Implement Consulting Group P/S

Strandvejen 54, DK-2900 Hellerup

Annual Report for 1 July 2019 - 30 June 2020

CVR No 32 76 77 88

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/10 2020

David Williams
Chairman of the General Meeting

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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 2019 - 30 June 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019/20.

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, 28 September 2020

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 2020 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 2019 - 30 June 2020 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 2019 - 30 June 2020, 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, 28 September 2020
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: 11st 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				
	2019/20	2018/19	2017/18	2016/17	2015/16
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,252,194	1,254,787	1,145,718	922,126	754,619
Operating profit/loss	229,547	241,699	217,950	170,082	135,864
Net financials	1,572	3,787	-4,700	3,266	466
Net profit/loss for the year	224,175	236,954	206,130	168,442	131,775
Balance sheet					
Balance sheet total	993,437	869,248	795,826	589,290	472,220
Equity	368,184	577,489	523,325	371,309	285,769
Cash flows					
Cash flows from:					
- operating activities	416,912	265,116	181,703	180,844	166,722
- investing activities	-6,035	-9,655	-8,054	-8,871	-21,381
- financing activities	-170,472	-183,008	-54,114	-82,744	-94,642
Change in cash and cash equivalents for the year	240,405	72,453	119,535	89,229	50,699
Number of employees	795	758	688	561	445
Ratios					
Gross margin	80.9%	79.6%	77.7%	77.3%	78.2%
Profit margin	18.3%	19.3%	19.0%	18.4%	18.0%
Return on assets	23.1%	27.8%	27.4%	28.9%	28.8%
Solvency ratio	37.1%	66.4%	65.8%	63.0%	60.5%
Return on equity	47.4%	43.1%	46.1%	51.3%	49.5%

For definitions, see under accounting policies.

Management's Review

"The Implement Way of Life"

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. Implement does not have separate policies for human rights and anti-corruption, nevertheless, it is important for Implement to comply to local rules and follow the laws in the countries that we are located in. At Implement we do not have complex supplier chains, so 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 responsible as a company to our community, as an employer to our employees and as a business partner to our customers and suppliers. The business model of Implement Consulting group P/S is to be the best place for the best people and guide our customers with knowledge, support and know-how to create impact.

To make sure that we all have a clear understanding of the ground rules upon which we work, we have made a code of conduct, which we call the "The Implement Way of Life". This code of conduct applies to all owners and employees at Implement and describes the principles for ethical behaviour and how we expect our owners and employees to behave – the Implement way. This means that our employees do not give or receive payments, gifts or other forms of such from third parties, and we try to minimise these risks while improving our social and working conditions and our environmental footprint.

Creating a sustainable, positive impact on society is a central ambition at Implement and has been for many years. We aim to aid the transformation of organisations, helping them meet their goals and achieve their full potential. We have had a formal CSR strategy since 2008, and many of our commercial projects have a positive impact on global development, including when measured against the current UN Sustainable Development Goals (SDGs). Our CSR strategy focuses on supporting organisations with projects that would otherwise not be feasible – thereby leveraging our insights and fields of expertise to create an even greater impact on society.

Implement has sought to incorporate the SDGs by finding ways of engaging individual consultants in development efforts that they feel a personal connection to. Instead of picking one or two corporate goals, this has resulted in a range of activities aimed at several of the SDGs. Among others, initiatives include promoting smarter and more sustainable cities, minimising resource consumption at Implement, furthering gender equality within Implement and in client organisations and measuring the impact of public sector projects on limiting inequalities.

Management's Review

Employees

Implement aims to be the best place for the best people, and our most valuable asset is our employees. Therefore, focusing on initiatives to attract, develop and retain the best and most competent consultants in Europe within our fields of expertise is always a top priority. Because of the COVID-19 crisis, we have suspended most of our recruitment processes and instead, we are focusing on developing and retaining our current employees. Our monthly internal pulse checks show a general satisfaction result of 4.4 (on a 5-point scale).

We intentionally create non-hierarchical ways of influencing our agendas so that as many voices are heard and as many initiatives are "rolled up" rather than "rolled out" as possible. This goes for both smaller initiatives in every practice and larger initiatives such as our current Strategy Movement. We aim to create ownership from all employees and provide space for as many informal leadership roles as possible. Anyone who has "activist" energy to influence the ways we work and who feels that they can play a key role – regardless of level, rank, position and title – should have the opportunity to do so. It is also of vital importance and a key part of our inclusive culture that everyone feels that they have ample opportunity to speak up and be heard. We have launched a range of different initiatives in this regard, for example at a Friday meeting, all employees were encouraged to participate in an anonymous Q&A with our CEO, and all questions and answers can be found on our intranet.

Implement is dedicated to continuously increasing and promoting diversity in gender, age, nationality, and professional backgrounds. This goes for leadership roles and positions in general. Implement has set targets for the number of female board members, and the continual goal is to get more women into senior leadership positions, empowering them to be positive role models. 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 two women. It is still Implement's intention that within 2022, we will have at least one General-meeting-elected woman in the board. We hope our gender equality efforts will encourage even more women to run for election in the future.

Finally, Implement's employee absenteeism remains low, and despite the COVID-19 crisis, employee churn (15.5% for male consultants and 17.8% for female consultants) is moderately low compared to peers. Even more actions will be taken in the upcoming financial year to identify potential solutions for minimising churn. As part of our "IM living_" value, several employees have made use of initiatives to make flexible career choices.

Management's Review

The environment

Implement continues to explore opportunities to limit the effect of CO_2 emitting activities due to our work. In 2019, an internal initiative was launched at Implement called IM sustainable_. With the purpose of fast-forwarding our journey to becoming a CO_2 neutral company, we are continuously searching for new ways of reducing our current CO_2 emissions. This includes an internal assessment of current emissions and a concrete plan for eliminating these.

The purpose of IM sustainable_ is also to help other organisations become more sustainable, not only by communicating new knowledge and perspectives to the market through external events but also by conducting specific projects with our clients.

As part of the sustainability initiative Implement has invested in offsetting our carbon emission with the aim of being GHG neutral. Our strategy is carbon capture through forestation.
Implement has helped our clients to think differently – and in that aspect, we have already reduced CO_2, water and electricity consumption. On top of that our CO_2 emissions have been drastically decreased during the Covid-19 pandemic.

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.

IM volunteering_

Implement also collaborates with a range of non-governmental, volunteer and non-profit organisations. Throughout the year, consultants sign up based on their individual interest to assist a handful of organisations with specific projects. Rather than giving monetary donations, we offer our human resources in the form of skills and insights. We have actively contributed to the efforts of specific organisations by putting knowledge, abilities and consulting skills to work for projects and initiatives in the field of social integration, education and development. Project ideas are received and developed on a decentralised basis by individuals or groups of employees. These individuals receive support and sparring, and projects are subsequently decided on based on expected impact, Implement's ability to make a difference through our consultants' skills and ultimately, by the involved consultants' devotion to making a difference.

Over the years, Implement has supported a range of different projects aimed at creating a positive societal impact. Amongst others, Implement supported the following projects in the financial year 2019/2020:

Mind Your Own Business (MYOB)

Since 2017, Implement has collaborated with MYOB, which works with boys aged 13-21 from socially disadvantaged neighbourhoods. Implement supports these boys in founding a micro company by delivering team-boosting workshops. The collaboration has recently been further developed to include workshops with the volunteers who work with the micro companies. These workshops focus on strengthening their facilitation skills and deepening their understanding of group dynamics, and the scope has been expanded to target even more volunteers by adding two additional workshops. In addition, Implement was named a strategic partner for MYOB last year. Nine consultants were involved in the project and a total of 22 consulting days were used.

Danish Social Innovation Club (DANSIC)

Implement consultants have assisted DANSIC, a non-profit student organisation, on two occasions, with the aim of creating awareness about social problems. In the first instance, four experts within the field of social work and the labour market held workshops and assisted students in solving the case of how to better integrate disabled people into the labour market. The co-founder and managing partner of Implement volunteered as a jury member for the case competition and spent a whole day evaluating the performances and ideas to elect the winner. The case company Glad Fonden was inspired by the ideas and has subsequently worked with implementing the winning idea. On the second occasion, three Implement consultants and business analysts held a workshop for DANSIC members in the areas of innovation, idea generation and prototyping. The members went on to apply the methods to develop solutions for more sustainable travel. In total for both occasions, eight consultants were involved and a total of 11 consulting days were used.

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.

Financial review

Consolidated and Parent Company Financial Statements of Implement Consulting Group P/S (hereinafter referred to as Implement) for 2019/2020 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.

2019/2020 has been a satisfactory year at Implement. However due to COVID-19, FY20 has been more challenging. Revenue is at the same level as last year of DKK 1,252m for 2019/20 and DKK 1,255m for 2018/19. The EBIT margin for the financial year was 18 % resulting in an EBIT for the year of DKK 230m, equivalent to a decrease in EBIT for the group by 5% compared to 2018/2019. The annual profit has decreased from DKK 237m to DKK 224m.

Management's Review

Likewise, Implement's balance sheet shows increases. As of 30 June 2020, the balance sheet shows total assets of DKK 993m – an Increase of 15% in comparison with the previous year, mainly due to further obtained financing. Equity at the end of the year amounted to 37% of total assets. Furthermore, cash flow and cash balance have also reached new heights. Cash flow from operating activities amounted to DKK 471m, a change of DKK 152m, and the total cash balance increased by DKK 240m compared with the previous year.

2019/2020 has been marked by the global COVID-19 crisis. Despite this, management is satisfied with the results achieved, but the anticipated growth rate was not in line with the expectations for the year. Management expects the company's success and growth to continue, with revenue and earnings expected to rise in the coming fiscal year. There is a risk that COVID-19 will have a negative impact on the expected revenue and earnings for 2021/21.

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.

Income Statement 1 July - 30 June

	Note	Group 2019/20 DKK	Group 2018/19 DKK	Parent 2019/20 DKK	Parent 2018/19 DKK
Revenue	3	**1,252,194,062**	**1,254,786,970**	**995,280,549**	**999,816,761**
Other external expenses		-239,105,097	-255,921,592	-168,122,924	-185,795,259
Gross profit/loss		**1,013,088,965**	**998,865,378**	**827,157,625**	**814,021,502**
Staff expenses	4	-749,993,238	-738,101,146	-587,272,154	-584,556,285
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	-33,549,176	-19,064,881	-20,609,904	-13,953,018
Profit/loss before financial income and expenses		**229,546,551**	**241,699,351**	**219,275,567**	**215,512,199**
Income from investments in subsidiaries		0	0	10,104,571	17,679,130
Financial income	6	8,931,444	6,460,644	803	2,998,240
Financial expenses	7	-7,359,712	-2,673,966	-6,959,207	-1,076,867
Profit/loss before tax		**231,118,283**	**245,486,029**	**222,421,734**	**235,112,702**
Tax on profit/loss for the year	8	-6,943,688	-8,531,891	0	0
Net profit/loss for the year		**224,174,595**	**236,954,138**	**222,421,734**	**235,112,702**

Balance Sheet 30 June

Assets

	Note	Group 2020	Group 2019	Parent 2020	Parent 2019
		DKK	DKK	DKK	DKK
Completed development projects		0	2,116,482	0	2,116,482
Goodwill		78,155,798	104,111,982	66,466,076	80,904,455
Intangible assets	9	**78,155,798**	**106,228,464**	**66,466,076**	**83,020,937**
Other fixtures and fittings, tools and equipment		11,205,653	8,997,522	5,547,100	8,211,926
Property, plant and equipment	10	**11,205,653**	**8,997,522**	**5,547,100**	**8,211,926**
Investments in subsidiaries	11	0	0	66,492,308	67,160,508
Other investments	12	3,467,698	5,066,495	0	0
Deposits	12	7,847,923	7,341,436	6,180,060	6,010,020
Fixed asset investments		**11,315,621**	**12,407,931**	**72,672,368**	**73,170,528**
Fixed assets		**100,677,072**	**127,633,917**	**144,685,544**	**164,403,391**
Trade receivables		209,957,437	297,109,921	178,013,708	241,479,558
Receivables from group enterprises		0	0	20,615,525	47,133,909
Other receivables		5,580,925	4,111,361	124,917	904,821
Deferred tax asset	17	475,813	62,022	0	0
Prepayments	13	1,803,666	5,793,504	0	0
Receivables		**217,817,841**	**307,076,808**	**198,754,150**	**289,518,288**
Current asset investments	14	**540,463,974**	**271,048,165**	**540,463,974**	**271,048,165**
Cash at bank and in hand		**134,478,489**	**163,489,183**	**18,453,870**	**60,917,642**
Currents assets		**892,760,304**	**741,614,156**	**757,671,994**	**621,484,095**
Assets		**993,437,376**	**869,248,073**	**902,357,538**	**785,887,486**

Balance Sheet 30 June

Liabilities and equity

		Group		Parent	
	Note	2020	2019	2020	2019
		DKK	DKK	DKK	DKK
Share capital		2,336,900	2,242,600	2,336,900	2,242,600
Reserve for net revaluation under the equity method		0	0	62,760,055	64,128,255
Reserve for development costs		0	0	0	2,116,482
Retained earnings		362,331,922	572,808,611	299,571,867	506,563,874
Equity attributable to shareholders of the Parent Company		**364,668,822**	**575,051,211**	**364,668,822**	**575,051,211**
Minority interests		3,514,924	2,437,341	0	0
Equity	15	**368,183,746**	**577,488,552**	**364,668,822**	**575,051,211**
Other provisions	18	6,161,180	5,661,180	6,161,180	5,661,180
Provisions		**6,161,180**	**5,661,180**	**6,161,180**	**5,661,180**
Other payables		30,563,301	13,295,240	0	0
Long-term debt	19	**30,563,301**	**13,295,240**	**0**	**0**
Credit institutions		146,448,734	0	146,448,734	0
Prepayments received from customers		37,480,845	24,947,525	35,677,665	23,070,374
Trade payables		38,594,906	20,476,543	35,317,567	15,788,369
Payables to group enterprises		0	0	5,119,799	2,409,286
Payables to owners		116,559,125	0	116,559,125	0
Corporation tax		11,255,305	16,956,451	0	0
Other payables	19	238,190,234	210,422,582	192,404,646	163,907,066
Short-term debt		**588,529,149**	**272,803,101**	**531,527,536**	**205,175,095**
Debt		**619,092,450**	**286,098,341**	**531,527,536**	**205,175,095**
Liabilities and equity		**993,437,376**	**869,248,073**	**902,357,538**	**785,887,486**

Balance Sheet 30 June

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	2,242,600	0	0	572,808,611	575,051,211	2,437,341	577,488,552
Cash capital increase	94,300	0	0	52,085,033	52,179,333	1,131,622	53,310,955
Ordinary dividend paid	0	0	0	0	0	-1,806,900	-1,806,900
Extraordinary dividend paid	0	0	0	-473,510,685	-473,510,685	0	-473,510,685
Other equity movements	0	0	0	-11,472,771	-11,472,771	0	-11,472,771
Net profit/loss for the year	0	0	0	222,421,734	222,421,734	1,752,861	224,174,595
Equity at 30 June	**2,336,900**	**0**	**0**	**362,331,922**	**364,668,822**	**3,514,924**	**368,183,746**

Statement of Changes in Equity

Parent

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	2,242,600	64,128,255	2,116,482	506,563,874	575,051,211	0	575,051,211
Cash capital increase	94,300	0	0	52,085,033	52,179,333	0	52,179,333
Extraordinary dividend paid	0	0	0	-473,510,685	-473,510,685	0	-473,510,685
Other equity movements	0	-11,472,771	0	0	-11,472,771	0	-11,472,771
Impairment of development projects for the year	0	0	-2,116,482	2,116,482	0	0	0
Net profit/loss for the year	0	10,104,571	0	212,317,163	222,421,734	0	222,421,734
Equity at 30 June	**2,336,900**	**62,760,055**	**0**	**299,571,867**	**364,668,822**	**0**	**364,668,822**

Cash Flow Statement 1 July - 30 June

	Note	Group 2019/20 DKK	Group 2018/19 DKK
Net profit/loss for the year		224,174,595	236,954,138
Adjustments	20	38,921,132	23,810,094
Change in working capital	21	165,302,941	-2,093,676
Cash flows from operating activities before financial income and expenses		**428,398,668**	**258,670,556**
Financial income		8,931,443	6,460,644
Financial expenses		-7,359,712	-2,673,966
Cash flows from ordinary activities		**429,970,399**	**262,457,234**
Corporation tax paid		-13,058,639	2,659,037
Cash flows from operating activities		**416,911,760**	**265,116,271**
Purchase of intangible assets		-159,539	-4,768,877
Purchase of property, plant and equipment		-6,967,874	-3,678,855
Fixed asset investments made etc		1,092,310	-1,207,736
Cash flows from investing activities		**-6,035,103**	**-9,655,468**
Loans from credit institutions		146,448,734	0
Loans from owners		116,559,125	0
Minority interests		1,131,622	-1,272,000
Net purchase of treasury shares		-11,472,771	0
Net sale of treasury shares		0	3,908,735
Cash capital increase		52,179,333	20,647,633
Dividend paid		-475,317,585	-206,292,578
Cash flows from financing activities		**-170,471,542**	**-183,008,210**
Change in cash and cash equivalents		**240,405,115**	**72,452,593**
Cash and cash equivalents at 1 July		434,537,348	362,084,755
Cash and cash equivalents at 30 June		**674,942,463**	**434,537,348**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		134,478,489	163,489,183
Current asset investments		540,463,974	271,048,165
Cash and cash equivalents at 30 June		**674,942,463**	**434,537,348**

Notes to the Financial Statements

1 Unusual matters

The implications of COVID-19 with many governments across the world deciding to ”close down their countries” will have great impact on the global economy.

Up until now the Group has been negatively affected by COVID-19, since multiple clients have decided to pause or postpone planned projects. Even though most clients have indicated that they will retain projects currently in progress, there is a risk that COVID-19 will have a negative consequence on the Group’s revenue and result in 2020/21. Management has informed us that it is monitoring the development closely but it is still too early to quantify the effect of COVID-19 on revenue and result for 2020/21.

2 Subsequent events

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

3 Revenue

	Group	
	2019/20	2018/19
	DKK	DKK
Geographical segments		
Denmark	846,685,395	867,102,046
Other Scandinavia	235,339,657	223,637,568
Other Europe	141,934,444	149,523,607
Other	28,234,566	14,523,749
	1,252,194,062	**1,254,786,970**

Notes to the Financial Statements

		Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		DKK	DKK	DKK	DKK
4	**Staff expenses**				
	Wages and salaries	715,994,649	708,950,697	580,509,037	579,639,755
	Pensions	10,215,807	7,882,009	2,195,671	1,323,732
	Other social security expenses	23,782,782	21,268,440	4,567,446	3,592,798
		749,993,238	**738,101,146**	**587,272,154**	**584,556,285**
	Average number of employees	**795**	**758**	**601**	**598**

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

		Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
5	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	14,316,321	14,108,957	9,314,886	9,532,041
	Depreciation of property, plant and equipment	5,178,836	4,955,924	3,613,972	4,420,977
	Impairment of intangible assets	13,958,742	0	7,681,046	0
	Gain and loss on disposal	95,277	0	0	0
		33,549,176	**19,064,881**	**20,609,904**	**13,953,018**
6	**Financial income**				
	Realized and unrealized gains, bonds	0	2,056,750	0	2,056,750
	Other financial income	8,149,576	3,460,256	803	12,839
	Exchange gains	781,868	943,638	0	928,651
		8,931,444	**6,460,644**	**803**	**2,998,240**

Notes to the Financial Statements

		Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		DKK	DKK	DKK	DKK
7	**Financial expenses**				
	Other financial expenses	4,038,830	742,132	3,686,992	519,225
	Realized and unrealized losses, bonds	2,005,794	0	2,005,794	0
	Exchange loss	1,315,088	1,931,834	1,266,421	557,642
		7,359,712	**2,673,966**	**6,959,207**	**1,076,867**

		Group		Parent	
		2019/20	2018/19	2019/20	2018/19
8	**Tax on profit/loss for the year**				
	Current tax for the year	7,457,660	8,300,148	0	0
	Deferred tax for the year	-513,972	231,743	0	0
		6,943,688	**8,531,891**	**0**	**0**

Notes to the Financial Statements

9 Intangible assets

Group

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 July	2,227,876	205,794,944
Additions for the year	0	159,539
Cost at 30 June	2,227,876	205,954,483
Impairment losses and amortisation at 1 July	111,394	101,682,962
Impairment losses for the year	2,116,482	11,842,260
Amortisation for the year	0	14,316,321
Transfers for the year	0	-42,858
Impairment losses and amortisation at 30 June	2,227,876	127,798,685
Carrying amount at 30 June	**0**	**78,155,798**
Amortised over	10 years	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.

In 2019/20, Management has impaired goodwill related to activities in Norway and some Danish activities based on impairment triggers. Other than this, Management has not identified any indications of impairment.

Notes to the Financial Statements

9 **Intangible assets** (continued)

Parent

	Completed development projects	Goodwill
	DKK	DKK
Cost at 1 July	2,227,876	162,648,858
Additions for the year	0	686,109
Cost at 30 June	2,227,876	163,334,967
Impairment losses and amortisation at 1 July	111,394	81,744,403
Impairment losses for the year	2,116,482	5,564,564
Amortisation for the year	0	9,314,886
Transfers for the year	0	245,038
Impairment losses and amortisation at 30 June	2,227,876	96,868,891
Carrying amount at 30 June	**0**	**66,466,076**
Amortised over		10-20 years

Refer to group note on page 22 for further information.

Notes to the Financial Statements

10 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	30,337,017
Exchange adjustment	-148,275
Additions for the year	7,423,177
Disposals for the year	-1,488,388
Cost at 30 June	36,123,531
Impairment losses and depreciation at 1 July	21,339,495
Exchange adjustment	-112,065
Depreciation for the year	5,178,836
Reversal of impairment and depreciation of sold assets	-1,488,388
Impairment losses and depreciation at 30 June	24,917,878
Carrying amount at 30 June	**11,205,653**
Depreciated over	3-5 years

Notes to the Financial Statements

10 Property, plant and equipment (continued)

Parent

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 July	26,684,924
Additions for the year	949,146
Disposals for the year	-557,954
Kostpris at 30 June	27,076,116
Impairment losses and depreciation at 1 July	18,472,998
Depreciation for the year	3,613,972
Reversal of impairment and depreciation of sold assets	-557,954
Impairment losses and depreciation at 30 June	21,529,016
Carrying amount at 30 June	**5,547,100**
Depreciated over	3-5 years

Notes to the Financial Statements

11 Investments in subsidiaries

	Parent 2020	Parent 2019
	DKK	DKK
Cost at 1 July	4,008,989	4,366,385
Additions for the year	700,000	0
Disposals for the year	0	-357,396
Cost at 30 June	4,708,989	4,008,989
Value adjustments at 1 July	63,151,519	38,832,969
Net profit/loss for the year	10,104,571	17,679,130
Movements on treasury shares	-11,472,771	7,617,157
Reversals for the year of revaluations in previous years	0	-977,737
Value adjustments at 30 June	61,783,319	63,151,519
Carrying amount at 30 June	**66,492,308**	**67,160,508**

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

12 Other fixed asset investments

	Group		Parent
	Other investments	Deposits	Deposits
	DKK	DKK	DKK
Cost at 1 July	5,066,495	7,341,436	6,010,020
Additions for the year	12,778,588	506,487	170,040
Disposals for the year	-14,377,385	0	0
Cost at 30 June	3,467,698	7,847,923	6,180,060
Carrying amount at 30 June	**3,467,698**	**7,847,923**	**6,180,060**

13 Prepayments

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

14 Current asset investments

	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Bonds	540,463,974	271,048,165	540,463,974	271,048,165
	540,463,974	**271,048,165**	**540,463,974**	**271,048,165**

Notes to the Financial Statements

15 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 2020, Implement Datterholding A/S holds 62,024 treasury shares. The total payment for the shares amounted to DKK 23,012k, which has been transferred from retained earnings under equity. In total, the Group companies hold treasury shares correspondong to 2.7% of total equity. During the year, the Group companies acquired 163,790 shares at a total consideration of DKK 71,899 and sold 135,100 shares at a total consideration of DKK 67,280. 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:

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 July	2,242,600	2,191,600	1,806,965	1,612,965	1,531,500
Capital increase	94,300	51,000	384,635	194,000	81,465
Capital decrease	0	0	0	0	0
Share capital at 30 June	**2,336,900**	**2,242,600**	**2,191,600**	**1,806,965**	**1,612,965**

Notes to the Financial Statements

		Group		Parent	
		2019/20	2018/19	2019/20	2018/19
		DKK	DKK	DKK	DKK
16	**Distribution of profit**				
	Extraordinary dividend paid	473,510,685	0	473,510,685	0
	Reserve for net revaluation under the equity method	0	0	10,104,571	17,679,130
	Other statutory reserves	0	0	0	2,116,482
	Minority interests' share of net profit/loss of subsidiaries	1,752,861	1,841,436	0	0
	Retained earnings	-251,088,951	235,112,702	-261,193,522	215,317,090
		224,174,595	**236,954,138**	**222,421,734**	**235,112,702**

17 Deferred tax asset

	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
Deferred tax asset at 1 July	62,022	293,765	0	0
Amounts recognised in the income statement for the year	513,972	-231,743	0	0
Correction to previous years	-100,181	0	0	0
Deferred tax asset at 30 June	**475,813**	**62,022**	**0**	**0**

Deferred tax asset for the group amounts to DKK 475,813 at 30 June 2020. The deferred tax asset is related to tax losses carried forward in subsidiaries. Management expects to utilize the asset within a short period.

18 Other provisions

	Group 2019/20	Group 2018/19	Parent 2019/20	Parent 2018/19
Other provisions	6,161,180	5,661,180	6,161,180	5,661,180
	6,161,180	**5,661,180**	**6,161,180**	**5,661,180**

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

Notes to the Financial Statements

19 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	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
Other payables				
Between 1 and 5 years	30,563,301	13,295,240	0	0
Long-term part	30,563,301	13,295,240	0	0
Within 1 year	3,870,544	4,597,923	0	0
Other short-term payables	234,319,690	205,824,642	192,404,646	163,907,061
Short-term part	238,190,234	210,422,565	192,404,646	163,907,061
	268,753,535	**223,717,805**	**192,404,646**	**163,907,061**

20 Cash flow statement - adjustments

	Group	
	2019/20	2018/19
	DKK	DKK
Financial income	-8,931,444	-6,460,644
Financial expenses	7,359,712	2,673,966
Depreciation, amortisation and impairment losses, including losses and gains on sales	33,549,176	19,064,881
Tax on profit/loss for the year	6,943,688	8,531,891
	38,921,132	**23,810,094**

21 Cash flow statement - change in working capital

Change in receivables	89,734,780	-10,188,561
Change in other provisions	500,000	-1,200,000
Change in trade payables, etc	75,068,161	9,294,885
	165,302,941	**-2,093,676**

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK

22 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	Group 2020 DKK	Group 2019 DKK	Parent 2020 DKK	Parent 2019 DKK
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	18,868,799	24,876,519	11,734,299	14,591,379
Between 1 and 5 years	19,648,054	34,133,468	6,379,000	14,584,030
After 5 years	89,431	325,410	0	0
	38,606,284	**59,335,397**	**18,113,299**	**29,175,409**

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 178,014k and total debt to credit institutions amounts to DKK 146,449.

23 Fee to auditors appointed at the general meeting

	Group 2019/20 DKK	Group 2018/19 DKK
PricewaterhouseCoopers		
Audit fee	606,000	595,000
Other assurance engagements	0	37,000
Tax advisory services	2,773,879	3,181,400
Other services	1,972,378	653,771
	5,352,257	**4,467,171**

Notes to the Financial Statements

24 Accounting Policies

The Annual Report of Implement Consulting Group P/S for 2019/20 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 2019/20 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

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 14,100 are expensed in the year of acquisition.

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