Implement Consulting Group P/S

Strandvejen 54, DK-2900 Hellerup

Annual Report for 1 July 2020 - 30 June 2021

CVR No 32 76 77 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 7 /10 2021

David Williams
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Implement Consulting Group P/S for the financial year 1 July 2020 - 30 June 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hellerup, 7 October 2021

Executive Board

Niels Olaf Ahrengot

Board of Directors

Stig Skov Albertsen Chairman	Lars Saur Feldstedt	Bent Kock Nielsen
Henrik Horn Andersen	Palle Thesbjerg Mehlsen	Anders Kjellberg
Mette Ørnfeldt Augustesen Staff Representative	Chaza Nahra Staff Representative	

Independent Auditor's Report

To the Shareholders of Implement Consulting Group P/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Implement Consulting Group P/S for the financial year 1 July 2020 - 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor's responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 7 October 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jacob F Christiansen State Authorised Public Accountant mne18628	Henrik Ødegaard State Authorised Public Accountant mne31489

Company Information

The Company	Implement Consulting Group P/S Strandvejen 54 DK-2900 Hellerup CVR No: 32 76 77 88 Financial period: 1 July - 30 June Incorporated: 31 January 2010 Financial year: 12th financial year Municipality of reg. office: Gentofte
Board of Directors	Stig Skov Albertsen, Chairman Lars Saur Feldstedt Bent Kock Nielsen Henrik Horn Andersen Palle Thesbjerg Mehlsen Anders Kjellberg Mette Ørnfeldt Augustesen Chaza Nahra
Executive Board	Niels Olaf Ahrengot
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,357,128	1,252,194	1,254,787	1,145,718	922,126
Operating profit/loss	273,840	229,547	241,699	217,950	170,082
Net financials	4,936	1,572	3,787	-4,700	3,266
Net profit/loss for the year	263,690	224,175	236,954	206,130	168,442
Balance sheet					
Balance sheet total	827,290	993,437	869,248	795,826	589,290
Equity	382,223	368,184	577,489	523,325	371,309
Cash flows					
Cash flows from:					
- operating activities	262,277	416,912	265,116	181,703	180,844
- investing activities	-35,938	-6,035	-9,655	-8,054	-8,871
- financing activities	-520,617	-170,472	-183,008	-54,114	-82,744
Change in cash and cash equivalents for the year	-294,278	240,405	72,453	119,535	89,229
Number of employees	796	795	758	688	561
Ratios					
Gross margin	82.8%	80.9%	79.6%	77.7%	77.3%
Profit margin	20.2%	18.3%	19.3%	19.0%	18.4%
Return on assets	33.1%	23.1%	27.8%	27.4%	28.9%
Solvency ratio	46.2%	37.1%	66.4%	65.8%	63.0%
Return on equity	70.3%	47.4%	43.1%	46.1%	51.3%

Management's Review

Corporate Social Responsibility

"The Implement Way of Life"

The business model of Implement Consulting Group P/S (Implement) is to be the best place for the best people and guide our clients with knowledge, support and know-how to become fit for humans and fit for the future. We believe that, by doing so, we help them become more sustainable, more innovative and more profitable. We also believe that this ambition combined with our appreciative and collaborative approach of engaging individuals and organisations will spread like rings in the water and ultimately make the world more fit for humans and more fit for future – at least just a little bit.

At Implement, we commit ourselves to maintaining a high degree of business ethics in all our operating markets as described in our code of conduct. Since we do not have complex supply chains, we do not see ourselves as being in a high-risk category in matters of human rights and anti-corruption. It is crucial that we behave in a respectful, moral and appropriate manner and are aware of our ethical responsibilities when we go to work. We are responsible for ensuring and respecting the dignity, integrity, privacy and rights of all individuals, irrespective of where, when and how our paths cross. We are, as a company, responsible to our community, as an employer to our employees and as a business partner to our customers and suppliers. We remind everyone of the rules in our code of conduct in our annual campaigns and require all employees to read and re-commit to it annually. We will continue with annual campaigns in 2021/22"

The COVID-19 pandemic has been a major factor during FY 2020/21. During the global lockdown we have been through an almost complete shift from physical to virtual interactions. This transition, which happened during a few hectic months around the end of FY2019/20 and the start of FY2020/21 was a result of a remarkable effort from all parts of the organisation in embracing new digitalised ways of working. A positive side effect of this has been drastically reduced CO2 emissions, to a level that, before COVID-19, was seen as a long-term goal several years into to future but which now, with our newly acquired digital competencies, are realistic to sustain also in the short run. Consequently, we will continue to pursue an operating model that keeps CO2 emissions on the current level while it, at the same time, works as a lever to strengthen our ability to help our clients on their journey towards becoming more sustainable. The virtual arena is, without doubt, vital for achieving this balance, and something that we will continue to leverage, while still taking its limitations into account.

We strongly believe that a diverse work environment is a precondition for us to meet our ambition of being the best place for the best people – in the broadest definition of "people" and irrespective of gender, family situation, ethnicity, sexual orientation, amongst others. Additionally, a diverse workforce better prepares and equips us to understand and help our clients, who are equally as diverse. What matters for us is that Implement is a place where everybody's potential is unleashed. Where everybody feels safe and bring their whole self to work. To support this journey we have, in FY2020/21, continued our efforts to address the question of gender diversity, especially on a partner-level.

As is the case in any form of people business the sum of the individual behaviour of our employees will, in total, become Implement's behaviour. Therefore, our overall responsibility of ensuring and respecting the dignity, integrity, privacy and rights of all individuals, irrespective of where, when and how our paths cross can only be honoured if we all share the same culture and beliefs. We strive to create that common cultural denominator through almost all the things we do – our internal and external communication, our way of engaging clients and drive projects, our onboarding process, our internal education programme and of course all our common cultural events.

Although it might seem obvious for Danish companies to avoid child labour or forced labour, some of Implement's international clients might operate in markets with different value systems. In these cases, we always carefully evaluate the ethical aspects of engaging in the projects and when we do, it is always with the ambition that we, through the way we think, behave and work, will contribute to change and show a way forward.

Employees

Our most valuable asset is our employees which is why we, as mentioned above, aim to be the best place for the best people. Consequently, initiatives to attract, develop and retain the best and most competent people within our fields of expertise is at the top of our agenda.

As the world has gradually opened up since the initial strike of the COVID-19 crisis, Implement has returned to pre-pandemic recruitment levels, of course still with a strong focus on developing and retaining current employees. Recruitment of new hires has decreased from 244 persons (151 men, 93 women) in FY2019/20 to 172 (107 men, 65 women) in FY2020/21. Although these numbers somewhat reflect the general unease in the labour market caused by the pandemic, they are not acceptable for us. Hence, we have invested heavily in our retention efforts during the past year.

Here again the pandemic has initiated an approach that is very different from what we have been used to before COVID-19. Focus has been on virtual settings combined with hybrid events in small local settings that has brought our employees together in ways that are safe and compliant with local laws and measures. In FY2020/21 we hosted 83 virtual and physical internal courses through our internal education programme. All employees attended one day of "Implement University" to discuss and work actively with state-of-the art theories, Implement's strategic development and personal leadership questions. This years' format was a hybrid between a physical and virtual setting, with groupwork in small, near-located groups and large-scale virtual seminars with thought leaders providing lectures from abroad. In June 2021 600+ employees voluntarily spent 4 days together in small groups on the countryside to boost personal and team development. The organisers went to great lengths to guarantee a safe environment for each group based on the national health guidelines in the respective countries and no outbreak leading back to the event was reported in the following weeks.

Management's Review

Also, our cultural events, including families and friends, that before the pandemic primarily were physical large-scale events have become virtual and focused on creating experiences locally and in small groups. During the year, we have organised frequent virtual or small-scale, outdoor exercise and yoga classes as well as virtual game nights, cooking classes, wine and beer tastings and events, sometimes including "live" bands.

In the very beginning of COVID-19 in the second half of FY2019/20 one of our first actions was to provide all employees with the IT equipment necessary to work from home and conduct virtual meetings in a home office setting. During FY2020/21 we have improved the range of IT equipment and expanded it to also include ergonomic furniture. In instances when a limited number of employees could work from our offices, we have implemented occupational health and safety measures that have been continuously adapted to the country's health and safety recommendations – always prioritising our employees' health and safety above everything else.

Referring back to the numbers of new hires in FY2019/20 and FY 2020/21 it is no secret that we need to intensify our efforts to secure a better gender diversity, especially on a partner-level, which is why we have started the Female Partner Programme (more on that later) as well as increased our focus on matching parenthood and work life at Implement with the Implement Parents initiative (see below). Furthermore, we have appointed two Ministers of Diversity and Inclusion (D&I). Their role is to collaborate closely with all offices and practices to ensure that our initiatives and improvements are embraced in all corners of Implement. The newly-launched D&I dashboard allows all departments to track different diversity parameters in relation to recruitment and retention. Finally, a D&I Community has been established to create a forum where experiences can be shared across Implement.

Female Partner Programme

As our numbers show, we have yet to meet our goal of improved gender balance. We have thus created a Female Partner Programme that has embarked on an exploratory journey of consulting both externally with thought leaders and business profiles as well as internally with colleagues to seek the stories that represent the barriers and biases that we must work with and the opportunities that we must leverage. As an active member of a consortium with Danish Management Advisors and Confederation of Danish Industry (DI) we are in the process of formulating a shared gender diversity ambition and designing initiatives to achieve it. Ultimately, we hope to increase the proportion of women who take on a career in management consulting and who thrive in leadership positions. We see this program as a first step in this direction.

In 2019, two employee representatives were selected to be part of the Board of Directors. Both female candidates were selected based on employee voting. Currently, the Board of Directors consists of six men and includes two women as employee representatives. It is still Implement's intention that within 2022, we will have at least one General- meeting-elected woman in the board. The Board was in 2019/20 elected for a 2-year period, thus all members are up for election in 2021. We hope our gender equality efforts will encourage even more women to run for election.

Management's Review

Implement Parents

In addition, Implement Parents was born out of a burning desire to address the family-work puzzle challenge that is particularly apparent amongst dual working couples who must make tough sacrifices at the height of their careers. The initiatives are pertinent before, during and after the leave is taken to ensure a holistic experience and with the hope that the employees maintain a strong connection to Implement throughout. A network of Implement parents has been created for employees to connect, share their experiences, and participate in dedicated events. Furthermore, we have put a greater emphasis on the communication between each leader and employee throughout the entire process to guarantee that parents go on leave with ease and repose and feel equally excited about their return. To ensure a smooth return process, we have introduced time-limited adjusted targets for parents, and we encourage the leader-employee relationship to adjust to also address the new parent role that the employee must take on alongside work.

Although we have in the past year focused heavily on gender equality, we have a strong ambition to address more diversity parameters in the near future to engender a sense of belonging for all. Thus, for the coming year, we are considering ways to attract candidates with different backgrounds in terms of education, ethnicity, religion, sexual orientation to name a few.

Environment

Fit for humans and fit for the future entails, in our opinion, that we must play our part in ensuring that our planet is habitable for many generations to come. Hence, we are strongly committed to doing everything in our power to keep the increase in pre-industrial temperatures below 1,5 degrees Celsius. In practice, this means integrating considerations of sustainability into everything we do, both in terms of supporting our clients and in terms of meeting our own goals.

One key cornerstone in succeeding with this is to continue measuring our carbon emissions according to the GHG protocol and subsequent amendments. We always include all emissions from scope 1,2 and 3 to take full responsibility of the entire value chain. This also includes indirect emissions of third parties, such as that produced when creating our purchased IT equipment or emissions from aviation that we utilize.

Our initial goal was to become carbon neutral in 2020. We achieved this goal in 2019 and have continued to do so in 2020. It has been done by compensating 2.905,5 tCO2e or 3,7 tCO2e per FTE i.e. 100% of our CO2e emissions for 2020 through carbon offsetting via a forest preservation project with our partner South Pole.

We hope to improve our CSR footprint in the future and stay true to our business model. We do what we can to minimise potential risks for Implement, the environment and our surroundings. Our biggest climate and environmental footprint is due to transport to and from clients.

Additionally, in the past year we have, together with the Danish NGO "Grow For It", initiated the establishment of a permanent forestation project in Uganda. This aims to re-establish native forests on land that is not being used for any other purpose. With this approach and others, we are taking our initial steps towards becoming a climate positive company by also taking care of our past emissions through the most effective measures over the coming years.

We are now on a journey towards reducing our total emissions. De facto, we have this year set an ambitious 15% year-on-year reduction target for the coming 5 years (from a 2019 baseline, equivalent to approximately 6.000 tCO_2e) and a reduction plan for how to stay on track with this going forward. This will include travelling less, utilizing our online platforms and continuing to look for more sustainable alternatives to our current ways of working. In 2020, we succeeded in showcasing that this is truly possible by reducing our emissions by more than 50% while continuing to serve our clients – mainly virtually instead of physically. This reduction was, of course, primarily driven by the global COVID-19 crisis which restricted travelling to a large extent and was enabled by our investments in software and hardware to conduct high-quality virtual meetings. Looking ahead, we are focusing on how to maintain the momentum from the past 1,5 years as we move towards a world that is likely to be more like how it used to be.

Also here are the actions and behaviour of the people in Implement pivotal. Therefore, it comes as no surprise that a key success factor in avoiding a "bounce back" is for us all to work together to achieve our common goal of leaving the world a little better for generations to come. With small, daily individual actions in the right direction we can, and will, together take a large leap towards a more sustainable future. This starts with measuring and communicating where we are today on a more individual level. Thus, we have created a dashboard available on the company Intranet, which calculates and monitors the CO_2 emissions for every client project, practice and office. This overview enables office and practice leads and project managers to keep track of high-emission projects and the overall footprint of the practice relative to the 15% reduction target we have set. In the coming FY, we plan to increase awareness and the use of such data to make informed daily decisions on a project, practice, office and, maybe also, individual level.

To help nudge our employees towards choosing the best environmental path towards being climate conscious, we have launched various initiatives during the past year that will continue into the new financial year, not least when our offices gradually open up. These include implementing waste sorting across all offices, signing a partnership to ensure greener commuting alternatives, also in the leisure time of our employees and actively participating in the UN Global Compact Young SDG Innovators Programme. Naturally, we also hope that other initiatives will be born out of our continued commitment to implementing the Ten Principles of the United Nations Global Compact.

Management's Review

Human rights

Implement has committed to promoting internationally recognized human rights and complying the the United Nations universal declaration of Human rights. For 2020/21 we still have a strict policy for all suppliers and clients, ensuring that we never collaborate with business partners who are violating human rights. When consulting in countries with a history of violating the human rights, we continuously in close contact with the Danish authorities regarding how to make sure that we leave a positive impact on the world. in 2021/22 we countiune to respect and promote the universal declaration of Human rights – both within the company and towards our clients.

Anti-corruption

Implement has a strict and long-standing anti-corruption policy, which is applicable to all employees, partners, suppliers and clients and described in our Employee Code of Conduct and in our Business Partner Code of Conduct policy. We remind everyone of these in our annual campaigns and require all employees to read and re-commit to it annually. We are members of Dansk Management Råd (MR), a subdivision of the Confederation of Danish Industry (DI), and are as such obliged to follow the ethical rules of MR.
We expect that our employees inform their leader of any doubts or suspicions of irregularities, wrongdoing, or inappropriate behaviour. Hence, Implement is committed to ethical and responsible business practice and expects the same from our clients. During 2020/21 we have not experienced any anti-corruption cases. And for 2021/22 we will continue to set the highest ethical standards for employees and partners at Implement.

Financial review

Consolidated and Parent Company Financial Statements of Implement Consulting Group P/S (hereinafter referred to as Implement) for FY2020/21 have been prepared in accordance with the Danish Financial Statements Act that applies to large enterprises of reporting class C.

Developments and results

Implement is historically a Scandinavian-based consultancy firm that works globally and is present in five countries in Europe with seven offices. We try to create an agile environment to create synergies for both our employees and our clients.

FY2020/21 has, as a whole been a satisfactory year for Implement. Due to COVID-19 the year came off with a slow start but picked up considerably as a result of partly the increased digitalisation within Implement itself and partly the general increased activity in our surroundings. Revenue has increased to the highest level ever for Implement Consulting group to DKK 1,357m in FY2020/21 compared to DKK 1,252m in FY2019/20. The EBIT margin for FY2020/21 year was 20 % resulting in an EBIT for the year of DKK 274m, equivalent to an increase in EBIT for the group by 19% compared to FY2019/20. The annual profit has increased from DKK 224m to DKK 264m.

As of 30 June 2021, the balance sheet shows total assets of DKK 827m – a decrease of 17% in comparison with the previous year mainly due to pay out of extraordinary dividend declared in 2019/20. Equity at the end of the year amounted to 46% of total assets. Furthermore, cash flow and cash balance have also reached new heights. Cash flow from operating activities amounted to DKK 262m, a change of DKK 155m, and the total cash balance decreased by DKK 294m compared with the previous year.

FY2020/21 has been heavily influenced by the global COVID-19 crisis. Despite this, management is satisfied with the results achieved, although the anticipated growth rate was not in line with the initial expectations for the year. Management expects the company's success and growth to continue, with revenue and earnings expected to continue to rise in the coming fiscal year.

Management does not consider Implement to be subject to any financial and unusual risk and implement has no significant events to report after the expiration of the financial year. Moreover, it is management's opinion that the items included in the financial statement for 2019/2020 are not subject to any significant recognition and measurement uncertainties.

Research and development activities

Implement strives to develop and challenge advisory services by investing time and knowledge in employees and sharing know-how internally as well as externally with clients and through published works.

Income Statement 1 July - 30 June

	Note	Group 2020/21 DKK	Group 2019/20 DKK	Parent 2020/21 DKK	Parent 2019/20 DKK
Revenue	2	**1,357,127,694**	**1,252,194,062**	**1,049,178,521**	**995,280,549**
Other external expenses		-233,623,589	-239,105,097	-176,369,350	-168,122,924
Gross profit/loss		**1,123,504,105**	**1,013,088,965**	**872,809,171**	**827,157,625**
Staff expenses	3	-834,893,684	-749,993,238	-641,363,815	-587,272,154
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-14,769,951	-33,549,176	-9,578,548	-20,609,904
Profit/loss before financial income and expenses		**273,840,470**	**229,546,551**	**221,866,808**	**219,275,567**
Income from investments in subsidiaries		0	0	40,972,289	10,104,571
Financial income	5	11,483,084	8,931,444	1,171,577	803
Financial expenses	6	-6,546,752	-7,359,712	-3,788,568	-6,959,207
Profit/loss before tax		**278,776,802**	**231,118,283**	**260,222,106**	**222,421,734**
Tax on profit/loss for the year	7	-15,086,639	-6,943,688	0	0
Net profit/loss for the year		**263,690,163**	**224,174,595**	**260,222,106**	**222,421,734**

Balance Sheet 30 June

Assets

	Note	Group 2021 DKK	Group 2020 DKK	Parent 2021 DKK	Parent 2020 DKK
Goodwill		84,622,734	78,155,798	59,075,000	66,466,076
Intangible assets	8	**84,622,734**	**78,155,798**	**59,075,000**	**66,466,076**
Other fixtures and fittings, tools and equipment		9,471,028	11,205,653	3,862,952	5,547,100
Property, plant and equipment	9	**9,471,028**	**11,205,653**	**3,862,952**	**5,547,100**
Investments in subsidiaries	10	0	0	75,327,971	66,492,308
Other investments	11	21,268,994	3,467,698	0	0
Deposits	11	9,157,272	7,847,923	6,108,102	6,180,060
Fixed asset investments		**30,426,266**	**11,315,621**	**81,436,073**	**72,672,368**
Fixed assets		**124,520,028**	**100,677,072**	**144,374,025**	**144,685,544**
Trade receivables		312,635,862	209,957,437	252,115,810	178,013,708
Receivables from group enterprises		0	0	32,796,108	20,615,525
Other receivables		650,772	5,580,925	0	124,917
Deferred tax asset	16	205,843	475,813	0	0
Prepayments	12	8,613,888	1,803,666	6,174,175	0
Receivables		**322,106,365**	**217,817,841**	**291,086,093**	**198,754,150**
Current asset investments	13	**288,505,692**	**540,463,974**	**288,505,692**	**540,463,974**
Cash at bank and in hand		**92,158,402**	**134,478,489**	**3,896,207**	**18,453,870**
Currents assets		**702,770,459**	**892,760,304**	**583,487,992**	**757,671,994**
Assets		**827,290,487**	**993,437,376**	**727,862,017**	**902,357,538**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent	
	Note	2021	2020	2021	2020
		DKK	DKK	DKK	DKK
Share capital	14	2,336,900	2,336,900	2,336,900	2,336,900
Reserve for net revaluation under the equity method		0	0	71,595,718	62,760,055
Retained earnings		122,168,084	362,331,922	50,572,366	299,571,867
Proposed dividend for the year		245,025,440	0	245,025,440	0
Equity attributable to shareholders of the Parent Company		**369,530,424**	**364,668,822**	**369,530,424**	**364,668,822**
Minority interests		12,692,839	3,514,924	0	0
Equity		**382,223,263**	**368,183,746**	**369,530,424**	**364,668,822**
Other provisions	17	6,622,600	6,161,180	6,622,600	6,161,180
Provisions		**6,622,600**	**6,161,180**	**6,622,600**	**6,161,180**
Other payables		44,448,386	30,563,301	1,068,248	0
Long-term debt	18	**44,448,386**	**30,563,301**	**1,068,248**	**0**
Credit institutions		0	146,448,734	0	146,448,734
Prepayments received from customers		27,660,738	37,480,845	23,142,617	35,677,665
Trade payables		37,676,755	38,594,906	21,410,135	35,317,567
Payables to group enterprises		0	0	57,813,939	5,119,799
Payables to owners		0	116,559,125	0	116,559,125
Corporation tax		12,372,055	11,255,305	0	0
Other payables	18	316,286,690	238,190,234	248,274,054	192,404,646
Short-term debt		**393,996,238**	**588,529,149**	**350,640,745**	**531,527,536**
Debt		**438,444,624**	**619,092,450**	**351,708,993**	**531,527,536**
Liabilities and equity		**827,290,487**	**993,437,376**	**727,862,017**	**902,357,538**

Subsequent events	1
Distribution of profit	15
Contingent assets, liabilities and other financial obligations	22

Balance Sheet 30 June

Liabilities and equity

	Note
Fee to auditors appointed at the general meeting	23
Accounting Policies	24

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	2,336,900	0	362,331,923	0	364,668,823	3,514,924	368,183,747
Ordinary dividend on treasury shares	0	0	8,754,293	0	8,754,293	0	8,754,293
Extraordinary dividend paid	0	0	-223,223,877	0	-223,223,877	-1,948,500	-225,172,377
Purchase of treasury shares	0	0	-40,890,919	0	-40,890,919	0	-40,890,919
Other equity movements	0	0	0	0	0	7,658,356	7,658,356
Net profit/loss for the year	0	0	15,196,664	245,025,440	260,222,104	3,468,059	263,690,163
Equity at 30 June	**2,336,900**	**0**	**122,168,084**	**245,025,440**	**369,530,424**	**12,692,839**	**382,223,263**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	2,336,900	62,760,055	299,571,868	0	364,668,823	0	364,668,823
Ordinary dividend on treasury shares	0	8,754,293	0	0	8,754,293	0	8,754,293
Extraordinary dividend paid	0	0	-223,223,879	0	-223,223,879	0	-223,223,879
Purchase of treasury shares	0	-40,890,919	0	0	-40,890,919	0	-40,890,919
Net profit/loss for the year	0	40,972,289	-25,775,623	245,025,440	260,222,106	0	260,222,106
Equity at 30 June	**2,336,900**	**71,595,718**	**50,572,366**	**245,025,440**	**369,530,424**	**0**	**369,530,424**

Cash Flow Statement 1 July - 30 June

	Note	Group 2020/21	Group 2019/20
		DKK	DKK
Net profit/loss for the year		263,690,163	224,174,595
Adjustments	19	24,920,258	38,921,132
Change in working capital	20	-22,753,797	165,302,941
Cash flows from operating activities before financial income and expenses		**265,856,624**	**428,398,668**
Financial income		11,483,084	8,931,443
Financial expenses		-6,646,746	-7,359,712
Cash flows from ordinary activities		**270,692,962**	**429,970,399**
Corporation tax paid		-8,416,100	-13,058,639
Cash flows from operating activities		**262,276,862**	**416,911,760**
Purchase of intangible assets		0	-159,539
Purchase of property, plant and equipment		-2,620,770	-6,967,874
Fixed asset investments made etc		-19,110,646	1,092,310
Business acquisition	21	-14,206,953	0
Cash flows from investing activities		**-35,938,369**	**-6,035,103**
Loans from credit institutions		-146,448,734	146,448,734
Loans from owners		-116,559,125	116,559,125
Minority interests		0	1,131,622
Net purchase of treasury shares		-40,890,919	-11,472,771
Cash capital increase		0	52,179,333
Dividend paid		-216,718,084	-475,317,585
Cash flows from financing activities		**-520,616,862**	**-170,471,542**
Change in cash and cash equivalents		**-294,278,369**	**240,405,115**
Cash and cash equivalents at 1 July		674,942,463	434,537,348
Cash and cash equivalents at 30 June		**380,664,094**	**674,942,463**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		92,158,402	134,478,489
Current asset investments		288,505,692	540,463,974
Cash and cash equivalents at 30 June		**380,664,094**	**674,942,463**

Notes to the Financial Statements

1 Subsequent events

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

2 Revenue

	Group 2020/21	Group 2019/20
	DKK	DKK
Geographical segments		
Denmark	999,338,679	846,685,395
Other Scandinavia	162,084,804	235,339,657
Other Europe	176,849,800	141,934,444
Other	18,854,411	28,234,566
	1,357,127,694	**1,252,194,062**

3 Staff expenses

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK
Wages and salaries	799,609,095	715,994,649	636,075,751	580,509,037
Pensions	9,116,141	10,215,807	991,214	2,195,671
Other social security expenses	26,168,448	23,782,782	4,296,850	4,567,446
	834,893,684	**749,993,238**	**641,363,815**	**587,272,154**
Average number of employees	**796**	**795**	**585**	**601**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

		Group		Parent	
		2020/21	2019/20	2020/21	2019/20
		DKK	DKK	DKK	DKK
4	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	10,414,553	14,316,321	6,950,000	9,314,886
	Depreciation of property, plant and equipment	4,355,398	5,178,836	2,628,548	3,613,972
	Impairment of intangible assets	0	13,958,742	0	7,681,046
	Gain and loss on disposal	0	95,277	0	0
		14,769,951	**33,549,176**	**9,578,548**	**20,609,904**
5	**Financial income**				
	Realized and unrealized gains, bonds	1,217,305	0	1,021,110	0
	Other financial income	10,265,779	8,149,576	150,467	803
	Exchange gains	0	781,868	0	0
		11,483,084	**8,931,444**	**1,171,577**	**803**
6	**Financial expenses**				
	Other financial expenses	3,550,391	4,038,830	1,436,755	3,686,992
	Realized and unrealized losses, bonds	0	2,005,794	0	2,005,794
	Exchange loss	2,996,361	1,315,088	2,351,813	1,266,421
		6,546,752	**7,359,712**	**3,788,568**	**6,959,207**
7	**Tax on profit/loss for the year**				
	Current tax for the year	15,086,639	7,457,660	0	0
	Deferred tax for the year	0	-513,972	0	0
		15,086,639	**6,943,688**	**0**	**0**

Notes to the Financial Statements

8 Intangible assets

Group

	Goodwill
	DKK
Cost at 1 July	205,954,483
Net effect from merger and acquisition	16,881,489
Cost at 30 June	222,835,972
Impairment losses and amortisation at 1 July	127,798,685
Amortisation for the year	10,414,553
Impairment losses and amortisation at 30 June	138,213,238
Carrying amount at 30 June	**84,622,734**
Amortised over	10-20 years

Goodwill relates to the acquisitions of the Implement activities in connection with the restructuring in 2010 and subsequent acquisitions of subsidiaries and business activities. Goodwill related to the Implement activities is amortised over a 20 year period, whilst acquired goodwill in respect to acquisitions of subsidiaries and business activities are amortised over a 10 year period. Goodwill is tested at an aggregated level for Implement Consulting Group. The individual entities cannot be assessed separately because the value-creating processes are generated across the Group, including synergies from combined operations, economies of scale and future growth potential.

Management has not identified any indications of impairment in 2020/21.

Notes to the Financial Statements

8 Intangible assets (continued)

Parent

	Goodwill
	DKK
Cost at 1 July	163,334,967
Cost at 30 June	163,334,967
Impairment losses and amortisation at 1 July	96,868,891
Amortisation for the year	6,950,000
Other adjustments	441,076
Impairment losses and amortisation at 30 June	104,259,967
Carrying amount at 30 June	**59,075,000**
Amortised over	10-20 years

Refer to group note on page 23 for further information.

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	36,123,531
Additions for the year	2,698,212
Disposals for the year	-1,371,716
Cost at 30 June	37,450,027
Impairment losses and depreciation at 1 July	24,917,878
Depreciation for the year	4,355,398
Reversal of impairment and depreciation of sold assets	-1,294,277
Impairment losses and depreciation at 30 June	27,978,999
Carrying amount at 30 June	**9,471,028**
Depreciated over	3-5 years

Notes to the Financial Statements

9 **Property, plant and equipment** (continued)

Parent

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	27,076,116
Additions for the year	971,362
Disposals for the year	-1,321,239
Kostpris at 30 June	26,726,239
Impairment losses and depreciation at 1 July	21,529,016
Depreciation for the year	2,628,548
Reversal of impairment and depreciation of sold assets	-1,294,277
Impairment losses and depreciation at 30 June	22,863,287
Carrying amount at 30 June	**3,862,952**
Depreciated over	3-5 years

Notes to the Financial Statements

10 Investments in subsidiaries

	Parent 2021	Parent 2020
	DKK	DKK
Cost at 1 July	4,708,989	4,008,989
Additions for the year	0	700,000
Cost at 30 June	4,708,989	4,708,989
Value adjustments at 1 July	61,783,319	63,151,519
Net profit/loss for the year	40,972,289	10,104,571
Movements on treasury shares	-32,136,626	-11,472,771
Value adjustments at 30 June	70,618,982	61,783,319
Carrying amount at 30 June	**75,327,971**	**66,492,308**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Implement Datterholding A/S	Strandvejen 54, Hellerup	DKK 500,000	100%
Implement Consulting Group Sweden AB	Ostra Järnvägsgatan 27, 111 20 Stockholm, Sweden	SEK 1,000,000	85%
ICG Learning P/S	Strandvejen 54, Hellerup	DKK 1,000,000	70%
Implement Economics P/S	Strandvejen 54, Hellerup	DKK 1,000,000	70%

Notes to the Financial Statements

11 Other fixed asset investments

	Group		Parent
	Other investments	Deposits	Deposits
	DKK	DKK	DKK
Cost at 1 July	3,467,698	7,847,922	6,180,059
Additions for the year	31,305,139	1,463,616	0
Disposals for the year	-11,736,220	-154,266	-71,957
Transfers for the year	-1,767,623	0	0
Cost at 30 June	21,268,994	9,157,272	6,108,102
Carrying amount at 30 June	**21,268,994**	**9,157,272**	**6,108,102**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and other.

13 Current asset investments

	Group		Parent	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
Bonds	288,505,692	540,463,974	288,505,692	540,463,974
	288,505,692	**540,463,974**	**288,505,692**	**540,463,974**

Notes to the Financial Statements

14 Equity

The share capital consists of 2,336,900 shares of a nominal value of DKK 1. No shares carry any special rights.

As of 30 June 2021, Implement Datterholding A/S holds 186,802 treasury shares. The total payment for the shares amounted to DKK 63,903k, which has been transferred from retained earnings under equity. In total, the Group companies hold treasury shares corresponding to 8% of total equity. During the year, the Group companies acquired 226,278 shares at a total consideration of DKK 79,717k and sold 101,500 shares at a total consideration of DKK 38,826k. The Group companies may choose to sell these shares at a later time. The shares have been acquired as part of the Group structure.

The limited partner owns 10% of the shares in the Parent Company

The share capital has developed as follows:

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 July	2,336,900	2,242,600	2,191,600	1,806,965	1,612,965
Capital increase	0	94,300	51,000	384,635	194,000
Capital decrease	0	0	0	0	0
Share capital at 30 June	**2,336,900**	**2,336,900**	**2,242,600**	**2,191,600**	**1,806,965**

Notes to the Financial Statements

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
	DKK	DKK	DKK	DKK

15 Distribution of profit

Extraordinary dividend paid	223,223,877	473,510,685	223,223,879	473,510,685
Proposed dividend for the year	245,025,440	0	245,025,439	0
Reserve for net revaluation under the equity method	0	0	40,972,290	10,104,571
Minority interests' share of net profit/loss of subsidiaries	3,468,059	1,752,861	0	0
Retained earnings	-208,027,213	-251,088,951	-248,999,502	-261,193,522
	263,690,163	**224,174,595**	**260,222,106**	**222,421,734**

16 Deferred tax asset

Deferred tax asset at 1 July	475,813	62,022	0	0
Amounts recognised in the income statement for the year	-269,970	513,972	0	0
Correction to previous years	0	-100,181	0	0
Deferred tax asset at 30 June	**205,843**	**475,813**	**0**	**0**

Deferred tax asset for the group amounts to DKK 205,843 at 30 June 2021. The deferred tax asset is related to tax losses carried forward in subsidiaries. Management expects to utilize the asset within a short period.

17 Other provisions

Other provisions	6,622,600	6,161,180	6,622,600	6,161,180
	6,622,600	**6,161,180**	**6,622,600**	**6,161,180**

Other provisions mainly consist of estimated costs for reestablishing leasehold premises.

Notes to the Financial Statements

18 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
Other payables				
Between 1 and 5 years	44,448,386	30,563,301	1,068,248	0
Long-term part	44,448,386	30,563,301	1,068,248	0
Within 1 year	0	3,870,544	0	0
Other short-term payables	316,286,690	234,319,690	248,274,054	192,404,646
Short-term part	316,286,690	238,190,234	248,274,054	192,404,646
	360,735,076	**268,753,535**	**249,342,302**	**192,404,646**

19 Cash flow statement - adjustments

	Group	
	2020/21	2019/20
	DKK	DKK
Financial income	-11,483,084	-8,931,444
Financial expenses	6,546,752	7,359,712
Depreciation, amortisation and impairment losses, including losses and gains on sales	14,769,951	33,549,176
Tax on profit/loss for the year	15,086,639	6,943,688
	24,920,258	**38,921,132**

20 Cash flow statement - change in working capital

Change in receivables	-104,558,494	89,734,780
Change in other provisions	461,420	500,000
Change in trade payables, etc	81,343,277	75,068,161
	-22,753,797	**165,302,941**

Notes to the Financial Statements

21 Cash flow statement - business acquisitions

	2021
	DKK
Fair value at time of acquisition	
Intangible assets	2,039,303
Property, plant and equipment	110,601
Financial assets	254,531
Current assets	8,424,760
Provisions	-443,607
Liabilities	-5,471,367
Net assets acquired	**4,914,221**
Goodwill	16,881,489
Goodwill, minority share	-7,588,757
Cash flow used for acquisition of subsidiaries and activities	**14,206,953**

22 Contingent assets, liabilities and other financial obligations

	Group		Parent	
	2021	2020	2021	2020
	DKK	DKK	DKK	DKK
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	17,349,940	18,868,799	10,272,336	11,734,299
Between 1 and 5 years	13,145,960	19,648,054	354,872	6,379,000
After 5 years	0	89,431	0	0
	30,495,900	**38,606,284**	**10,627,208**	**18,113,299**

Other contingent liabilities

A security for debt to credit institutions of DKK 150,000k has been registrered in the Company's trade receivables. At 30 June 2020, the carrying amount of trade receivables is DKK 252,116k.

Notes to the Financial Statements

	Group	
	2020/21	2019/20
	DKK	DKK
23 Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	641,000	606,000
Tax advisory services	2,692,567	2,773,879
Other services	525,424	1,972,378
	3,858,991	**5,352,257**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Implement Consulting Group P/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Implement Consulting Group P/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

24 Accounting Policies (continued)

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Notes to the Financial Statements

24 Accounting Policies (continued)

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end.

Notes to the Financial Statements

24 Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise expenses related to distribution, premises, sales, marketing and bad debts etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Parent Company is not subject to taxation as it is transparent for tax purposes.

Notes to the Financial Statements

24 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at maximum 20 years.

Development projects are measured at cost less accumulated amortisation. Development projects are amortised on a straight-line basis over their useful lives, which is assessed at maximum 10 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisi-

Notes to the Financial Statements

24 Accounting Policies (continued)

tion of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of other investments, deposits and other receivables, are measured at cost.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of shares and deposits.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Notes to the Financial Statements

24 Accounting Policies (continued)

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

24 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Current asset investments”. ”Current asset investments” consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$

Notes to the Financial Statements

24 Accounting Policies (continued)

Return on assets	$\dfrac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$