senior Partner
Jon Beck, Head of Audit
Mads Raahede, Head of Advisory
Mads Fink-Jensen, Clients & Markets Lead
Bent Dalager, People Lead

Auditor

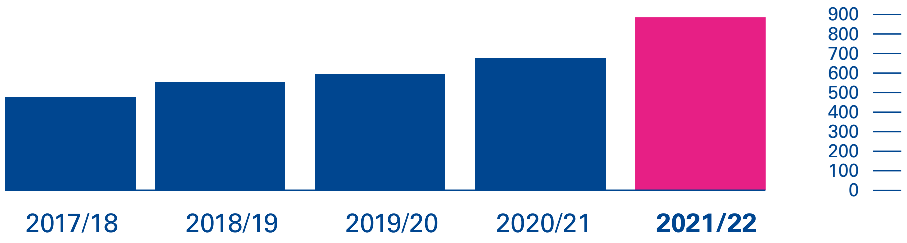
Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Financial highlights

Revenue



Number of employees and partners



DKK'000	2017/18	2018/19	2019/20	2020/21	2021/22
KPMG in Denmark Revenue*	697,144	829,331	1,009,737	1,111,559	1,365,279
Revenue KPMG P/S	**507,568**	**578,113**	**690,406**	**735,513**	**897,045**
Operating profit/loss	707	-240	7,779	4,604	10,509
Profit/loss from financial income and expenses	-707	240	-1,585	-1,107	-961
Profit for the year	**0**	**0**	**6,194**	**3,497**	**9,548**
Total assets	**202,208**	**266,831**	**353,201**	**304,689**	**334,550**
Investments in property, plant and equipment	5,880	3,201	2,530	4,662	8,411
Equity	**627**	**49,627**	**57,594**	**55,544**	**77,829**
Cash flow from operating activities	30,706	13,947	110,418	-76,086	-4,604
Cash flow from investing activities	-7,353	-3,311	-4,792	-7,424	-9,251
Cash flow from financing activities	-25,798	8,625	23	-3,297	11,987
Total cash flow	**-2,446**	**19,261**	**105,649**	**-86,807**	**-1,868**
Revenue growth**	20%	14%	19%	7%	22%
Solvency**	0%	19%	16%	18%	23%
Number of employees and partners	476	555	593	678	885
Gender split (male/female) in %	66/34	67/33	66/34	63/37	62/38

*KPMG P/S, KPMG Acor Tax Partnerselskab & affiliates combined as KPMG in Denmark.
**For definitions, see note 1, Accounting policies.

Let insights challenge your perspective

FY22 was a truly unprecedented year. Not only for the world at large – but indeed also for KPMG. Just like the rest of the world, we have been focused on coming out of the COVID-19 pandemic and dealing with war in Europe, energy crisis, inflation and a looming recession on the horizon. Therefore, we are proud that KPMG in Denmark – despite of all this – experienced remarkable growth rates.

In a world characterised by volatility and unpredictability, KPMG has a clear role to play: as the challenger of conventions. We believe that our insights-led approach and courage to challenge the status quo are the key factors behind our success. In FY22, KPMG in Denmark reached a total revenue growth of 23% across Advisory, Audit and Tax. Overall, revenue increased from DKK 1,112 million in 2020/21 to DKK 1,365 million in 2021/22. We experienced organic growth across all business areas with Advisory accounting for 28%, Audit 11% and Tax 25%.

Strong economic growth

At KPMG, we use our extraordinary insights to inspire confidence and empower people, clients and society to set a course for real change and lead the way forward. We provide professional services to top tier companies in Denmark, both in Advisory and in Audit. Our expertise plays a key role in connection with societal changes, specifically within ESG transformation, energy, infrastructure, M&A transactions, compliance and assurance. It requires courage, excellence and true insights to break free from conventions and shine light on blind spots. We see the strong results of FY22 as a great testament to the quality of our work, and we aim to continue to grow and invest the revenue into developing our people and business to ensure the continued sustainable growth of KPMG in Denmark.

Our biggest asset – our people

We know that if we want to keep on being successful in supporting and challenging the perspectives of our clients and society, we need to keep investing in our most important asset: our people. We build teams of experts that bring valuable insights to help our clients navigate an unpredictable world. But we also strive to see our people as individuals, with different needs at different times in their lives and career. Therefore, we have introduced one of the industry's most comprehensive Parent Growth programmes giving, among other things, equal rights to parental leave between parents, offering paid leave on a child's first, second and third day of illness and covering pension payments if the parents decide to prolong their leave with up to 13 weeks to help mend the "pension gap" between genders. We have also established a Statsautoriseret Revisor (SR) programme to make it easier to study for state authorised public accountant, without sacrificing family or work-related commitments. It is now, more than ever, immensely clear that it takes our diverse people to provide trust to society and capital markets and work together for better within Advisory, Audit and Tax. It takes pairing deep local expertise with global connectivity. And it takes sticking to our values and acting with integrity. Therefore, we have spent a great deal of resources on making sure that we all understand how to live and act by our values: courage, excellence, integrity, together – for better.

We believe that we have an obligation to make the business society in Denmark more diverse and inclusive and that we need to do our part.

We also believe that we have an obligation to help educate and give something back to society. Therefore, we continue to be proud sponsors of Mind Your Own Business, Velkommen Hjem and Team Rynkeby and have donated used laptops to kids and youngsters in need in Zambia through The BAZIS Initiative. Due to the terrible situation for civilians in Ukraine caused by the Russian military aggression, we donated more than DKK 1 million to Danish Red Cross.

We believe that some of these initiatives are the reason 84% express that they are proud to work for KPMG and 85% would recommend KPMG as a great place to work in our annual Global People Survey from November 2022. We also believe that these efforts have contributed to continuously improving our image among more than 2500 business leaders in Denmark, as also demonstrated in this year's Image Analysis conducted by Berlingske where KPMG went up seven places and into Top 50.

A strategy to take KPMG to new heights

Although FY22 was characterised by unpredictability, we have spent the time developing a new strategy that is actionable and creates a foundation for growth – together and for better – towards FY26. It was an inclusive process where all our talented people at every level of the business had a chance to have their say and discuss the direction set out. We believe this is how we secure ownership to the strategy and ensure that everybody understands how they can contribute to making it happen. This inclusivity has resulted in a lift of more than 5 points in our yearly Global People Survey (GPS) on the statement "the leadership of the firm executes a clear business strategy". We want to improve this even further in the following years.

A trusted ESG advisor

In FY22, we started implementing ESG in everything we do. By establishing an ESG Hub, we are now able to connect people and service offerings across the business even more than before. We excel in using innovative technologies for better and have for instance used our digital edge to help a big shipping company cut down costs for fuel and reduce their CO_2 emissions by 10%. We have played a vital role as trusted advisors in the opening of the Baltic Pipe and the planning of the Energy Islands in the North Sea. Within Audit, we have upscaled our capabilities within ESG reporting and investor relations, to be able to provide trust to non-financial numbers of the capital markets.

The CFO (Chief Financial Officer) continues to be one of our most important stakeholders, which is why both our Advisory and Audit practice have developed new services to accommodate the needs of the modern, digitally-minded CFO. We have been successful in growing our Interim Services rapidly to serve clients that need help within their finance departments to cover all positions from bookkeeper to chief accountant and CFO.

Beyond the COVID-19 pandemic, we have seen high activity levels within M&A, which is one of the reasons that our transaction services within Due Diligence as well as integration and separation are growing. To help our clients navigate new and constantly evolving risks, we are now ramping up our focus on Dynamic Risk Assessment solutions.

We have moved into our new offices at the harbour front in Aarhus, as well as sustained our presence in Odense, Fredericia and Aalborg so that we can keep developing our client relations in all regions of Denmark and continue to grow local trust.

To deepen our insights and take advantage of synergies within our industry, we have become members of Dansk Industri, and we are proud to see our logo displayed in the centre of Copenhagen alongside the logos of other renowned companies.

Full commitment to the Multi-Disciplinary Model

As we stand on such a great foundation, we feel better equipped than ever before to take on yet another unpredictable year. We know that the structure of the professional services companies has been discussed amongst our profession throughout the year, but we at KPMG fully believe in our multi-disciplinary model. We are of course respectful of the regulatory framework, but we see no need to segregate the solid brand and strong cross-functional teams that have helped us build up KPMG over the years.

“We strive to see our people as individuals with different needs at different times in their lives. This enables them to let their insights challenge your perspective – now and in the future.

Morten Mønster,
CEO & Senior Partner

Key facts about

KPMG in Denmark

KPMG in Denmark is organised in separate legal entities that provide services through a cross-functional collaboration between KPMG P/S (licence to provide audit and advisory services) and KPMG Acor Tax Partnerselskab and affiliated companies.

1,117
Employees and partners

1,365
Combined revenue DKK million

23%
Revenue growth rate

Our global network

KPMG is a global network of professional services firms providing advisory, audit and tax services. We operate in 143 countries and have 265,600+ people working in member firms around the world. We work closely with a broad range of clients, such as business corporations, governments and public sector agencies and not-for-profit organisations. We support them in mitigating risks and exploiting business opportunities. We lead with a commitment to quality and integrity across the KPMG global organisation, bringing a passion for client success and a purpose to serve and improve the communities in which KPMG firms operate. In a world where rapid change and unprecedented disruption are the new normal, we inspire confidence and empower change in all we do.

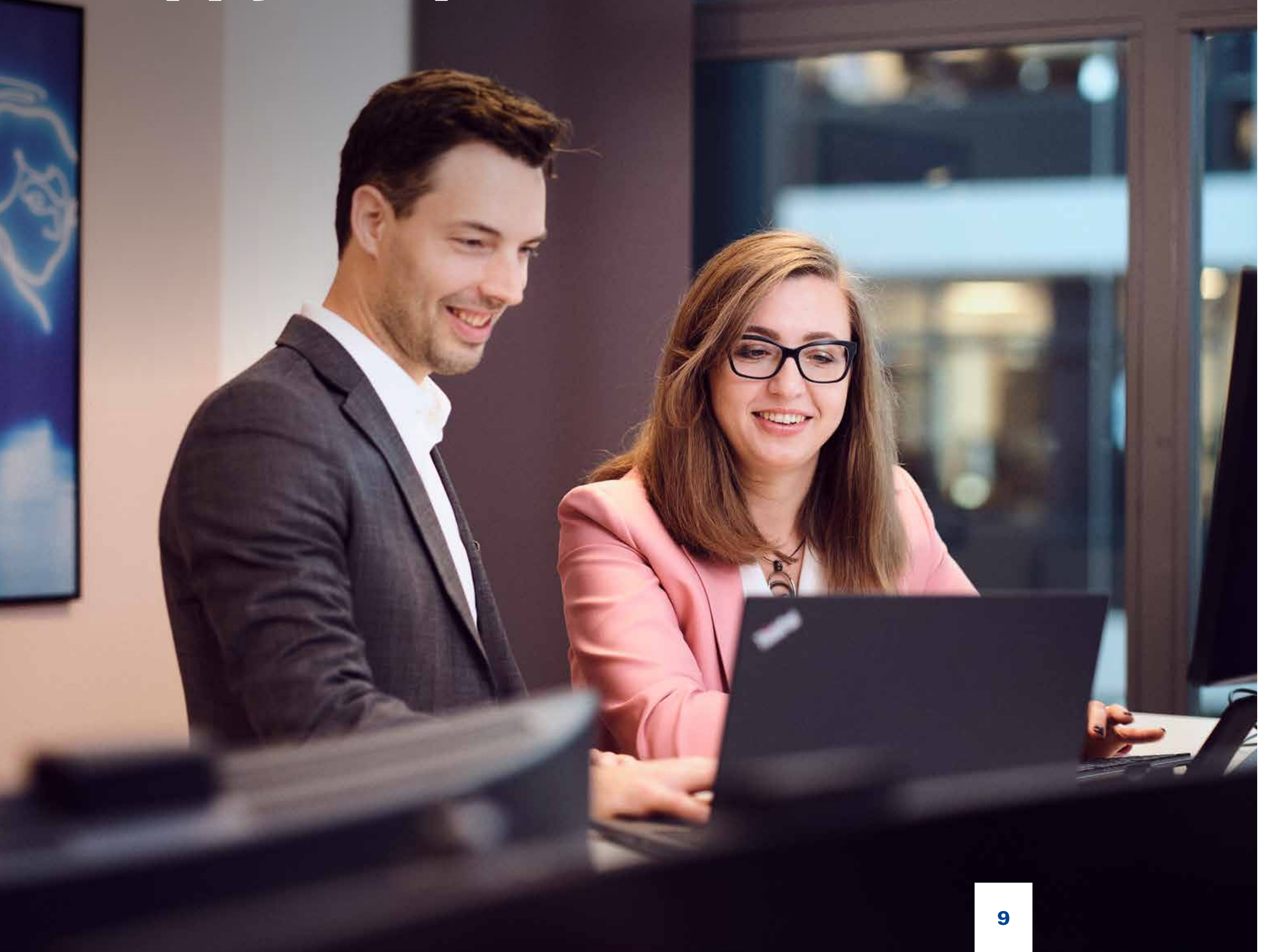
143
Countries where we operate

14%
Revenue growth rate

35
Combined revenue USD billion

265,600+
Number of employees

Happy People



Happy People is a central part of our strategy which was launched in FY22. Happy, challenged and motivated people are what KPMG is built on and what makes our people and firm as a whole grow and develop.

In FY22 we – once again – ran a global people survey with an impressive response rate and we now look forward to continuing the work already being done as a result of the FY21 GPS. For the past year, a wide range of employee and partner-driven working groups have been deep-diving into more than ten different initiatives originating from the GPS – all with the aim of making KPMG an even greater place to work.
Some of the initiatives include:

- Implementing a 360-degree feedback process
- Bi-weekly project pulse survey
- Strengthening the Performance Manager role
- Improving staffing and scheduling for Audit.

This effort is clearly also appreciated in the latest GPS survey, showing an increase of more than 11% when responding to the statement "I have seen significant action taken as a result of the previous survey". This is truly important to us, and we value that the efforts taken are seen and felt among our colleagues.

We have also set up a "voice of the next generation" approach, where our executive leadership team connects with our panel of young talents to get input and feedback. At KPMG, you can develop and grow faster than anywhere else, and it is therefore immensely important that the young generation is heard and have influence.

Finally, to improve the well-being of our employees, we upgraded our facilities to new ways of working with quiet zones and collaborative areas.

KPMG is an attractive workplace

Our growth strategy is an important focus for us, and we are proud to say that we now have 885 (FY21: 678) talented employees working at KPMG P/S. In FY22, we received no less than 4,570 (FY21: 3,754) job applications which tells us that we are an attractive place to work. We strive to attract top talents from the local as well as the international scene and are seeking to fill all levels of positions from entry to senior profiles. To better meet and attract talent, we have participated in more than 60 events and fairs throughout the year and hosted many in-house events to give potential new talents a taste of the KPMG culture and to meet our fantastic people. Furthermore, we also foster strategic partnerships with universities, high schools and student organisations such as the Female Leadership Academy, focusing on diversity among young women where we have also participated as speakers and role models.

Our graduate and trainee programme is a cornerstone in our talent development strategy, and in FY22, 104 graduates and trainees began their careers at our offices in Denmark. An increasing number of students find KPMG an attractive place to work, as demonstrated by our ranking in Universum's 100 most attractive workplaces for business students, where we advanced to #24.

In FY22, we started implementing our new Employer Value Proposition (EVP), both globally and in Denmark. A clear EVP and internal culture create a strong employer brand and ensures that we can attract the best people.

Our EVP highlights the most important aspects of working at KPMG, namely:

- Do work that matters
- Come as you are
- Thrive with us
- Learn for a lifetime
- Make your mark.

Diversity and inclusion are a part of our DNA

At KPMG, Diversity, Equity and Inclusion (DEI) is high on our agenda. Specifically, we focus on equality and education for everyone and strive to empower this by use of technology. Gender diversity is more important to us than ever, and we are proud to say that 43% of the 4,570


Executive summary
96%
of G250 companies report on sustainability or ESG matters
64%
of the G250 acknowledge climate change as a risk to their business
Less than half of companies report on
biodiversity loss
GRI, TCFD and SDGs
the most commonly used anchors for sustainability reporting
TCFD adoption nearly doubled in 2 years, going from
37% to 61%
among the G250
49%
of the G250 acknowledge social elements as a risk to their business, with Western Europe as the leading region
71%
of N100 companies identify material ESG topics
Fewer than half of G250 companies have leadership level representation for
sustainability
KPMG

(2021: 3,754) job applications we received in FY22 came from women. Overall, 38% (FY21: 37%) of our employees are women, and we continue to focus on gender equality and inclusion so that all employees regardless of whether they are men, women or non-binary feel welcome and respected.

In terms of nationality, we are an internationally diverse group of employees, as we now count 45 (2021: 31) different nationalities. We have an average age of 32 at KPMG, showing that we have built a strong talent pipeline with people who are in different phases of their career.

Looking at our DEI efforts, we aim to make a positive impact through the work we do, both internally and externally. We want people to thrive with us and to make room for differences. Therefore, in 2022 we partnered with the Sunflower Scheme to show our support for people with hidden disabilities and to educate and bring more awareness on these disabilities amongst our employees.

Internally, through the Balance Initiative, we have partnered up with Inspired Beyond Babies for the past years. This initiative is a network that allows people on parental leave to stay connected to the work environment, to get inspired by different speakers and grow their network. We also continue our partnership with Above and Beyond, and through this organisation, we are members of the Diversity Council. The council comes together twice a year to discuss important DEI topics that aim to decrease the gender gap.

At KPMG, we celebrate the diversity of our employees. This also means creating a safe space for our non-binary LGBTQI+ colleagues to thrive with us. On a global level, KPMG International has issued an LGBTQI+ statement that cements our position on DEI: “We see diversity as a strength in our workplace. We all benefit when LGBTQI+ human rights are respected and LGBTQI+ people can bring their authentic selves to work. KPMG is committed to supporting diversity of sexual orientation and gender identity”. In 2022, and for the third year in a row, we were the proud partners of Copenhagen Pride. Internally, KPMG QueerSpace, our employee-led organisation that focuses on creating an inclusive workplace and equality for all, has focused on further educating our employees on good allyship through videos, newsletters and articles.

Life Stage Programme

By introducing a Life Stage Programme, we acknowledge that different life stages require different actions to make our employees feel supported throughout their career with us. By introducing this programme, we have taken the first step towards creating a workplace designed to fit the needs of all employees regardless of where they are in their lives. With an average age of 32, we have initiated our Parental Growth Programme which entitles all our employees to 24 weeks of paid parental leave after just three months of employment. We also offer to pay pension contributions while on unpaid parental leave, customised 1:1 coaching sessions, internal and external networks during parental leave, as well as three days of paid leave during a child’s illness. More Life Stage programmes will follow in the coming years.

Excellence – Never stop learning and improving

At KPMG, we strive for excellence, which means we never stop learning and improving. Throughout the year, our Learning & Development (L&D) team provided colleagues with the right guidance and opportunities to develop various skills and grow professionally as well as personally. Furthermore, L&D ensures local roll-out of global learning solutions, for example the ESG 101 e-learnings developed by KPMG International, thereby supporting the ESG strategy established by KPMG Global.

Our Nordic L&D Centre of Excellence in Riga continues to coordinate and offer a wide range of learning solutions to the KPMG Nordic member firms. This benefits our colleagues through a wider scope of training solutions, for self-paced trainings as well as instructor-led ones.

This year, our training offerings were still impacted by COVID-19, and thus many training sessions were delivered virtually in the beginning of the year. We were, however, very pleased to host a physical event for the new advisory and audit graduates and trainees at the beginning of September. 104 of our new colleagues joined us in Stockholm for a three-day local onboarding programme followed by a two-day Nordic onboarding programme together with more than 400 Nordic colleagues.

The onboarding programme offers a fantastic opportunity to establish a network amongst the graduates, which was also highlighted in the feedback we received from them.

Our audit technical training offerings were also delivered in person since mid-year, and we are hopeful that we will offer more live training in the new fiscal year. A constant aim for L&D is to keep the training offerings business relevant and our collaboration with the learning ambassadors in our different service lines helps to ensure the business relevance of training.

> Getting the chance through more informal contacts to establish a network of good colleagues across service lines that I otherwise might not ever have met. In this sense, the programme was a clear success!
>
> **Graduate feedback**

Our values

Everyone can create a good business. Big, blue and bland.
Creating a great business. Now that's a lot harder.
That's going to take you.

Because it takes you to never stop learning and improving.
Never settling for less than **excellence** because that's just how KPMG people roll.

Just as it takes you to think and act boldly.
Add curiosity to your skill set. Be open to new ideas and people, and unlearn the old ways.
Find the **courage** to chase the gold at the end of the rainbow.

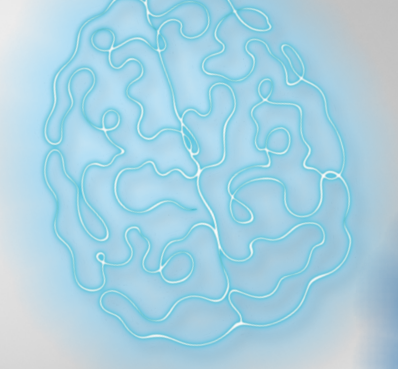
But that's not enough. **It takes you to do what's right.**
That means no cheating and no shortcuts. Carry yourself – and your work – with **integrity**.

This also means **it takes you to respect others and draw strengths from our differences.**
Sounds like too much? Well, don't worry – at KPMG we do it **together**.

In the end **it takes you to do what matters.**
So let's do this. Have fun while we build a stronger future together.
Do it **for better**. For your colleagues, for the world around you – and for yourself.

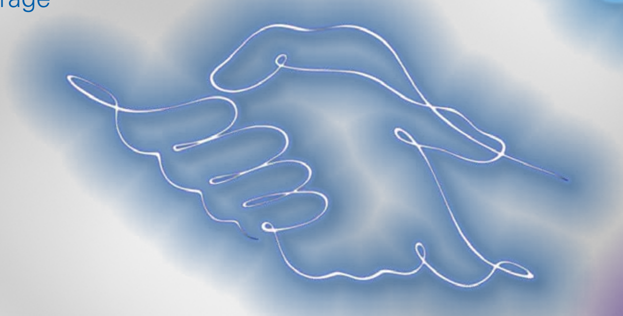
It takes you to make KPMG.

Courage



Excellence

Integrity



Together

For Better

Ready for the future of auditing

Continuous innovation and ESG are at the heart of our future

At KPMG, we continue to be committed to serving the public interest by delivering high-quality audits and bringing value to our clients through continuous innovation. By leveraging new and leading technologies, we are transforming the audit experience for our professionals and our clients – enabling us to provide even higher-quality audits by increasing our ability to focus on the issues that matter, using data and providing insights that challenge our clients' perspectives.

One of the many areas where the use of innovation is playing an increasingly vital role is in our assessment of risks. Traditionally, we have been viewing risks as happening in isolation and infrequently. But in today's accelerated and interconnected world, risk-triggering events are happening far more frequently, creating significant knock-on effects on other risks. As a result, we must consider the relationships and inter-dependencies that risks have on each other and the velocity at which those risks can occur as part of our overall risk assessment process. To assess our clients' risks across a wide spectrum of bases, including geopolitics, financial performance, asset valuations, cyber threats and data protection, we are starting to use our proprietary Dynamic Risk Assessment solution.

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Becoming a State Authorised Public Accountant is known to be tough and challenging both professionally and personally. At KPMG, we now believe that we offer a significantly improved SR programme, building a strong foundation for passing the exam, without compromising a balanced life.

Jon Beck,
Head of Audit and Partner

Entering a new era of ESG reporting

At the same time, we are entering a whole new era of sustainability reporting also known as ESG reporting. This imposes new requirements from regulators and stakeholders on how ESG information and metrics should be gathered, measured, reported and assured with the same rigour as financial information is today. Organisations will need to develop new processes and controls over ESG data – and ensure that they stand up to the scrutiny of an independent auditor’s testing. As a result, businesses will be on a significant and rapid learning curve to get up to speed and meet those new requirements.

As auditors and providers of independent assurance, we are also on a journey to meet these changing requirements. The nature of assurance that has been provided over ESG information in the past will evolve to become more rigorous and based on detailed reporting standards – and this is already beginning to take form. Boards and audit committees should therefore be preparing for change already now to meet the changing requirements.

At KPMG, we are committed to both supporting our clients and fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders. We know that whatever the final reporting regulation and standards, the same level of professionalism, quality, consistency and trust will have to be applied to ESG disclosures as to financial data. That is why we, at KPMG, are making significant investments in putting ESG at the heart of our organisation and developing an ESG assurance approach as well as other related ESG solutions.

In FY23, ESG assurance will be integrated into KPMG Clara – our global, digital audit platform – so that our professionals can continue to drive consistency and deliver robust and high-quality assurance using a platform that is integrated with our audit workflows for financial statement audits, familiar to our professionals.

As auditors, we play an important role, working alongside with our clients navigating the future. By continuing to leverage the power of evolving technologies, not only do we deliver quality audits fulfilling our role in society, but we also harness our clients' data to unlock more value from the audit that can help companies strengthen their control environments, drive efficiencies, understand future risk scenarios and, not least, adapt through current and future crises.

New SR Programme to ensure a better life balance

At KPMG, attracting and developing talents as well as being an attractive workplace continue to be a key focus area for us. Therefore, we have invested in our state authorised public accountant programme, the SR programme, as part of our Life Stage support programme.

This new programme includes several initiatives for the candidates, including Fridays off for studying with planned learning sessions, exam training every second Friday, additional study days which can be used at free disposal and exam manuduction on a quarterly basis.

Another important part of our internal SR programme is to continue to support and develop SRs after they have successfully passed the exam. We believe that the licence to sign an audit report is only the first step to become a successful auditor. Our programme therefore continues after the exam with a focus on other areas such as providing tax and business advice that previously was part of the SR exam curriculum, in addition to personal development and commercial training.

Adding the investor perspective to reporting

In 2022, we also increased our services to support investor relations, meeting a growing demand from our clients. The area is a natural add-on to KPMG's Reporting & Accounting Services as it adds the investor perspective to financial and non-financial reporting. Managing communication between a company's corporate management and its investors has become a high priority for many companies. Investors play a vital role in the success and growth of a company, and the ongoing communication with the financial market can have high influence on the company's cost of capital and its valuation.

A relevant example is the way companies develop and communicate their ESG strategies. Assessing the companies' ESG position and strategy has become an essential part of investment decisions. Investors want to identify the most material ESG risks and opportunities that could potentially impact earnings and the value of the company.

Another important area where KPMG can add value is during the IPO readiness process. Here we help companies in meeting capital market requirements and investor expectations as well as preparing the company for the life as a listed company building up their own IR department. This includes defining their Equity Story in a relevant and credible way. Examples of our IR Services could be drafting investor presentations, company announcements and interim or annual reports, input to corporate ESG strategies and IPO readiness and IR support pre-IPO.

Expanding Interim Services to meet growing demand

An area that also continues to develop and grow is our Interim Services. In June last year, we introduced Interim

Services as a new line of business, helping finance organisations in covering positions from bookkeeper to chief accountant and CFO. As of today, Interim Services consists of 25 consultants – all with a broad range of competencies and many years of experience with accounting and financial reporting.

Our consultants work as an integrated part of our clients' finance departments by supporting and developing our clients' permanent staff. Recently, the department expanded to also cover payroll specialists who can assist our clients both in emergency situations and long term. In just over a year, the team has managed to land more than 50 new clients who all have a need for interim solutions that can help them deliver and maintain their finance organisations and ensure that high-quality financial reporting is being provided to management and shareholders.

Strong engagement in start-ups

KPMG Venture and Start-up Services is strongly engaged in working with start-ups and scale-ups as they grow and expand. The team works closely together with our colleagues across service lines to provide a wide range of services that meet the needs of companies from their early stages right up to a potential exit or IPO.

We cover everything from advising on the right corporate structure, tax-related considerations including the use of the Danish tax credit scheme, share-based pay schemes, financial reporting, soft funding and the sales process.

Today, we serve several hundred start-ups, mainly within scalable technology from Software and FinTech to Hardware, MedTech and Pharma. We also have a passion to enhance the Danish start-up ecosystem and support many hubs and programmes with pro bono lectures and meetings.

In June 2022, we ran the KPMG Private Enterprise Global Tech Innovator competition in Denmark with the aim to select a Danish participant in KPMG's Global competition. The winner in Denmark was Copenhagen Nanosystems, a Danish Labtech company that has developed a digital laboratory analysis and diagnostic nanotech solution for the smart lab of the future.

As part of our focus on start-ups, we have also, across service lines, been very engaged in supporting "Women in Tech" through Tech Nordic Advocates. This is Northern Europe's largest not-for-profit tech/start-up ecosystem network of female founders, start-ups and scale-ups working together to encourage an increase in female founders in the Nordic and the Baltic countries.

International and diverse Large Cap team offering great opportunities

Our Large Cap audit team, serving our largest and listed audit clients, is a diverse and international team allowing us to draw strength from each other and learn from our differences. We believe that embracing people with diverse backgrounds, skills, perspectives and life experiences ensures that different voices are heard, and we strive to create an inclusive environment where everyone feels they belong.

We believe that our close cooperation with our colleagues in KPMG Acor Tax makes us attractive as auditors for both C25, Top100 and Top1,000 companies. Across KPMG P/S, we have years of experience with being close advisors to the biggest companies in Denmark, which is why we have also invested further in growing our Large Cap audit portfolio. Therefore, we are very proud to have been elected new auditors for a series of new Large Cap companies. To mention a few, we have been elected auditors for the Klesch Group. Klesch Group is an international industrial commodities group which owns the oil refinery in Kalundborg, Denmark. The win strengthens KPMG's footprint in the Large Cap segment in Denmark as the Kalundborg Refinery is the 34th largest company in Denmark based on revenue. In addition, we are also very happy to have welcomed back Haribo and Zyxel to KPMG.

Delivering on our strategy going forward

Going forward, we will continue to deliver on our strategic priorities by investing in our people, our clients and in our society.

The traditional skills of auditing will remain important – but there is no doubt that auditors will also need to become more technology – and ESG focused. An accounting and auditing degree is just the beginning. We are highly committed to training our audit professionals and recruiting talent with new and wider skills bases. This past year, we have set out a series of social initiatives to continue building an even stronger Audit team. There is no doubt that our people are at the heart of our business and supporting their well-being remains a priority through challenging times. This also means assessing the appropriate level of workloads as well as introducing initiatives that drive efficiencies through technology. We strive to have happy people and to develop skills and talents within ESG, data analytics expertise and business understanding. This is crucial for our ability to attract the best people in the future. In other words, we want to be the best place to learn and the best place to be where you create long-lasting personal relationships with your colleagues.

While ESG is the 'hot ticket' right now, things are moving so fast it is hard to know what may come next or beyond. That is why we are investing at scale – in our people, our processes and our technology. We are eager to support clients, stakeholders and communities in the dramatic evolution that is already underway. In the future, organisations will become more value and purpose-driven, and we as auditors are equipping ourselves to play a key role in providing trust that will underpin it.

Client case:

Assisting COOP with interim resources

KPMG's Interim Services has assisted COOP on multiple tasks such as project management related to the process for planning the audit of the financial statements; preparing a group instruction for subsidiaries as well as an accounting manual to be used by foreign entities. Furthermore, KPMG has stepped in with staff to help with daily tasks related to accounting matters, reconciliations related to SAP S/4 implementation and reviewing documents before handing over to external auditor.

> KPMG provides good solutions at competitive prices compared to other Big Four firms. We use KPMG to help us reach targets with deliveries where we can predict bottlenecks in relation to the audit process, as well as help redesign processes. Their professional task solving is top notch and we experience excellent sparring and a lot of proactivity from the KPMG team.

Mirella Hansen,
Director of Group Finance at COOP

Advisory:

Let technology power your transformation

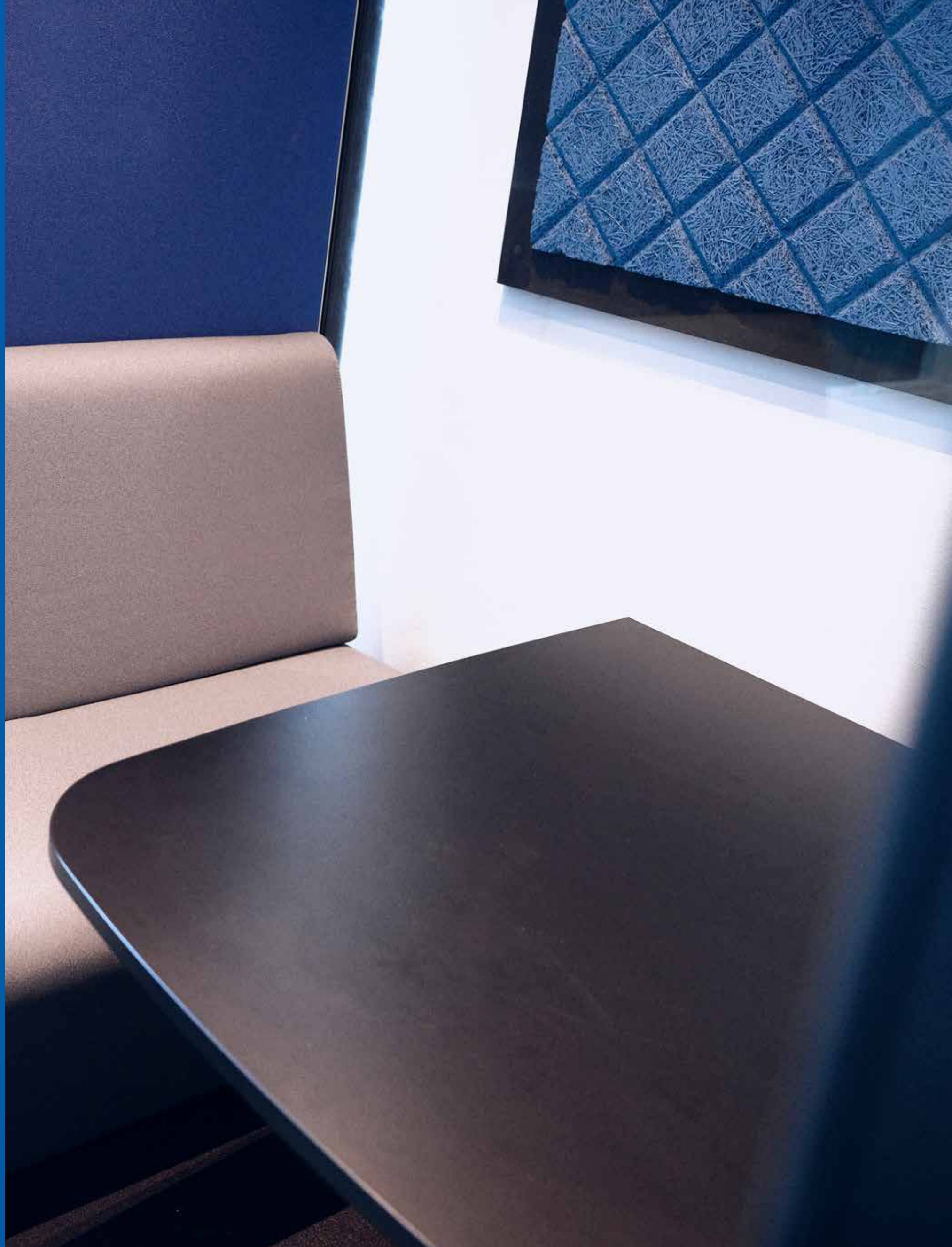
For years, technology and digital transformation have been at the core of our advisory services offerings in KPMG. Prior to 2022, we had already begun to take the first steps, but this past year has made it clear that we need to combine our digital edge with an ambition to put ESG in everything we do. 2022 was yet another record-breaking year for climate change which serves as an eerie reminder that we all need to act now if we want to mitigate the risks related to climate change. As a values-based organisation, we believe we have an obligation to make a positive impact on our people, clients and society. This is why we, in KPMG in Denmark, through our new business strategy, have pledged to put ESG in everything we do – and use technology to shine light on our collective ESG blind spots.

We are therefore proud that 2022 became the year when our newly established central ESG Hub really took off and could start supporting our ambition of making ESG a watermark in all our services. The KPMG ESG Hub is the focal point for all the sustainability services that KPMG in Denmark delivers, and the purpose of the hub is to contribute to the sustainable development of our society by helping our clients develop new tools to reduce their footprint. Furthermore, the ESG Hub must propel the sustainability transformation for KPMG in Denmark and, finally, the Hub will collaborate with external stakeholders such as universities and NGOs to learn from and contribute to the development of the Danish society.

Client case:

Assisting Lars Larsen Group on multiple deals

KPMG's Transaction Services team has assisted Lars Larsen Group (LLG) on multiple domestic and international transactions within the furniture industry, including input from financial, tax and tech due diligence teams in Denmark and abroad. KPMG has been a trusted advisor to LLG by providing honest advice on investment strategy, as well as market and technical knowledge. Through providing information on key red flags, specific tax treatments by country and business drivers, KPMG has supported LLG in their M&A decision-making. Furthermore, the KPMG due diligence team's advice helped LLG identify areas in target companies that factored both into negotiations for the deal, assisted in the W&I insurance process, as well as helped LLG in strategic considerations after closing the deals.



There is a growing demand for ESG-related services that span across the entire value chain of the companies that we work with. This is true across all our service lines and functions, including audit and assurance, tax, technology and management consulting. We have spent a significant number of resources to establish our offerings with a clear focus on adding true value to our clients with a focus on technology and close collaboration with both clients and partners. We help in creating ESG strategies and reporting with automated collection of data across platforms and systems. This ensures that ESG reporting does not just become an appendix to the annual report, but a dynamic tool for management.

The impact of the huge amount of new ESG-related legislation, mainly from the EU, and the visible impact of climate change mean that there is a need to implement a wide range of new tools and governance frameworks among our clients. The ESG Hub expects to play a key role in that development across both private and public sector entities.

Technology and digitalisation ensure sustainable growth

Technology and digitalisation are still a prerequisite for ensuring sustainable growth. To become fully data-driven and reap the benefits of AI, it is crucial that the transformation is carried out smartly, agilely and future-proofed. At KPMG in Denmark, our NewTech and Technology Advisory service lines are dedicated to making this happen, each with their distinct approach: one by exploring and utilising cutting-edge solutions, the other by optimising and re-thinking IT systems through strong partnerships with Microsoft, Salesforce and ServiceNow.

We experience that many companies' strategic business objectives are not directly supported by their current ability to execute. Thus, there is a need for a major change – a re-calibration and rethinking of the company's overall operational model which can both meet the immediate needs during the digital transformation but is also largely designed towards a sustainable target for the future. It is not just technology, but also people, processes, data, delivery models and governance that must be considered in order to implement the transformations that will lift the company's overall digital capability.

The past year presented severe challenges in most companies' framework conditions which has intensified the focus on 'resilience'. Business processes and value chains must be constructed so that they can withstand tremendous pressure – at the same time as they must be optimised and incorporate new technology. Examples of this include the backsourcing of business processes, also reinforced by the increased focus on data security. The coming years will be characterised by uncertainty in terms of macroeconomic and geopolitical framework conditions, but also entail great opportunities for transformation as a result of the continued rapid technological development in particular within AI.

Taking the first quantum steps

In FY22, we delivered our first Quantum Risk Assessments where we supported clients in identifying how quantum technology will disrupt their current cybersecurity infrastructure. We also delivered our first quantum-inspired optimisation projects, showing that benefits in the range of 10–15% in increased quality and cost savings are possible to realise already today using quantum-inspired methods. Many clients start with education – decision-makers need to know where to look and how to get started, and technical staff is very keen to familiarise themselves with this new tool. Our projects span across multiple areas, including telco, logistics, energy and banking, demonstrating the width of quantum technology.

In the past 12 months, the market was also characterised by general growth across industries as well as a sustained recognition of the need for further digital modernisation of both core and financial systems. Furthermore, the resulting effects of increased digitalisation have led to an even greater need for data strategies, master data

> The business community has an opportunity and a responsibility to help shape a more sustainable future.

Mads Raahede,
Head of Advisory and Partner

cleanup and control in order to secure the basis for the advanced analysis which must deliver both daily, operational reporting but also more scenario-based, long-term forecasting. Data centrism is further driven by more substantial implementations of artificial intelligence and intelligent automation as well as the need for clean-ups and consolidation of data models and source systems as a result of for example previous underinvestment, acquisition or closure of old IT systems.

Streamline existing systems or explore new technologies?

If we look into the crystal ball for the coming 12 months, focus will still be on streamlining, quickly uncovering risks in supply chains and financial reporting, as well as optimising operational models in both business and IT. But cost reduction is likely to be the mantra, while we will see a decline in the more exploratory activities and pilot projects where new technology is tested, combined with an equally wait-and-see position on the risk-weighted and top-line-focused projects until the depth of the recession has been assessed by the market. For those who do move ahead with implementing new technologies, the most strategically important priority going forward will be to break down technological silos and create an integrated use of AI and Intelligent Automation. The first wave of gains has been achieved in many organisations. The challenge now will be to establish the foundation for the next level of digital transformation and innovation. On this background, we believe that KPMG has a position as one of the strongest IT sourcing advisors in the Danish market, recognised by both the largest law firms, suppliers and clients. We have also succeeded in maintaining our position as the largest Coupa implementation partner in Denmark, which is underlined by the continued strong relationship with Coupa.

The benefit obtained from Enterprise Service Management with ServiceNow as a technology enabler is firmly established in the Danish market, and we have projects and dialogues with some of the largest companies in Denmark. Our alliance with ServiceNow is very strong, both in Denmark and internationally, where we meet regularly to align go-to-market communication and strategy. We expect to grow considerably in this area in the coming year.

Putting tech in due diligence

Our tech focus has also spilled over to our Deal Advisory practice. FY22 proved to be yet another year of high deal volume and impressive multiples for assets, especially within IT and Tech. We expanded our service offerings in FY22 to also cover tech due diligence services which have proven very relevant not only in tech asset transactions, but in any company where IT is a key process. KPMG's Deal Advisory team leads the deal league table based on the number of transactions across the Big Four according to Mergermarket's data. This performance has been bolstered by the success of our specialised real estate team.

The transaction services team is also proud to announce the establishment of a team in Aarhus, making KPMG the only Big Four with a financial due diligence team outside of Copenhagen. We look forward to servicing our clients in Jutland from our base in Aarhus and offering even better collaboration across all our advisory services.

Looking forward and following the unusually high deal volumes of last year, we have not seen the downward spiral in Nordic M&A that many feared. The Nordics still seem to be resilient to a certain extent to what goes on around the world. Signs in the market show us that there is still a fair amount of deals in the pipeline going into the new financial year for KPMG.

Digitalising our CFO offerings

Just like many other functions, CFOs are finding themselves in times of unparalleled business changes. From the new ESG agenda to the digital transformation, CFOs and their finance team must adapt to advance their com-

Client case:

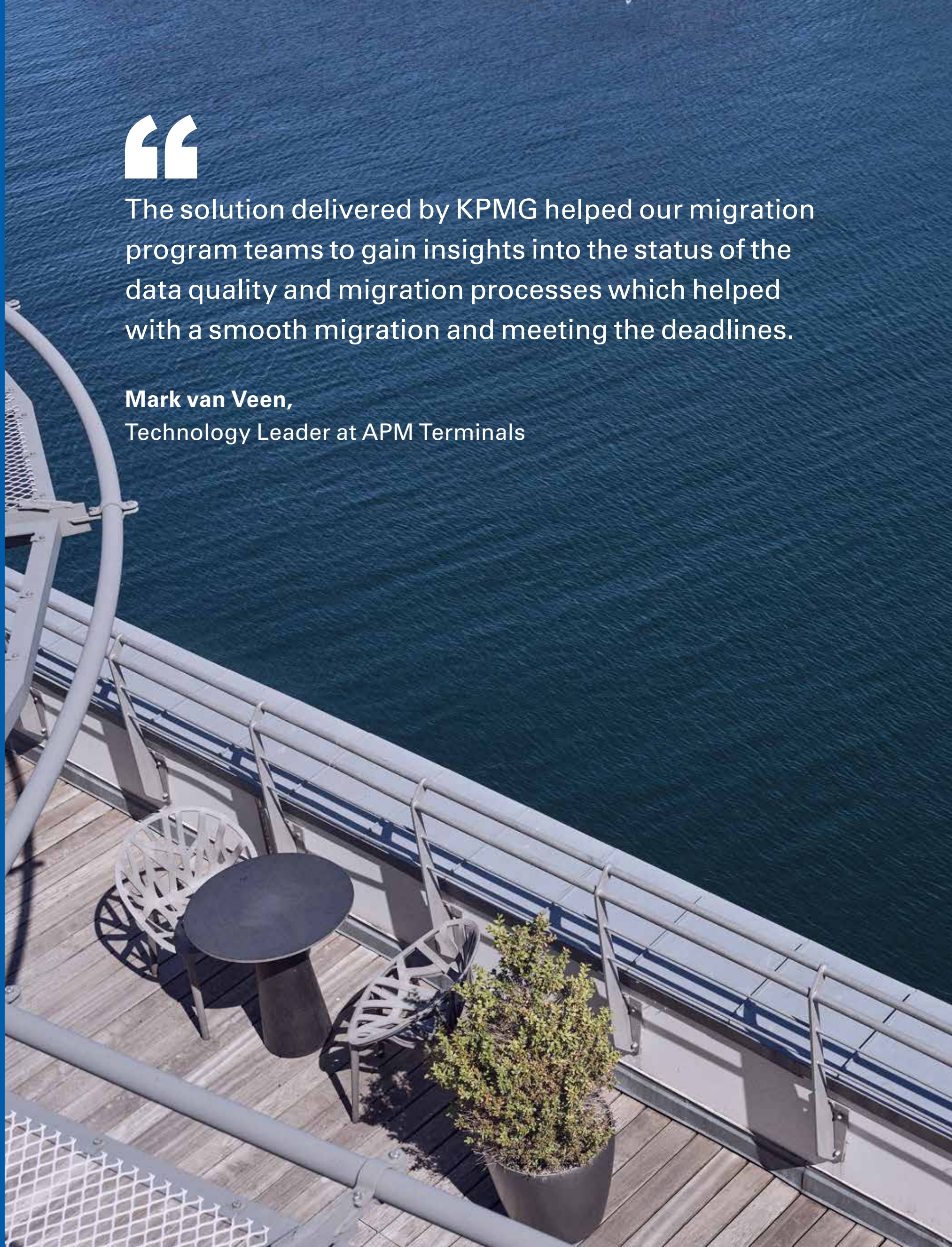
Using automation and machine learning to migrate APM Terminals

KPMG assisted APM Terminals (APMT) with an ERP migration program where APMT consolidated data from 80+ systems into a single global instance of IFS10 through automation and machine learning.

The solutions provided by KPMG automatically tracked the progress of the migration processes and increased insights and transparency into data quality through continuous monitoring. On top of that, KPMG provided a dashboard showing the progress and data quality.

As a result, the APMT program management team received continuously updated insights into the progress of the program, early warnings of potential delays and an objective insight into the quality of the data from the sources' systems.

The solutions helped APMT reduce the migration time and meet the program deadlines despite migrating data from multiple entities in parallel.



“The solution delivered by KPMG helped our migration program teams to gain insights into the status of the data quality and migration processes which helped with a smooth migration and meeting the deadlines.

Mark van Veen,
Technology Leader at APM Terminals

pany's ability and opportunities within the market. With the continuous development and changing demands from the management, we see an increasing demand for high-performing consultants who know best practice and are ahead of the market.

The CFO will always be one of our most important stakeholders and by providing assistance within a wide range of tasks in the finance function, our services and products are designed with a digital and automated mindset, focusing on the finance function of the future. Our CFO service initiative is part of our mindset to keep following trends in the CFO agenda and build new, strong offerings to cater to client needs.

To keep delivering high-quality solutions and maintaining high-performance employees, we have established a CFO Academy, which is a tailored training programme ensuring the development and education of our talents within the finance function.

At KPMG, we want to be the preferred end-to-end partner to the CFO and grow our footprint on key accounts by introducing our clients to all our CFO offerings. We expect that the future will keep illustrating how the gap between an average and successful business is largely based on the business's digital transformation. We expect that this will lead to an increasing demand for consultants with expertise within cutting-edge digital finance solutions.

Strengthening our regional offerings

To further accommodate the demand for our digitally-focused services in Jutland and enable continued growth, KPMG in Aarhus moved to brand new centrally located offices in February 2022. The new office facilities are shared with KPMG Acor Tax to achieve synergies between Advisory, Audit and Tax. Our services within CFO Advisory, Deal Advisory, Digital Governance & Operations are all present in Aarhus together with our ESG Hub. Our Customer & Growth team is the latest addition.

We established this service to help our clients navigate and have success in a world where customers' preferences, behaviours and expectations are continuously changing. In our 'always on' multi-channel world of today, the busy customer wants an efficient and personalised shopping experience with as little effort as possible. For our clients to meet this demand, we assist them in staying on top of the latest trends and developments in the market and help them build effective front office IT solutions to support their customer strategies, namely CRM systems built on either of the leading platforms – Salesforce or Microsoft Dynamic 360.

During the first year, we have secured several projects and now work with local, countrywide and international clients to lead their global rollout of a new CRM system to help them on their journey towards customer centricity.

The decision to launch a new service line and extend current service lines to also operate from Aarhus has led to a significant increase in revenue from Jutland and has attracted and retained talent to the company to help us achieve our growth targets, a trend we expect to continue by growing all advisory service lines in the years to come.

Tax:

Trust through technology

Today's tax leaders must address and navigate a rapidly evolving domestic and global business landscape. They must keep up with growing digitisation and the demand to streamline the in-house tax function, increased regulation, disruption to tax policy and an evolving environmental, social and corporate governance (ESG) agenda. Our KPMG Acor Tax team seamlessly brings together our specialist tax services to help address the most complex issues and opportunities our clients face.

FY22 was another strong year for KPMG Acor Tax, where we had a substantial inflow of new clients, while at the same time strengthening the partnership with our existing clients. We are thankful that our clients continued to place trust in our expertise and services.

Leading in an evolving tax and business landscape

In the past year, we continued to build on our strengths: our people, our client centricity and our unique culture. With our broad sector expertise, we are in an excellent position to serve industries which thrived during the crisis – or on the contrary – those who need our help to restructure, to reconstruct and adapt.

We embrace the discussion and debate surrounding the need for responsible tax, transparency and the future of taxation in an increasingly digitised world. Together with our innovative technology, this approach has made us the go-to advisor for the majority of the largest Danish and foreign-based multinationals with operations in Denmark.

We have a market-leading tax dispute and controversy team and as compliance is changing the fabric of the tax function, we are continuing our efforts to become a market leader in compliance technology, processes and advisory. We expect further growth across all our service areas.

Responsible tax as a lever for sustainability

Tax can also be used to drive behavioural change. Specifically, we now see tax policy increasingly being deployed by governments around the world to incentivise decarbonisation and direct private investments where they are most needed in our common fight against climate change. For businesses, this means that heads of tax are to play a decisive role in their decarbonisation strategies, as companies' tax strategy and management of environmental-related taxes, incentives and grants will be a cornerstone for the delivery of their net-zero ambitions.

Offering the best advice to our clients and helping companies navigate safely in this ever-changing world of tax require us to uphold the highest moral and ethical standards. In FY22, we continued our fruitful collaboration with the CSR Forum, a network where our experts facilitated roundtable discussions and panel debates on topics such as responsible tax, tax transparency and sustainability reporting standards, with multiple stakeholders across fields and companies.

During FY22, an increasing number of companies moved further along on their tax transparency agenda and started working on tax transparency reports. This included both narrative explanations of their approach to tax and implementation of their tax policy and quantitative data on the actual taxes paid and collected across relevant jurisdictions. This evolution is driven partly by the intensified debate on responsible tax, brought upon by the COVID-19 pandemic and associated costs, but also by large investors demanding more transparency standards, such as GRI 207 which became applicable for FY21 reporting and the EU Directive for public country-by-country reporting (CbCR).

While the publication requirements are still some years ahead, this decision has certainly encouraged companies across the EU to start considering how they will efficiently collect, aggregate, analyse and present the relevant data and whether to go beyond the regulatory requirements.

Supporting our clients in a rapidly changing world

In conversations held last year with various stakeholders, it became clear that many companies are actively working on future tax disclosures, but the effective and efficient extraction, aggregation and analysis of all relevant tax data is a challenge. In response, we have developed a data-driven approach that allows to directly extract tax payment data from most, if not any, ERP system, simplifying and de-risking the entire data collection process. This approach, the Tax Footprint Analyzer, is a key part of the Tax Impact Reporting service which was launched globally in the course of 2022.

M&A in the new reality

The uncertainty of today's environment demands decision-makers to make the right moves confidently and swiftly to capitalise on emerging opportunities. It requires clarity on the potential risks and rewards to drive maximum deal value – for buyers and sellers alike.

In 2022, we further increased our presence in the market and supported the majority of all Danish pension funds, which has strengthened our already strong position in the market. We cooperate closely with the global KPMG network of M&A tax experts, and we mobilise tax teams tailored specifically for our clients' distinct day-to-day transactions.

Providing insights with data and technology

At KPMG Acor Tax, we embrace technology in all our services and deliverables, and we have invested heavily in developing the tax technology area to secure our leading position.

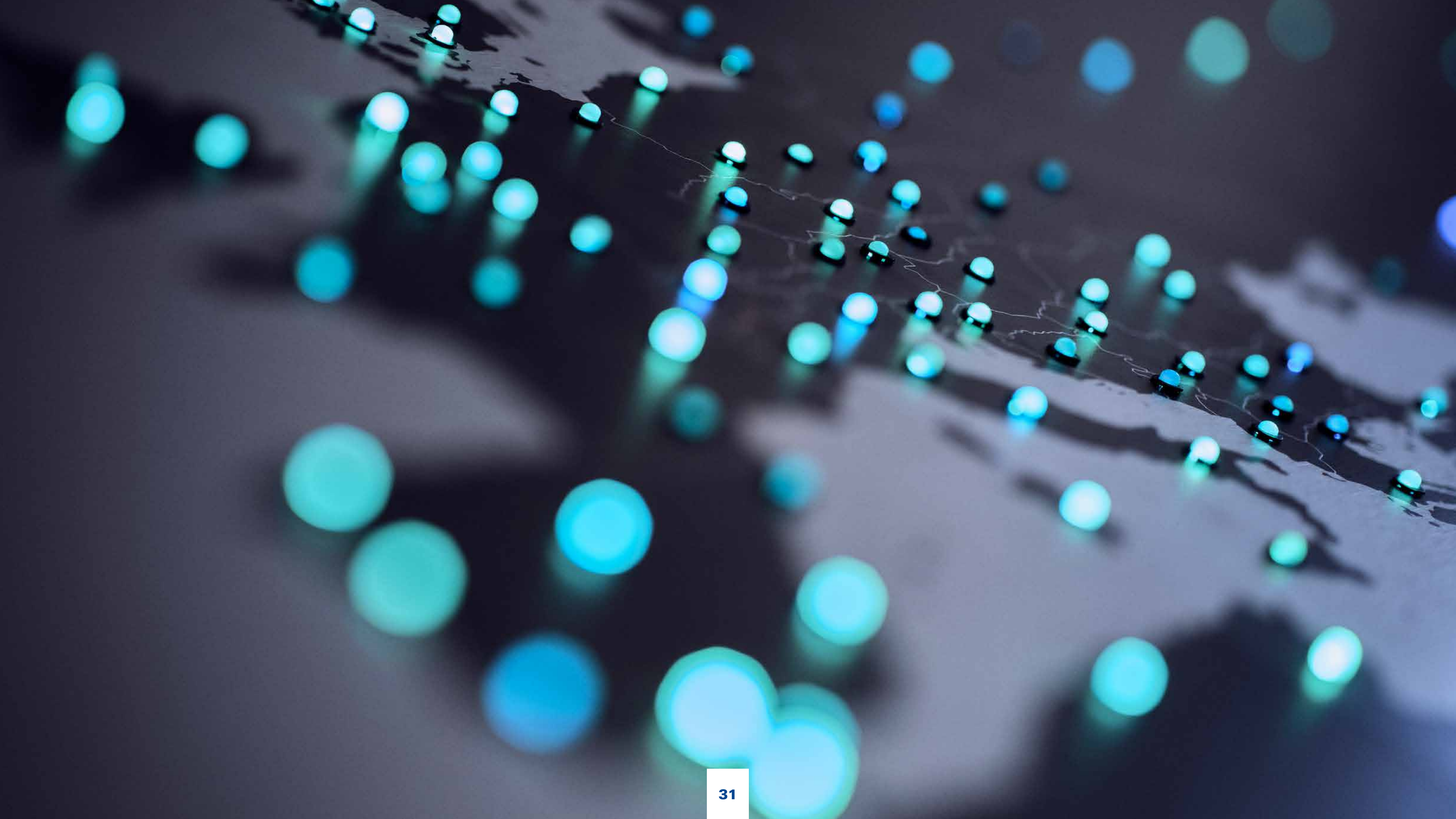
Looking at the year behind us, we have witnessed an increased digitalisation across all countries that we and our clients operate in. We see for example that authorities request increasingly more real time data directly from the clients.

This has created a significant demand for services where we assist with data management and reporting, both to create more efficient compliance processes and to transform data into insights. The ambition is to create a world where data management is a seamless process, from acquiring data, transforming data and storing data to analysing and using the data for various compliance purposes and insights. We have developed solutions and tried and tested process methodologies that now help clients to solve their specific challenges and needs, wherever it may be in the data life cycle.

Data is still the same, so it is all about what you make out of it and how you use it as a value creator. We play a key role in helping our clients report correct data through managed services. Live reporting does not make the data better, but it does require solutions that help clients prepare for live reporting with correct data.

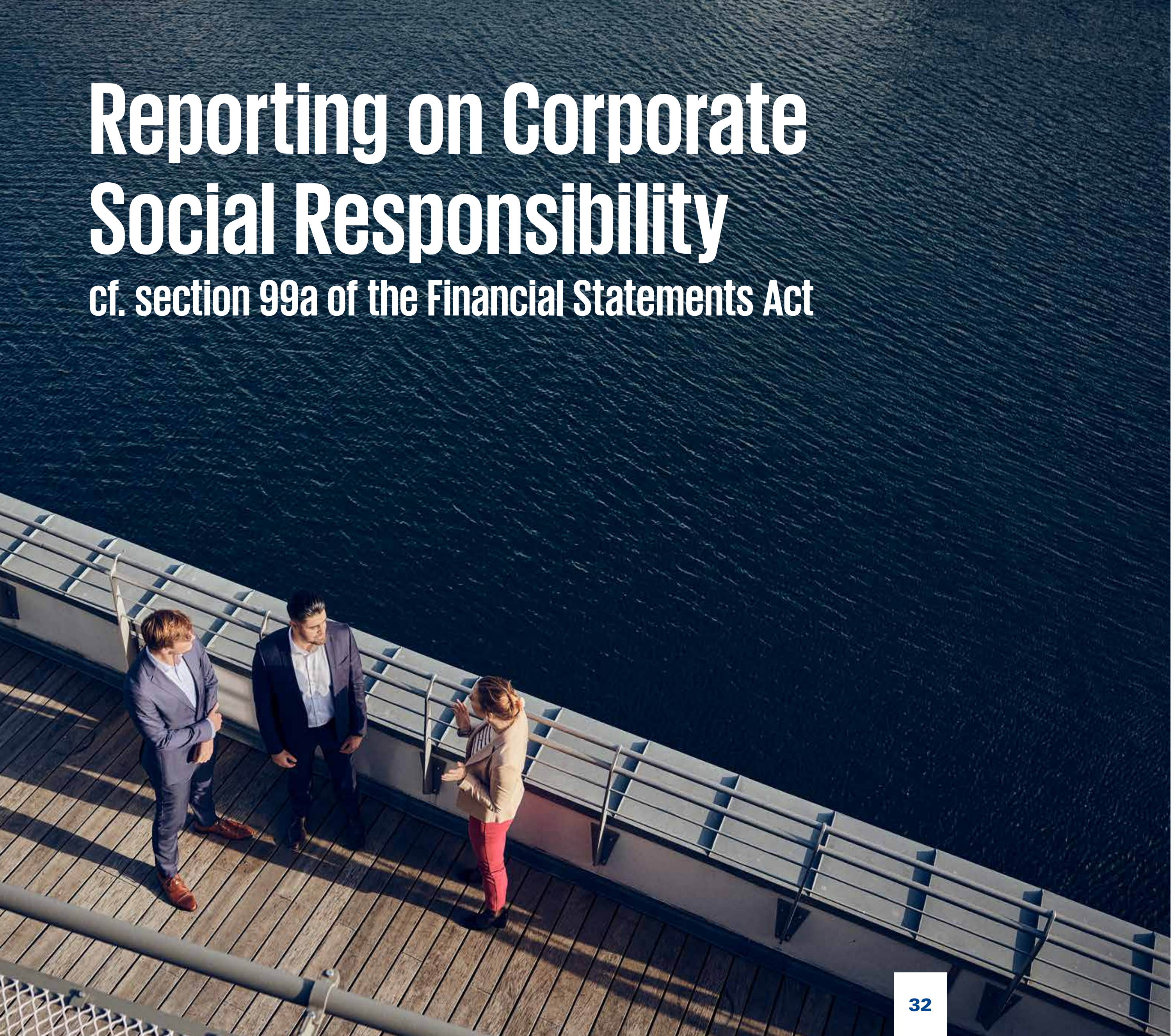
Staying ahead of the speedy tech development also means that we, amongst others, are working actively on getting ready for SAF-T real time reporting, which is expected to be implemented in Denmark from 2024 as well as harvesting all the benefits that the cloud offers.

Looking ahead, we also foresee a deeper interaction with our clients, based on partnerships for co-developing tools and solutions tailored to their needs in the future. Technology remains one of our top strategic priorities in the future.



Reporting on Corporate Social Responsibility

cf. section 99a of the Financial Statements Act



Business model

KPMG P/S (“KPMG”) is a Danish approved state authorised public accountant firm that is operated by a limited liability partnership, owned by the Company’s Danish equity partners. KPMG provides advisory and audit services to the Danish market.

KPMG provides tax services in cooperation with the independent network firm KPMG Acor Tax Partnerselskab.

KPMG does not deliver legal services. Legal services are delivered by the independent network firm KPMG Law Advokatfirma P/S.

KPMG is split into two functions: Advisory and Audit. The Audit function delivers among others statutory audit of Danish entities, audit of reporting by Danish entities to foreign groups, other assurance reports, assurance services, accounting advisory services and interim services.

The Advisory function delivers services within Management Consulting, Risk Consulting and Deal Advisory.

At KPMG, we deliver most of the services ourselves or in cooperation with other KPMG network firms. External business partners such as sub-suppliers are used to a limited extent and these are typically Danish entities. In addition, KPMG has some alliance partners which are also international KPMG alliance partners. These include among others Google, BluePrism, ServiceNow, SAS and Microsoft.

As a state authorised public accountant firm, KPMG is subject to regulation, where EU rules, local laws and auditing standards must be complied with. KPMG is subject to external quality control from the Danish Regulator (Revisortilsynet).

Being a member of the global KPMG network, we are obliged to comply with a large number of KPMG policies and procedures. KPMG's culture and ethics have their roots in our international Code of Conduct. The essence of this is protection of the KPMG brand and the public trust, which mean our clients', potential clients', public authorities' and society's trust in KPMG. KPMG has a comprehensive quality management system to ensure this trust. For detailed description, we refer to our annual Transparency Report which is available at kpmg.dk.

The consequence of focus on public trust is that KPMG is not a company that wishes to take great risks.

In our view, our business model is not significantly exposed to risks related to environment, social matters and employee matters, human rights, anti-corruption and bribery. The operational risk facing our business include those we have in common with other professional services firms. These include notably a deterioration in market conditions, attracting, developing and retaining the best talent in the market, claims and reputational damage caused by either an actual or a suspected failure to deliver services of appropriate quality, or by taking on high-risk clients or engagements.

Environmental matters, including our work reducing the climate impact of our activities

The Global KPMG network of member firms has announced its intention to become a net-zero carbon organisation by 2030.

This will see us:

- Cut greenhouse gas emissions (directly and indirectly) by 50% between 2019 and 2030 as part of a 1.5ºC science-based target
- Source 100% renewable electricity by 2022 in KPMG's Global Board countries, and by 2030 for the wider global organisation (including KPMG Denmark)
- Reduce consumption and waste (only buy and produce what is needed)
- Offset any remaining emissions which we cannot remove from our operations and supply chain by investing in externally accredited carbon removal projects.

KPMG in Denmark is committed to supporting the achievement of these goals with a rigorous approach and support from in-house experts.

To achieve this goal, we have in our facilities implemented various initiatives covering:

- Responsible consumption (less meat in canteen)
- Increased recycling (waste sorting)
- Use of clean energy (electricity from renewable electricity at most of our offices and energy inspection performed by external party)
- Priority parking for electric cars and use of electric taxis when possible.

KPMG wants to be at the forefront of climate reporting and in increasing recognition of the need for further expansion of renewable energy and uncertainty about the true impact of renewable energy certificates on the overall green transition, KPMG is actively working to enter into a Power Purchase Agreement (PPA) which will ensure that our electricity will come from renewable sources that contribute as much new green power to the electricity grid as we consume. Until now, KPMG has reported according to the market-based method (general environmental declaration), where emissions from offices for which green certificates have been purchased have been labelled net-zero (this only applies to the headquarters in Copenhagen). From this year, KPMG has chosen to follow Energinet's recommendations to calculate all offices' emissions according to the time-based calculation as recommended by Energinet (*see pages 12–14 in the report "Miljøredegørelse 2021" on Energinet's website: Forside > Mere > Energinets publikationer > Publikationer > Miljøredegørelse 2021*).

This affects comparability to previous years, as CO_2 emissions from electricity consumption at the Copenhagen office are now included, despite the purchase of certificates. As the time-based declaration has a lower CO_2 emission per kWh in the other offices, this works in the opposite direction. This choice has been made in preparation for KPMG's own work to secure new green power via a PPA that matches KPMG's own power consumption.

The results in the financial year 2022 (FY22) are a combination of several ongoing actions such as preferred parking for electric cars, including electric car chargers, increased use of recyclable office supplies such as paper pens and less meat used per employee in our canteens. We have seen an increase in air travel and car mileage due to the lifting of the COVID-19 pandemic restrictions. We have upgraded our facilities with more and better digital meeting tools as well as supplying employees with working from home kits. With these upgrades, we expect to see a relatively reduced need for air travel and car mileage as even more meetings can be held successfully online compared to pre-COVID-19 levels.

In terms of recycling, our waste is separated into recycable and non-recycable waste, amounting to 29.7 tonnes (FY21: 34.1 tonnes) of waste to non-recyclable and 28.1 tonnes (FY21: 19.9 tonnes) waste recycled in FY22. All plastic bottles used in our premises are made of 100% recycled plastic. Last year, we introduced organic waste initiatives in our offices, whereby organic waste that otherwise would have been disposed of is separated and sent for generation of energy. In FY22, 14.5 tonnes (FY21: 9.4 tonnes) of organic waste were reused for energy generation.

Our water consumption across our 5 offices amounted to 4,153.91 m^3 (FY21: 3,292.89 m^3). The increase compared to last year is mainly due to our overall increase in the number of employees.

Going forward, learnings from remote and virtual working will serve as considerations for maintaining lower level of emissions, in particular from business travel.

Our relative carbon emissions (CO_2 per FTE) were 0.6 (FY21: 0.3) tonnes of CO_2 per FTE. Compared to the baseline year 2019, KPMG in Denmark reduced relative carbon emissions by 54% (FY21: 75%). The significant relative reductions since the base year are a result of our combined efforts as described above. In absolute terms, our total CO_2 emissions in FY22 were 401 tonnes (FY21: 180 tonnes). The increase compared to last year is due to our overall increase in the number of employees and the return of flight travelling and mileage to client sites following the end of the COVID-19 travel restrictions.

Looking into the coming years' results towards 2030, we will start looking into investing in externally accredited carbon removal projects to offset any remaining CO_2 emissions.

Social matters, staff matters and matters concerning respect for human rights

KPMG is dedicated to continuously supporting and developing our talent and attracting and retaining top talents to KPMG.

We have a clear commitment to equality and to a culture that is free from discrimination whether based on nationality, race, ethnicity, gender, gender identity, sexual orientation, disability, age, marital status and religious beliefs. We promote an inclusive work environment and employee well-being.

Due to our commitment to KPMG International, we follow the UN Guiding Principles on Business and Human Rights. This is outlined in KPMG International's Business and Human Rights Statement. We expect all our stakeholders, including our suppliers and clients, to respect human rights and to act if a human rights risk is identified.

During FY22, we have continued to listen to our employees by asking them to speak up in dialogue with our leadership team, partners and colleagues. More formally, we asked them to speak their minds in our annual Global People Survey (GPS).

Furthermore, we continue through our Nordic L&D training centre and local training to design, develop and deliver high-quality and innovative learning solutions, along with personal development programmes to all staff across the region.

We also drive various communities such as Queer-Space devoted to the LGBTQI+ agenda reminding everyone to have the courage to be themselves and embrace differences, and the Balance Initiative looking at ways of attracting and developing female talent as well as helping our employees to balance their professional and private lives. The Balance Initiative committee is especially dedicated to looking at new ways of attracting and developing female talent, focusing on a balanced recruitment at all levels, retention of talent and improving work-life balance.

In FY22, we introduced one of the industry's most comprehensive Parent Growth programmes giving, among other things, equal rights to parental leave between parents, offering paid leave on a child's third day of illness and covering pension payments if the parents decide to prolong their leave with up to 13 weeks to help mend the "pension gap" between men and women.

This year, we had a 79% (FY21: 80%) engagement score in our GPS and an overall participation score of 89% (FY21: 93%). Continued high scores on important areas such as Career Growth, Inclusion and Diversity, Trust, Well-being, Collaboration and Values, Visions & Strategy clearly show that we have a high degree of employee satisfaction.

In FY22, we completed onboarding programmes, many professional developments, technical and soft skills trainings. All our audit professionals have completed minimum 40 hours of education.

To improve the well-being of our employees, in FY22 we upgraded our facilities to new ways of working with quiet zones, collaborative areas, etc. At the same time, we improved our Life Stage Programme, our health care system, were again partner of the Copenhagen Pride week and held various community events like Inspired Beyond Babies.

Our whistle-blower function has been and is in place where anyone can raise their hand and speak up in confidentiality without fear of reprisals to report issues or concerns.

We encourage all those interested in applying for a job to apply regardless of age, gender, sexuality, disability, race, religion or ethnic affiliation.

In respect of gender, we have noted that 43% (FY21: 38%) of the 4,570 (FY21: 3,754) job applications we received in FY22 were from women. We welcomed 104 (FY21: 82) new graduates and trainees, of which 34% (FY21: 31%) were women. By the end of FY22, we had 45 (FY21: 31) nationalities employed. By the end of FY22, we had 38% (FY21: 37%) women and 62% (FY21: 63%) men employed. Our average age is 32 (FY21: 33) years.

On continuous basis, we are dedicated to keep strengthening our employee satisfaction, and we commit ourselves to doing so. We will continue to focus on improving gender equality and creating an inclusive space for all our employees at KPMG. We will work towards ensuring that all our stakeholders, including our suppliers and clients, respect human rights and we will take action if a human rights risk is identified.

Fighting anti-corruption and bribery

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG. We have zero tolerance of bribery and corruption. Therefore, we prohibit involvement in any type of bribery, even if such conduct is legal or permitted under applicable law or local practice. Neither do we tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG has formal criteria around permissible gifts, entertainment, charitable donations and sponsorships, together with a mechanism for monitoring these. Our supplier agreement and third-party agreement templates include anti-bribery clauses.

Everyone at KPMG is required to comply with the Global Code of Conduct ("Code") and to confirm compliance with the Code when joining the firm and on an annual basis thereafter. Furthermore, everyone at KPMG is required to take regular training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. KPMG personnel have been instructed to consult with our Risk Management Partner immediately for guidance if a difficult situation arises.

In FY22, we provided all new joiners and existing personnel with training in the Code including KPMG's anti-bribery policies, compliance with laws, regulations and professional standards and reporting suspected or actual non-compliance with laws, regulations, professional standards and KPMG's policies (in FY21, we provided similar training to all new joiners and existing personnel). In FY22 and FY21, all personnel completed the above training.

Furthermore, during FY22, we requested confirmation from all personnel that they have complied with their individual responsibilities under the Code, including compliance with firm policies related to gifts and entertainment, anti-bribery and corruption (in FY21, we requested similar confirmation from all personnel). In FY22 and FY21, all personnel confirmed their compliance with the Code and the policies described above.

On an annual basis, we conduct and document an annual assessment of bribery and corruption risks facing our firm. The assessment includes an evaluation of anti-bribery and corruption risk factors, mitigation and evidence of effectiveness (in FY21, we conducted a similar assessment of bribery and corruption risks).

Our processes relating to acceptance and continuance of clients and engagements are designed to identify, evaluate and document any potential risks related to the integrity of the client management and their involvement in bribery and corruption. Additional approval procedures are in place when risks are identified.

Our finance function has established monitoring procedures and internal controls to ensure compliance with anti-bribery and corruption policies.

During FY22, no incidents were identified relating to the firm or personnel as part of the annual assessment of bribery and corruption risks facing our firm. Completion of the annual assessment is monitored by our Quality and Risk Management department (in FY21, no incidents were identified relating to bribery and corruption).

No instances of bribery and corruption issues were identified during FY22 Client and engagement onboarding procedures (for FY21, no instances identified as part of the client and engagement onboarding procedures).

Engagement teams may, when performing engagements, identify suspicions of non-compliance with laws and regulations. These are dealt with by the Engagement Partner together with the Quality and Risk Management Partner in accordance with company procedures and, if required, reported to the authorities. During FY22, our Quality and Risk Management department monitored compliance with finance procedures established to ensure that KPMG Global baseline internal controls relating to anti-bribery and corruption policies were adhered to (in FY21, similar monitoring took place).

We commit to continuously improving our standards by monitoring compliance with anti-bribery and corruption policies of our personnel, clients, third parties and suppliers and take prompt action when non-compliance is identified.

Definition of non-financial key performance indicators

Measuring employee engagement

Once every year, we send out our Global People Survey to all employees. The survey is delivered from a recognised third-party supplier. As part of the survey, we measure what we call the Employee Engagement Score. The Engagement score is a percentage score based on different questions within three overall themes, namely:

1. How engaged do you feel?
2. How enabled do you feel? and
3. How energised do you feel?

The average percentage of the response to these questions results in the Employee Engagement score.

Measuring CO_2

We have designed our greenhouse gas emission measuring methodology in accordance with the GHG Protocol. This internationally recognised standard is the most prevalent and globally accepted method for calculating greenhouse gas emissions. For a description of the method, see the GHG Protocol website: *ghgprotocol.org*

Measuring waste

Waste has been accounted through calculations of gathered waste by our supplier for the period October 2021 to September 2022 at our Copenhagen office. It is divided into two categories:

1. Recycled waste – including glass bottles and glass containers, corrugated cardboard, iron and metal, containers of plastic or carton, sustainable frying oil, organic waste in packaging, mixed paper, mixed hard plastics, paper, and e-waste. Paper shredded has been accounted for through our suppliers who calculate the amount of paper they collect and shred from the office.
2. non-recyclable waste – including combustible waste, landfill, and non-combustible landfill waste.

Measuring water

Water usage is reported from January 2021 to December 2021, as they run on a staggered reporting period compared to KPMG. As our office in Fredericia opened in May 2021, it only accounts for the period of 1/5/2021–31/12/2021. Similarly, the office in Odense opened in June 2021, and the account therefore covers the period 1/6/2021–31/12/2021. The calculations for water usage in Fredericia and Odense are further estimated amongst the renters, on average. The Aalborg office opened 1 January 2021 and is therefore only accounted from 1/1/2021 and forward.

Reporting on the underrepresented gender

cf. section 99b of the Financial Statements Act

KPMG P/S ("KPMG") believes that diversity is a strength and is committed to developing and maintaining a diverse workforce and work environment. In accordance with our values, we aim to uphold a socially responsible firm that attracts, develops, promotes and retains people based on merit and in a way that supports diversity. As part of our diversity commitment, we are also working on a more equal gender representation in our firm.

At KPMG, we aim to have at least 40% women in our Board of Directors by the end of FY26. For other management levels (Senior Managers, Directors and Partners), we aim at having at least 35% women by the end of FY30.

We will continue to pursue a more equal gender balance in KPMG on all levels so that at least 40% are women. We have taken specific action in four areas: recruitment, development, promotion and retention.

Within recruitment, we have a number of initiatives aimed to attract more female applicants, as well as hiring more female employees. All our job applications are put through a technology-enabled screening to make sure we communicate our jobs in a gender-neutral way. We conduct interview training workshops where we focus on unconscious bias, we have strategic partnerships with student groups to encourage women to apply and also reach a wider pool of candidates, among others Hypatia (Women in engineering, DTU) and Female Leadership Academy.

Within development we have processes in place where we ensure that an equal proportion of female and male employees are offered the internal and external training programmes. Within promotion cycles we have processes in place to counter bias and ensure that equal performance is treated equal, and we measure the percentage of promotions by gender and communicate the numbers internally to the responsible leaders.

We have several programmes running in order to retain and motivate female employees such as 1:1 coaching around maternity leaves, role model lunches, specific networking for coming and current new parents, partnerships with external communities such as Nordic Women in Tech, Inspired Beyond Babies and Above and Beyond. Also, we run a programme called the Balance Initiative where we run targeted activities and networking to support the well-being of our employees.

At the end of the financial year 2022, only one out of five members on our Board of Directors was a woman as no female board candidates have yet been identified.

At the close of FY22, we were 24% (FY21: 21%) women and 76% (FY21: 79%) men at other management levels. Accordingly, in FY22, we saw a continued shift towards a more equal gender balance.

At the close of FY22, across KPMG we were 38% (FY21: 37%) women and 62% (FY21: 63%) men. Accordingly, in FY22 we saw a movement in the desired direction.

We will continue to pursue a more equal gender balance in KPMG on all levels by educated focus on the four above-mentioned areas in order to meet our goals.

Reporting on KPMG's policy on Data Ethics

cf. section 99d of the Financial Statements Act

At KPMG we define Data Ethics as Ethical considerations related to how our use of data, development and use of artificial intelligence etc. affect our society. We have a Data Ethics policy which governs the way we handle and protect data in a compliant, relevant and responsible way. The policy is adopted and approved by our Board of Directors.

We recognise that our use of data may entail risks to individualsand organisations that are not addressed by legislation. The legislation may be unable to keep up with technological advances, and situations may arise in which the legislation permits a given use of data, but where such use is not consistent with KPMG's values, Code of Conduct and Fundamental Ethical Principles.

When servicing our clients we obtain, combine, analyse and use data to provide insights, advice or assurance on financial and non-financial information. KPMG also obtains data related to employees and potential employees which can be combined with other internal data and analysed and used for making business decisions. KPMG only obtains, combines, analyses, and uses data that is necessary to provide agreed services to clients and to make business decisions.

Data ethics is therefore required to be integrated into the way KPMG operates and provides services to comply with legislation, our policies and to ensure responsible use of data, new technologies such as artificial intelligence.

All KPMG staff is regularly trained in how to handle data compliant, and internal drills are conducted to create awareness on data protection.

To provide trust to clients and other stakeholders on our handling of personal data, we obtain annually an ISAE 3000 assurance report on controls that address the requirements in the General Data Protection Regulation (GDPR) and the Danish Personal Data Act.

As KPMG's business is increasingly digitalised, procedures and general IT controls must be continuously adapted. To ensure that KPMG complies with best practice, KPMG has chosen to become ISO 27001 certified. This is followed up annually, and KPMG is re-certified every three years.

Financial review

Development in activities and financial position

In FY22, KPMG P/S realised revenue of DKK 897 million compared to DKK 736 million in FY21, an increase of DKK 161 million, corresponding to a growth of 22%. The growth comes from a purely organic expansion of our business. Our growth in revenue exceeded our expectations, and the profit for the year is higher than last year; however, in line with what was expected. Profit for the year was DKK 9.5 million compared to DKK 3.5 million in FY21. The profit has been transferred to retained earnings. In general, our results reflect our economic condition: our continued strong growth in all service lines, expanding services within assurance, M&A and advisory services and a sustainable cost base. We have incurred costs in relation to our organic growth, especially in regard to our hiring processes, attracting new talents and further investing in our facilities, tools and structures. These investments ensure the continued delivery of high-quality services to our clients. Our net cash flow was overall slightly negative, impacted mainly by higher receivables. At year end, our total assets amounted to DKK 335 million, compared to DKK 305 million last year, due to higher receivables and investments.

Financing & capital reserves

Our equity amounts to DKK 78 million compared to DKK 56 million last year, following a cash capital contribution from the owners as well as retained earnings. The equity includes DKK 20 million in unpaid contributed capital. The solidity including unpaid capital reserves amounts to 23%, compared to 18% last year, and our solidity has thus been strengthened further.

Financial outlook

We expect to keep growing in the coming year as we continue to see a significant demand for our expanding services in the market. We continue to invest in our growth, attracting and retaining highly skilled people so that we are positioned to realise further growth. From a business point of view, we see that the coming FY23 has some uncertainties given the macro situation around geopolitics, challenged supply chains as well as the impact from rising inflation and interest rates. We therefore expect reported revenue growth to be lower in the coming financial year FY23, around 10% and a net result in line with this year's result.

Operational risk

The operational risks facing our business include those we have in common with other professional services firms.

These include notably a deterioration in market conditions, attracting, developing and retaining the best talent in the market, claims and reputational damage caused by either an actual or a suspected failure to deliver services of appropriate quality, or by taking on inappropriate clients or engagements. It is vital for us to uphold a very high public trust with employees, clients, capital markets, regulators and society. We have implemented a system of quality control based on KPMG International's Quality Framework, and we regularly conduct enterprise risk assessments where we identify potential risks and their impact on our business. Based on that, we plan and perform remediating actions.

Financial risk

We are exposed to credit risk through our ongoing work in progress and receivables, which is mitigated by a broad and diverse client base across several industries. An increased overall general credit risk could arise from the uncertain current economic situation. We do not have any material credit risk on individual debtors. We are to a minor extent exposed to fluctuations in foreign currencies, mostly USD.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the financial statements for FY22.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of KPMG P/S for the financial year 1 October 2021 – 30 September 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2022 and of the results of the Company's operations and cash flows for the financial year 1 October 2021 – 30 September 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 26 January 2023

Executive Board

Morten Mønster
CEO and Senior Partner

Board of Directors

Anja Bjørnholt Lüthcke
Chairperson and Partner

Flemming Lund
Partner

Henrik Barner Christiansen
Partner

Klaus Rytz
Partner

Martin Povelsen
Partner

Independent auditor's report

To the shareholders of KPMG P/S

Opinion

We have audited the financial statements of KPMG P/S for the financial year 1 October 2021 – 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and a summary of significant accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the Company's assets, equity and liabilities and financial position at 30 September 2022 and of the results of the company's activities and cash flows for the financial year 1 October 2021 – 30 September 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 including an opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with international standards on auditing 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 international standards on auditing and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements, or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statements Act. We did not discover any material misstatement in the Management's Review.

Copenhagen, 26 January 2023
Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Schelde

Anders Schelde-Mollerup Funder
State Authorised Public Accountant
mne30220

Financial statements KPMG P/S

1 October 2021 – 30 September 2022

Contents

Income statement

Note	DKK'000	2021/22	2020/21
2	**Revenue**	**897,045**	**735,513**
	Other operating income	10,032	7,488
	Other external expenses	-281,044	-245,600
	Gross profit	626,033	497,401
3	Staff costs	-611,256	-489,009
5	Depreciation of property, plant and equipment and amortisation of intangible assets	-4,268	-3,788
	Operating profit	**10,509**	**4,604**
6	Financial income	812	0
7	Financial expenses	-1,773	-1,107
8	**Profit for the year**	**9,548**	**3,497**

Balance sheet: Assets

Note	DKK'000	2021/22	2020/21
	Non-current assets		
	Intangible assets		
5	Goodwill	1,567	1,542
5	Software	0	16
	Total intangible assets	**1,567**	**1,558**
	Property, plant and equipment		
5	Equipment and leasehold improvements	10,613	6,026
	Total property, plant and equipment	**10,613**	**6,026**
	Investments		
9	Participating interest	149	149
10	Deposits	16,524	16,137
	Total investments	**16,673**	**16,286**
	Total non-current assets	**28,853**	**23,870**
	Current assets		
	Receivables		
	Trade receivables	182,432	163,755
11	Services in progress	52,826	49,639
12	Other receivables	20,621	19,629
	Receivables from partners	131	182
13	Prepayments	7,276	3,335
		263,286	**236,540**
	Cash and cash equivalents	**42,411**	**44,279**
	Total current assets	**305,697**	**280,819**
	Total assets	**334,550**	**304,689**

Balance sheet: Equity and liabilities

Note	DKK'000	2021/22	2020/21
	Equity		
14	Contributed capital	57,160	46,082
	Retained earnings	419	-10,038
	Reserve for unpaid contributed capital	20,250	19,500
	Total equity	**77,829**	**55,544**
	Provisions		
15	Other provisions	7,682	7,762
	Total provisions	**7,682**	**7,762**
	Current liabilities other than provisions		
11	Services in progress	70,672	52,814
	Trade payables	44,035	47,271
	Other payables	134,332	141,298
		249,039	**241,383**
	Total liabilities other than provisions	**249,039**	**241,383**
	Total equity, provisions and liabilities	**334,550**	**304,689**
16	**Contractual obligations, contingencies, etc.**		
17	**Related party disclosures**		
18	**Events after the balance sheet date**		

Statement of changes in equity

Note	DKK'000	Contributed capital	Retained earnings	Reserve for unpaid contributed capital	Total
	Equity at 1 October 2020	51,400	-15,556	21,750	57,594
	Capital decrease	-5,318	2,021	-2,250	-5,547
8	Transferred; see profit appropriation	0	3,497	0	3,497
	Equity at 30 September 2021	**46,082**	**-10,038**	**19,500**	**55,544**
	Capital contributions	11,078	909	750	12,737
8	Transferred; see profit appropriation	0	9,548	0	9,548
	Equity at 30 September 2022	57,160	419	20,250	77,829

Cash flow statement

Note	DKK'000	2021/22	2020/21
	Profit for the year	9,548	3,497
	Depreciation and amortisation	4,268	3,788
19	Other adjustments	-80	7,762
20	Changes in working capital	-18,340	-91,133
	Cash flow from operating activities	**-4,604**	**-76,086**
	Acquisition of goodwill	-453	-1,786
	Acquisition of equipment and leasehold improvements	-8,411	-4,662
	Acquisition of participating interest	0	-149
	Deposits (additions)	-1,039	-923
	Deposits (repayment)	652	96
	Cash flow from investing activities	**-9,251**	**-7,424**
	Proceeds from capital contributions	11,987	0
	Repayment of contributed capital	0	-3,297
	Cash flow from financing activities	**11,987**	**-3,297**
	Cash flow for the year	**-1,868**	**-86,807**
	Cash and cash equivalents at the beginning of the year	44,279	131,086
	Cash and cash equivalents at year end	**42,411**	**44,279**

Notes

1. Accounting policies

The annual report of KPMG P/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used are unchanged compared to last year, and the financial statements are presented in thousand of Danish kroner (DKK'000).

Few reclassifications have been made in the comparison figures to comply with the current year presentation.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue. Revenue from the sale of services is recognised in the income statement as provided. Consequently, revenue corresponds to the selling price excluding VAT of the work performed under the percentage of completion method and includes outlays on clients. Measurement at selling price presupposes that total income and costs as well as the stage of completion at the balance sheet date can be determined reliably and that it is probable that payment will be received.

Other operating income

Other operating income includes gains on disposal of assets, sublease rental income as well as net reimbursements received from public authorities.

Other external expenses

Other external expenses comprise costs related to sales, marketing, administration, office premises, training, etc.

Staff costs

Staff costs comprise wages, compensation and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees and partners.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year

As a limited liability partnership, the Company is transparent for tax purposes. Income taxes are liable to the partners of the Company. Consequently, no tax on the profit for the year has been provided for in the financial statements.

Balance sheet

Goodwill

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 5 years.

Software
Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually three years.

Gains and losses on the disposal of software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Equipment and leasehold improvements
Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The depreciable amount, which is calculated as cost less any estimated residual values at the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives of equipment and leasehold improvements are 3–10 years.

Gains and losses on the disposal of equipment and leasehold improvements are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively. The carrying amount of equipment and improvements is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment
Impairment tests are conducted of individual non-current assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flow from the use of the asset or the group of assets, including forecast net cash flow from the disposal of the asset or group of assets after the end of the useful life.

Participating interests
Participating interests (including associates) are measured at cost. When cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

Receivables
Receivables are measured at amortised cost, which usually corresponds to nominal value or net realisable value if lower. The Company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairment losses are recognised to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Services in progress
Services in progress are measured in accordance with the percentage of completion method to the selling price of the work performed at the balance sheet date plus out-of-pocket expenses less progress billings. The individual services in progress are recognised in the balance sheet as receivables or liabilities depending on whether the net value, determined as the selling price less progress billings, is positive or negative.

Prepayments
Prepayments comprise prepayments of costs relating to subsequent financial years.

Dividends
Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Contributed capital
Unpaid contributed capital is recognised according to the gross method, after which the unpaid contributed capital is recognised as a receivable in the balance sheet.

An amount equal to the unpaid contributed capital is reclassified from retained earnings to reserve for unpaid contributed capital.

Other provisions
Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Corporation tax and deferred tax
The Company is transparent for tax purposes. Consequently, neither current tax nor deferred tax is included in the balance sheet.

Liabilities other than provisions
Provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

Current liabilities other than provisions are measured at net realisable value.

Cash flow statement
The cash flow statement shows the Company's cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities
Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and changes in working capital.

Cash flow from investing activities
Cash flow from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, equipment and leasehold improvements and investments.

Cash flow from financing activities
Cash flow from financing activities comprise proceeds or repayments related to changes in the Company´s contributed capital, related costs and payment of dividends to shareholders as well as proceeds from raising and repayment of interest-bearing debt.

Cash and cash equivalents
Cash and cash equivalents comprise bank deposits.

Financial ratios
Financial ratios are calculated as follows:

Revenue growth
$$\frac{\text{Revenue current year -Revenue prior year) x 100}}{\text{Revenue prior year}}$$

Solvency
$$\frac{\text{Total equity x 100}}{\text{Total assets}}$$

DKK’000	2021/22	2020/21
2: Segment information		
Revenue arises from audit and advisory services, mainly delivered in Denmark		
Audit	273,457	246,990
Advisory	623,588	488,523
	897,045	**735,513**

DKK’000	2021/22	2020/21
3: Staff costs		
Wages, salaries and partner remuneration	572,293	459,340
Pensions	33,699	25,838
Other social security costs	5,264	3,831
	611,256	**489,009**
Average number of employees, including partners	**625**	**550**

The Board of Directors did not receive remuneration for provision of board-related services in 2021/22 (2020/21: DKK 0). Pursuant to the exemption clause for reporting class C entities under section 98b(3) of the Danish Financial Statements Act, the Company has chosen to omit disclosure of executive board remuneration for 2021/22 as it would lead to disclosing the remuneration of a single person. Executive board remuneration amounted to DKK 3,038 thousand in 2020/21.

DKK’000	2021/22	2020/21
4: Fees to auditor appointed at the general meeting		
Statutory audit	169	164
Tax/VAT and other services	516	613
Other assurance engagements	0	4
Total fees to Redmark	**685**	**781**

DKK’000	Goodwill	Software	Equipment and leasehold improvements
5: Goodwill, software, equipment and leasehold improvements			
Cost at 1 October 2021	1,786	1,794	33,075
Additions	453	0	8,411
Disposals	0	-1,794	-14,842
Cost at 30 September 2022	2,239	0	26,644
Depreciation and amortisation at 1 October 2021	-244	-1,778	-27,049
Depreciation and amortisation	-428	-16	-3,824
Depreciation on disposals	0	1,794	14,842
Depreciation and amortisation at 30 September 2022	-672	0	-16,031
Carrying amount at 30 September 2022	**1,567**	**0**	**10,613**

DKK’000	2021/22	2020/21
6: Financial income		
Interest income	812	0
	812	**0**

DKK’000	2021/22	2020/21
7: Financial expenses		
Interest expense to banks	1,097	1,107
Net foreign exchange losses	676	0
	1,773	**1,107**

DKK’000	2021/22	2020/21
8: Proposed profit appropriation		
Retained earnings	9,548	3,497
	9,548	**3,497**

DKK'000	Participating interest
9: Participating interests	
Cost at 1 October 2021	149
Cost at 30 September 2022	149
Carrying amount at 30 September 2022	**149**

Name/legal form	Registered office	Equity interest	Equity	Profit for the year
KPMG Nordic Services OÜ (Associate)	Estonia	20%	1,016	50

DKK'000	Deposits
10: Deposits	
Cost at 1 October 2021	16,137
Additions	1,039
Repayment	-652
Cost at 30 September 2022	16,524
Carrying amount at 30 September 2022	**16,524**

DKK'000	2021/22	2020/21
11: Services in progress		
Selling price of work performed	507,039	449,347
Progress billings	-524,885	-452,522
	-17,846	-3,175
Recognised as follows:		
Contract work in progress (assets)	52,826	49,639
Contract work in progress (liabilities)	-70,672	-52,814
	-17,846	-3,175

DKK'000	2021/22	2020/21
12: Other receivables		
Contributed capital receivables	20,250	19,500
Other receivables	371	129
	20,621	**19,629**

13: Prepayments

Prepayments consist of prepaid expenses concerning IT licences, parking, rent, insurance, etc.

14: Contributed capital

Changes in contributed capital since the Company's establishment are specified as follows:

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Balance at 1 October	46,082	51,400	49,627	627	560
Cash capital increase at par	11,078	0	1,773	49,000	67
Cash capital decrease	0	-5,318	0	0	0
	57,160	**46,082**	**51,400**	**49,627**	**627**

The share capital is specified as follows:	
A shares, 25,404,396 of nom. DKK 1 each	25,404
B shares, 31,755,495 of nom. DKK 1 each	31,756
	57,160

All shares rank financially equally, however, A-shares – which shall be owned by state authorised public accountants only – shall at all times constitute not less than 51 % of the total amount of voting rights in the Company.
The contributed capital has increased by DKK 11,078 thousand of which DKK 10,328 thousand is paid in cash.

DKK'000	Other provisions
15: Other provisions	
Other provisions at 1 October 2021	7,762
Used during the year	-643
Provisions for the year	563
Other provisions at 30 September 2022	**7,682**
The provisions are expected to be activated as follows:	
0–1 years	900
1–5 years	1,000
>5 years	5,782
Other provisions at 30 September 2022	**7,682**

Provisions comprise anticipated restoration costs in connection with the Company's premises leases to the extent that the Company is obliged to dismantle an asset or restore premises upon lease termination. Provisions also include claims.

16: Contractual obligations, contingencies, etc.

Remaining operating lease obligations at the balance sheet date amount to DKK 40,032 thousand falling due within 6 years (2020/21: DKK 41,495 thousand). In 2021/22, operating lease payments incurred amounted to DKK 25,136 thousand (2020/21: DKK 21,551 thousand).

KPMG P/S is part in a few pending disputes, and provisions have been made for estimated costs related to these. In Management's opinion, the outcome of these disputes will not affect the Company's financial position in excess of what has been recognised as provision at 30 September 2022.

KPMG P/S has a credit facility with the Company's bank. As collateral for the credit facility an asset pledge (virksomhedspant) of DKK 20,000 thousand has been provided to the Company's bank. As of 30 September 2021 and 2022 the credit facility was not utilised.

17: Related party disclosures

KPMG P/S' related party disclosures comprise the following:

Control:

KPMG P/S is owned by the partners. No parties exercise control.

Other related parties:

- Leadership team and Board of Directors and their close family members
- KPMG Komplementarselskab ApS
- KPMG Nordic Services OÜ (Associate)
- KPMG International Limited, UK

Related party transactions:

In accordance with section 98c(7) of the Danish Financial Statements Act, the Company has chosen only to disclose transactions that are not carried out on an arm's length basis. There are no such transactions.

18: Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

DKK'000	2021/22	2020/21
19: Other adjustments		
Provisions adjustments recognised during the year	-80	7,762
	-80	7,762

DKK'000	2021/22	2020/21
20: Changes in working capital		
Change in receivables	-25,996	-36,909
Change in current liabilities other than provisions	7,656	-54,224
	-18,340	-91,133

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