Deloitte.

Annual report 2020/21

Contents

Annual report 2020/21 | **CEO message**

CEO Message

Building trust in a year of uncertainty

This past year has seen unprecedented uncertainty, and we have focused on responding, recovering and thriving post the pandemic. We have continued to reshape our business and helped our clients reshape theirs by building resilient leadership, making businesses more agile and accelerating innovation. As individuals, in teams and together with our clients, we have embraced megatrends as opportunities for growth rather than perceiving them as limitations.

Our purpose is to create an impact for our clients, our people and the society we are part of. While our purpose is not new, it feels more relevant than ever, because it reminds us that we are here to help our colleagues and clients build a sustainable business and society built on trust that we can pass on in a better state for future generations. Our aspiration is to be the #1 or #2 within all the business areas we choose to play in. Our values are our guiding principles on how to create impact, be inclusive and take care of each other. In short, help build trust between institutions and people.

Helping our clients into the future

While our people and their wellbeing are the heart and mind of who we are and what we can deliver, our clients are at the core of everything we do. In the past year, our efforts have particularly been channelled into helping our clients accelerate their digital transformation, business transformation and climate responsibility as well as providing trust in our capacity as auditors. Our focus is on helping our clients build a resilient business. We have continued to invest in our people and build capacities across our business, including our technology, SAP and business transformation capabilities - which we have also applied to our own operations with the implementation of a new global ERP-system based on SAP's S/4HANA platform as well as SuccessFactors to improve talent management.

To meet the growing need for advice on climate and sustainability, we have also invested in our climate competencies, as we increasingly help our clients navigate through climate targets, strategy, measurements and advise governing bodies on providing the right framework to measure climate footprint. Moreover, another year with COVID-19 means that we have

Anders Dons, CEO & Partner

continued to guide clients through this challenging situation, the financial aid packages and the special audit circumstances have implied.

With 2,800 people in Denmark and 330,000 worldwide, we continue to deliver transformations and solutions to both large, global corporations and help SMEs grow their business and realise their ambition. To give our clients the best of Deloitte, we continuously utilise our strong industry focus and global network of competencies and centres of excellence.

Celebrating and caring for our people

Our people bring our purpose and values to life, and they carry, develop and refine our culture every day. Together we have taken the future of work to a new level this year – accelerated by the pandemic which forced us to discover new ways of working and serving our clients in new ways. Today we are offering a more flexible workplace, we have adapted our leadership style to fit the new ways of working, where we have found alternative ways of working closely with our clients - even from afar. Offering our people lifelong learning and a community for life has only become more pertinent as change and uncertainty increasingly shape our world. Read more about what we have done to strengthen this in 'How we coped with COVID-19'.

"I am an optimist by nature, and after not just surviving but thriving in a year of unprecedented disruption, I have a great confidence in our team and the future of our business."

Anders Dons, CEO & Partner

Creating a diverse workplace is one of our most important commitments. And we are progressing on diversity – particularly around women in leadership. In Denmark and in Deloitte, we have had a strong objective of getting more women at the top levels but progress in the past few years has been slow. It takes time to build up the female talent pipeline and to change the culture to include more diversity. Diversity is what our clients expect, and it is the only way to create competitive solutions in the future. So, this year I am really proud that we are moving in the right direction with 40 per cent of newly appointed partners being female as well as a new female business leader and a female industry leader. We still have work to do, but we are making progress.

Having a voice in society

Small Great Nation is our flagship social impact initiative. For four years, we have influenced the public debate with analyses of Denmark's future and potential together with think tank Kraka. We have engaged business leaders as well as other opinion leaders and established a youth panel that has formulated a vision for Denmark.

We also have a global climate ambition of becoming carbon neutral in 2030. We call this WorldClimate, and it involves an external ambition to co-create with our clients and create climate conscious solutions for our clients as well as an internal ambition with clear targets for lowering our CO_2 emission - e.g. by ensuring a greener car fleet, reduction in travel and other green initiatives.

Facts about Deloitte

Deloitte is part of a global firm consisting of 330,000 employees across 150 countries that just turned 176 years old. I am proud to be part of a firm and culture that have been able to innovate through four industrial revolutions and show resilience to withstand crises like a worldwide pandemic while continuing to innovate towards the future.

In this year's Impact Report - our annual report - we have gathered some of the great stories of impact from the past year. I hope you will enjoy the read.

Anders Dons

A couple of facts for the year:

- After a year of responding, recovering and thriving, we are finishing the year with 4 percent growth and total revenue of DKK 3.7 billion. All business areas have a very positive outlook for the future.
- Deloitte is still the strongest and most valuable 'commercial services' brand globally according to Brand Finance.
- We continue to top Universum's ranking of most attractive workplaces as we are #3 among business students. And this year, we have jumped to #4 in being the most attractive employer among Danish female business students.

Business model and strategy

Our business model and network

The main activity of Deloitte Denmark is to deliver audit and advisory services in Denmark and Greenland. Our firm is organised in five business units that deliver services within audit and assurance, consulting, financial advisory, risk advisory, tax and legal. Our business units provide audit and advisory services to private and public clients across industries and sectors. Our main assets are our talented people and tried-and-tested business models and systems, and we deliver insights and transform our clients' businesses while serving the public trust. A core element in how we serve our clients is our deep sector and industry specialisation, which allows us to serve our clients with in-depth specialist competencies from across our global network. Read more in 'Making an impact for clients'.

The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries. These separate and independent member firms operate under the same brand. Deloitte Statsautoriseret Revisionspartnerselskab is a part of the Deloitte network through Deloitte North and South Europe (NSE).

To provide global, borderless and consistent service to our clients we started an integration journey in 2016. Until 2016, Deloitte Statsautoriseret Revisionspartnerselskab was the Danish member firm of the Deloitte network. In June 2016, Deloitte Denmark became one member firm with the other Nordic countries through the establishment of Deloitte Nordic, and in June 2017, Denmark and the other Nordic countries entered into closer cooperation with the United Kingdom, Belgium, the Netherlands and Switzerland. In 2018, Malta, Italy and Greece joined the partnership and in June 2020, the Middle East joined us. Today, Deloitte NSE has over 50,000 people working across 28 countries in Europe and the Middle East. These integrations are part of the global strategy to transition into fewer globally aligned and integrated regions.

Within NSE, the 28 firms still operate as separate independent legal entities and provide services in their respective countries in accordance with professional standards and our promise of creating an impact that matters. By joining forces, we are able to draw from an incredible diversity of skills, expertise and perspectives and provide global, consistent and seamless services to our clients. Our collective strength allows us to build centres of excellence, share deep specialist knowledge and service our clients with local experts on a global scale. Our ability to deliver the best competencies across borders and disciplines will be catalysed by our market programmes focusing on collaborating with clients and in partnerships with other leading players.

By cooperating closely within our global Deloitte network, we have been able to deliver international projects at an unprecedented scale, which would never have been possible without the strength of our Deloitte NSE network.

Strategy 2021

Our FY23 Ambition - still connecting for impact

Through the past year, we have continued to stand strong on our purpose, ambition and values. Last year, we launched our new strategy for the fiscal years 2020-2023, and alongside our clients we found ourselves in an unprecedented situation. The international community was facing one of the biggest challenges imaginable and outlooks were uncertain. Like many others, we were heavily influenced by the pandemic, but we continued to trust our direction: growing our people and skills together with our clients and transforming our business while building our brand. By putting our clients first and investing in our people, we have managed to come out as an even stronger firm. A firm with a continued ambition to be undisputed leader within professional services.

We embarked on the journey with three clear choices that reflect our ambition and lay the foundation for our strategy going forward: We connect for impact, we foster diversity of thought, and we keep on investing in the future. These choices set the direction for our firm and so far, they have proved effective. They have allowed us to make an impact that matters for our clients, talents and society – even amid a year of a black swan event. You can read more about these choices, on the next page.

Connecting for impact

1 We have improved our ability to combine the deepest industry expertise and capabilities with our clients and partnerships. This intersection between industry focus and our business offerings is our most important value proposition. We combine deep industry knowledge with our services, and we strengthen our industry eminence by dedicating partners to industries. This allows them to spend more time developing their industry expertise and thereby ensuring that our clients get the best of Deloitte's competencies combined with deep industry knowledge. We have also delivered more client work than ever by combining Deloitte's global capabilities, and we have continued our strong partnerships with key alliance partners, thinktanks and local eco-system partners. For example, we have gained a strong foothold within digital transformation with major IT infrastructure projects delivered in close collaboration with SAP and Salesforce - thereby enabling our clients to make fast, data-driven decisions.

Diversity of thought

2 We have kept a strong focus on our journey towards becoming a firm consisting of diverse talents and raising awareness of how unconscious bias influences our decision-making negatively and how we avoid this. A more equal gender distribution is an important step in that direction, so we are proud that 47 per cent of all our recruits in FY21 are female, and 40 per cent of our new partners are female. Furthermore, we are now 40 nationalities in our Danish firm, and we have a more diverse educational background. We will continue to attract and retain the brightest talents and deliver the best lifelong learning experience for all. The past year we have also onboarded more international colleagues and worked across all business lines to utilise our differences to fuel innovation. Read more about our talent approach in the People section.

Investing in the future

3 We have continued to invest in our most important clients, partnerships, people and business areas. Innovating our services is crucial to be able to continue to build and transform our clients' businesses. Therefore, we have invested in the technological platforms enabling a digitalised way of working with clients and bringing in new competencies that attract the brightest talents, while we connect them in strong teams that create an impact that matters for our clients and throughout society. We are also investing in our own business through extensive IT-enabled transformation programs that make our infrastructure more digitised, cost-efficient and consistent across the Deloitte network. Among these are our new global ERP system - one of the world's largest S/4HANA implementations - a new global Customer Relationship Management (CRM) platform built on a new version of Salesforce, and a new HR solution enabled by SuccessFactors. Together these implementations enable us to serve our clients better and ease the way we do business - both locally and across geographies.

People

Making room for **diversity** of all kinds

Our people and their wellbeing are at the heart and mind of who we are, and what we can achieve together. Looking back on the last year, COVID-19 stands out by bringing unprecedented changes to our people.

As we – cautiously yet optimistically – move forward, we are truly proud to see more than 2,800 Deloitte employees every day doing their utmost for our clients, each other and our society. Every single day. For our people to succeed and thrive in their work, we focus on building a culture of respect and inclusion. A culture that reflects our shared values, where people can be themselves without being uncomfortable with sharing their background, thoughts or ideas for the future. To unleash the potential of each talent on our team, we work hard to eliminate biases and change our processes to foster a more diverse workforce. This is crucial to secure our future relevance and success.

The past year, we have continued to work with our three strategic focus areas for the talent agenda:

- **Respect and inclusion**
- **Leadership**
- **Talent attraction and development**

Respect and Inclusion

In Deloitte, we strive to achieve diversity of thought. We believe that diverse groups deliver stronger and more innovative solutions to our clients. We want all talents to feel welcome, appreciated and included in our professional and social communities across Deloitte. Furthermore, we want to reflect the society we are part of, which means we work to reach a more balanced composition of people with different ethnic and educational backgrounds, as well as cultural, LGBTQ+ and religious differences. Thus, our efforts to achieve respect and inclusion in Deloitte are aimed at strengthening diversity of thought in our everyday work. We have updated our anti-harassment policy, which was sent to all employees. The policy reflects our commitment to creating a workplace free of harassment, sexism and discrimination, where each person is treated with courtesy, dignity and respect, and where there is equal opportunity for all to succeed.

Additionally, we teamed up with Lederne - The Danish Association of Managers and Executives - on their #MeToo campaign during the autumn of 2020 by signing their 'zero tolerance for sexual harassment' pledge to express our commitment to changing the culture that has allowed harassment to take place in Denmark for many years. We have also taken steps to strengthen our commitment towards the inclusion of ethnic minorities and international talents. The latter was a result of an employee's courage to share personal experience with discrimination and racially motivated harassment on the streets of Copenhagen. These stories sparked the work on improving the overall employee experience for international talents and ethnic minorities in Deloitte. We facilitated workshops on the topics onboarding and integrating internationals as well as including ethnic minorities, where the international community in Deloitte played an invaluable part. On ethnic minorities, we are teaming up with NGOs within the field and are planning to launch further initiatives this coming year.

Building a diverse workforce

Our people are Deloitte. They are our greatest asset and making sure our people thrive is a top priority.

We work to nurture our talents by creating an equal playing field where diversity is embraced, and everyone feels included - regardless of gender, race, religion or background. If we fail to build a more diverse workforce, it will pose a risk to our future business. Not only will we lose out on a great amount of talent and innovation skills and be unable to meet our clients' expectations nor mirror their workforce. Research also shows that more diverse management teams equate to better decision making. Achieving diversity of thought is therefore one of our three key strategic choices.

While diversity comes in many shapes, a better gender balance is our primary focus. When it comes to junior levels, we have a more equal gender distribution with 40 per cent women in total and 48 per cent amongst new hires in FY21. However, we still have room for improvement if we look at more senior levels, where 34 per cent are women. Among the new senior hires in FY21, we have 41 per cent women.

Therefore, we have spent the past years working intensely on implementing structured and transparent processes for recruitment, performance evaluation and promotion. These efforts are showing positive

Women in leadership	2016	2017	2018	2019	2020	2021
Partner-elected board members	0%	0%	25%	0%	25%	20%
Management team (Executive)	10%	10%	20%	20%	20%	10%*
Partners	8.6%	8.4%	9.5%	10.6%	12.1%	13%
Senior Managers and Directors	29.1%	32.8%	30.8%	31.7%	31.8%	34%

Future of Work

COVID-19 accelerated a transformation towards increased remote working and new ways of working came to life between not only Deloitte member firms but also in collaboration with clients, making sure we created the best possible framework for our people and client projects to thrive in a new normal. The flexibility taught us a new way of balancing our careers and daily lives following the pandemic - that distance is not always a barrier to great collaboration and that agile co-creation is as valuable as ever.

The shift into working remotely challenged our culture and well-being, demanding an increased focus on both leadership, motivation and stress to reduce the risk to our people and our business. We embarked on a journey to develop a new approach to our work, where health and well-being are at the heart of what we do – an approach necessary in a global pandemic to minimise the risks of ill-health and the potential loss of talent, but also an approach that emphasises the strong link between our well-being, leadership, organisational performance and the ability to strengthen and grow client relations.

results already. We see that structured processes and more objective criteria for promotions provide better dialogues around talent and potential, which has increased both the share of female promotions to senior levels and the number of experienced women hired. As a result of many years' efforts, the number of women at the senior manager and director level has increased from 31.8 per cent last year to 34 per cent this year.

In addition, we have joined The Confederation of Danish Industries' Gender Diversity Pledge and thus committed to ensuring that the Danish business community will jointly reach the target of a 40/60 gender distribution in management and boards of directors by 2030. Fostering inclusion and embracing diversity holds many perspectives. Gender balance is just one piece of the puzzle. Still, it remains a must-win-battle for Deloitte, and we will continue to work on initiatives to close the gap. Gradual progress on women in leadership positions is evident at the partner level. Amongst the elected board members, our target is to have at least 25 per cent female or male board members. *However, due to an organisational change in leadership the percentage of women in the management team went down this financial year, but with the recent addition of Mette Louise Kaagaard as managing partner for our Risk Advisory business as of June 2021, the percentage is now back at 20. Our two employee-elected board members are women as well. The Board is also more diverse in terms of professional backgrounds, geography and international experience, to ensure we reflect a global view. As determined by the Danish Act on Approved Auditors and Audit Firms, the majority of the board members are certified public auditors.

At the partner level, 13 per cent are female, up from 12.1 per cent last year. This is not an acceptable level. But with 40 per cent women amongst the most recently appointed partners we are seeing progress in the talent pipeline and our initiatives are working, but we need to accelerate this.

How will we reach our targets?

We continue to have a persistent focus on gender balance in all processes and structures. Achieving gender balance in senior leadership roles requires more than just looking at partner promotions. Consequently, we have worked dedicatedly to implement structured performance evaluation processes. We have also developed a systematic approach to identify, monitor and follow-up on pipelines for the promotion of women at all levels. This is done to increase female representation at all levels and inspire a new generation of female business leaders. To move faster in the right direction, we are also empowering female talents through network-building and working with a more equal gender balance in the succession planning of commercial leadership roles. Our internal mentoring among talented women helps upcoming partners learn what being a partner really means and if it is something they want to pursue. This initiative has come off to a good start in the past year and will be scaled up over the next year.

Leadership

At our Leadership Academy, our leaders have built new capabilities and developed their leadership skills. We particularly train our leaders in providing feedback and ongoing coaching in line with our performance management approach. Leaders are also trained to be inclusive by enabling them to be aware of personal biases as well as be more curious and open towards new perspectives. This year, we piloted a new course in unconscious bias to help our leaders spot their own biases and act with courage to address them. This is all part of our individual and strength-based approach to performance management, which is designed to strengthen our managers' skills.

Upward Feedback survey

4.44 / 5

Inclusive Leadership

In the latest Upward Feedback survey – where employees can give anonymous feedback to their leaders – the results confirm that we continue to make progress with the 'Inclusive Leadership' score climbing from 4.41 to 4.44 out of 5. We are happy to see that our training efforts make a difference and that our leaders are becoming more inclusive.

Deloitte is our people, and every single talent initiative aims to attract, develop and retain the best talents – from offering flexible working conditions to focusing on well-being and individual career paths. To make sure we are visible at universities, an internal task force hosts events, talks and much more.

One initiative worth highlighting is our Female Academy – a programme that aims to spark an early interest in a long-term career at Deloitte amongst female students. Over the past year, the initiative has grown and is now driven by a dedicated group of young female employees across our five business units. This has given the programme an even stronger platform and enabled the participants to engage in a network of talented peers at an early stage in their careers - read more here. Initiatives like this enable us to link our talents' visions for Deloitte with how we attract and retain a diverse workforce.

Our efforts to attract the most talented and diverse profiles have been rewarded again this year, as Universum has ranked us the #3 most attractive employer among 3,700 business students. This year, we are particularly happy to move up the ladder as #4 among female business students, as well as increase our attractiveness among students within IT, natural sciences and engineering.

According to Universum

#3 most attractive employer

Female Academy

Inspiring the **female leaders** of the future

The group behind Female Academy strives to empower female students to bring their personal and professional talents into play, both as a team and as individuals. By providing a creative, inspiring and playful environment, 25 female students every year get access to a space where self-reflection and development of capabilities are encouraged, and where they can expand their network with peers, professionals and leaders. Through this and by introducing them to a wide array of career paths, Deloitte wants to inspire future female leaders and help them reach their full potential.

The group behind Female Academy strives to empower female students to bring their personal and professional talents into play, both as a team and as individuals. By providing a creative, inspiring and playful environment, 25 female students every year get access to a space where self-reflection and development of capabilities are encouraged, and where they can expand their network with peers, professionals and leaders. Through this and by introducing them to a wide array of career paths, Deloitte wants to inspire future female leaders and help them reach their full potential.

The initiative was launched as a centralised Deloitte concept in 2018 as one of our first gender-specific initiatives to attract young talents. This year, the initiative was adopted across all business units in Deloitte, who now all take part in the facilitation of Female Academy – and with great success. Below, Simone Emilie Stieglitz and Alexandra Rosenberg Jørgensen - who are part of the group behind Female Academy - will tell us a bit more about the initiative.

Why do we need a women-only network?

Female Academy aims to include women in a traditionally male-dominated culture and inspire everyone at Deloitte – regardless of their gender – to create inclusive and lasting professional relationships. The gender balance in Danish professional services firms – including Deloitte – is not up to par, and the progression has been moving at a slow pace. With Female Academy we want to change this.

What is Female Academy's most impactful results?

We had the opportunity to introduce partners from all our business units to this group of young talents. That has been an incredible experience for the participants and partners and is a strong reflection of the managerial support needed to make progress on a cultural change like this. With our broad representation, we have been able to welcome participants from five different Danish universities and with a range of different educational backgrounds. Furthermore, 40 per cent of the participants had a different nationality than Danish. With Female Academy, we are fostering a wonderful, inclusive environment that these women can be part of for the rest of their careers.

What is the future of Female Academy?

The possibilities of evolving Female Academy are endless. We believe that the broad network that is created now cultivates lasting relationships across our company that will grow and instigate internal multi-disciplinary collaborations, as well as an external alumni network that can inspire talented women across our firm and industry. The programme will continuously reassess its focus to ensure that it stays relevant and covers prevailing trends and topics. Therefore, tech is an area we will dive deeper into going forward.

Anne Sofie Kann Povelsen

A **strong network** will take you where you want to go

Anne Sofie Kann Povelsen is a partner in our Tax & Legal business unit – an area of expertise she has worked with since 2011. Even though Anne Sofie describes it as quite a coincidence that she ended up with a career in tax, it becomes clear – when diving into the story about her career – that creating and maintaining strong professional and personal networks is at the root of what makes Anne Sofie a strong partner for both clients and colleagues.

What do you love the most about your job?

The feeling of belonging. I came to Deloitte in 2014. I joined shortly after Niels Josephsen took over as the Tax & Legal leader, whom I worked with previously and who has been a big support in my career progression. The professional community that you become part of when joining Deloitte is the main reason I thrive here. Of course, I am incredibly proud to represent the biggest professional services firm, leading within my field worldwide, but what has kept me motivated and constantly developing is the strong network of knowledgeable colleagues across our member firms that Tax & Legal is part of. I went on maternity leave in May 2020, when the COVID-19 lockdown was still fairly new. Coming back 10 months later and seeing how the entire team has stuck together, developed new ways of working and thriving and simultaneously achieved one of the strongest results in many years is, to be honest, moving. It showcases what we are made of and how we stick together when the going gets rough – that is the Deloitte I am proud of.

What achievements are you most proud of?

Since joining Deloitte, my main focus has been working together with large Danish companies - both nationally and internationally - within the areas of corporate tax, M&A, new market entries, disputes with tax authorities in other countries, etc. The span of cultures, countries and types of assignments I get to work with keeps me highly motivated. It also keeps me in tune with our own Danish development within the field, but also to a great extent the development of other Deloitte member firms and in their countries.

I am particularly proud of our recent work with Chr. Hansen, where we advised them in the process of selling their Natural Colors division - which is active in around 30 countries - to EQT. It was a truly exciting collaboration between three business units: Tax & Legal, Consulting and Financial Advisory, where we worked as one and leveraged our broad expertise across offerings and countries. All our teams worked tirelessly and truly delivered an impact that mattered for the client.

You became a partner in this financial year. What did that mean to you?

As a person who always strives for personal and professional development, the journey towards becoming a partner has been a natural progression for me. I have always felt very appreciated and supported by the management, and it felt like the right timing. When the talk of partnership arose, I was highly motivated and ready to take that next step of responsibility. I strongly believe that if you are chosen and pushed forward, you are strong enough to accelerate your career – and urge others to also have faith in themselves and their surroundings. Something I truly appreciated on my journey to the partnership was experiencing how the entire Partner Admission Committee adapted their plans for the admission process, not only to fit into a sudden lockdown due to COVID-19, but also to take my current life situation into account, as my maternity leave came thrillingly close to the set dates of the partner case presentations. Going that extra mile to make sure I stayed on track of my succession showed me that at Deloitte, we root for each other. Even when the world is quite literally closing down around us, we conquer whatever obstacles we are faced with as a team.

Jay Choi

Racism does exist
– so we need to have those hard conversations

Meet Jay Choi who has worked across the globe before joining Deloitte Denmark, where he helps to support diversity and inclusion initiatives at the firm – and is driving our cyber business.

Jay Choi is a partner in Risk Advisory who decided to join Deloitte because of our unique position in the market as a trusted advisor capable of offering an extensive security portfolio that underpins our clients' digital transformation. Jay is part of an international team that continues to grow and attract talents. However, Jay has not always felt welcome in Denmark. He decided to share his story to create an open forum to discuss racism and how to improve inclusion. On top of this, Jay's story inspired our work on improving the overall employee experience for international talents in Deloitte Denmark.

This year, you publicly shared your experiences with racism in Denmark. How has the response been?

Overall, the response has been positive and my discussion with our CEO Anders Dons in an internal broadcast was an open, safe and candid environment to share my personal experiences. It created a positive focus on inclusion, but also made it clear that racism is a subject of taboo for many Danes, who are sometimes unsure how to approach it. There are different reasons behind this: awkwardness in sharing such private stories may be one aspect, but I also sense that Danes may view the conversation around racism as an 'infringement' on other people's very personal experiences. Political correctness and professional 'space' are important in Denmark, but as the conversation started, my Danish colleagues opened up and started talking about issues related to racism.

How can we move forward on this agenda?

We have established a good starting point by creating a greater focus on our international colleagues and by partnering up with non-profit organisations that will serve as a sounding board on our respect and inclusion projects going forward. I believe these initiatives will help to further integrate, attract and retain global talents. Having a diverse workforce is good for business as diversity of thought is becoming more important than ever before. These initiatives will help to further build a respectful and inclusive culture in Deloitte. Caring for each other, supporting integration and being welcoming towards people from other countries and cultures as an employer - and as colleagues - are critical in a globalised world where many people move for the purpose of work.

What do you love the most about your job?

My job is truly varied. I have a healthy balance of meeting inspiring clients and solving the most complex problems together with the team. I also get to work with talents on career and personal development. Secondly, I love Deloitte's ambition: to be bold and always challenge each other in teams where we have the skills to make a real impact for clients – and each other.

In terms of having a more diverse workforce, we are slowly getting there. But we cannot rest on our laurels. When I talk to potential candidates, it is clear that our ability to maintain a diverse workforce helps attract our future talents. We need to continue our commitment to making everyone feel welcome - it will help us grow in the right direction.

Line Egelund Thuesen

Moving from **communications to accounting** – while leveraging both skillsets

Line Egelund Thuesen works as a senior in Audit & Assurance in Kolding, but her Deloitte journey started in Copenhagen five years ago – a journey that came about as somewhat of a coincidence. Before Deloitte, Line pictured herself working in communication.

Initially, Line moved from Copenhagen to Aarhus to pursue a bachelor's degree in communication. But every time she applied for a student position within communication, she somehow always ended up with a job offer within finance. She took that as a sign and proclaimed to her family: "I think I'm going to have to be an accountant". Looking back, the possibility of being educated simultaneously with working also appealed greatly to her, and that is how Line ended up as a communication trained graduate in Audit & Assurance.

Success is a journey – not a destination

I have not always been known for my patience – but nonetheless, today I am grateful to have ended up in an organisation like Deloitte that provides an environment for constant development. By commencing my journey to become an accountant a bit later in life than most other graduates, I was introduced to the training from a different perspective. I knew how to communicate my dreams and be specific about what motivated me to be my very best. Whether it has been in terms of my dreams for personal development, or when I asked to be transferred from working with small clients to large clients, I have always felt strong support and have been shown nothing but support in accommodating my wish for growth and change. It might not always go as rapidly as desired – but there are countless possibilities in Deloitte, and it will happen when you put your best foot forward.

Some have asked if I ever regret spending three years on a bachelor's degree in communication, as I could otherwise have been three years further in my career as an accountant. But I don't see those years as wasted. Quite the contrary. I see my background in communication as a strength and an enabler to have gained a strong set of tools within project management and communicating complexity at eye level. I actively use my background to reach my goal of becoming a close, professional sounding board for my clients.

Talent development in focus

During the five years I have been with Deloitte, I have seen significant changes in how we work. Not only was my profile a bit unconventional when I first started, but I am also part of a generation that more than ever expects training programmes to be customised to the individual and facilitate growth opportunities that fit our personal goals. I truly admire how a large organisation like Deloitte with long-lasting traditions aims to accommodate this, while having a high focus on talent development. It became particularly clear when I was chosen as one of the winners of the Audit Quality Award last year. After having transitioned to our Kolding office and taken over a large legacy client, I was acknowledged for going above and beyond in my project management of the client and because I succeeded in streamlining the audit. I was lucky to have a partner close to me who could see the results of how I restructured our client work in this case, and how it not only improved the client relationship but also motivated the team that handled the account. It felt like such a personal acknowledgement for both the accountant and the communication specialist in me and made my transition from one office to a new one that much easier. Once again, this emphasised that we are one big team and we lift each other up – not in spite of, but because of our different competencies.

Next stop: becoming a state-authorised public accountant

When the COVID-19 pandemic shut down our world at the beginning of 2020, a new adventure began for me. In many cases, we went from being a clearly defined finance and accounting partner for our clients to suddenly being a much wider sounding board. We were all thrown into a new digital way of working, and our clients had to rely on us remotely while helping our clients navigate the Government's new financial support packages, which for many meant either getting through the pandemic or losing their life's work. I felt like we grew ten years in just ten months, and I am incredibly proud of standing on the other side with a strengthened relationship – not only with my clients but also with Deloitte, the latter sending me towards my next adventure of becoming a state-authorised public accountant, which will start in 2021.

Annual report 2019/20 | **Performance**

Performance

Audit & Assurance
- on a journey towards business sustainability with people at the centre

As we close the books for FY21, we look back at a year like never before, reaching revenue growth of 5 per cent in Audit & Assurance. What we have learned about our organisation is that if there is a will, there is a way. The second wave of the pandemic hit during our peak season, and yet again teamwork, dedication and resilience defined the way our people responded.

Growing our clients and careers

Remarkable wins reflect this year's achievements, confirming that we are redefining our business through a strong market focus that resulted in significant wins in our Industries and Private segments. Our investment in Assurance has unfolded extensively with significant revenue growth. We are bringing higher-value services to our clients, as well as new learning journeys and career paths to our people. And we are leading the digital transformation of our industry by integrating data-driven insights and automation into our audits to strengthen our clients' businesses as well as enhancing audit quality.

Changing the work culture of the audit industry

Deloitte is our people. And therefore, we have made an essential decision to change the more than 100-year-old work culture that characterises the audit industry. We want to be a workplace where ambition and life balance naturally co-exist, so that we can deliver on our ambition to be #1 on quality and bring the best of Deloitte to our clients through a sustainable work culture. To enforce this ambition, we have implemented a new salary model that rewards our people for the value they create - not the hours they put in. These movements are part of our journey to be "more for less". We want to become more valuable advisors to the clients, where we can create the most impact - while keeping both our people and business in balance.

"We are changing the nature of the audit industry as we demonstrate that volume isn't value – quality is."

Henrik Wellejus, Head of Audit & Assurance

Reimagining audit by redefining trust

This year, many aspects of our transformational journey have crystallised. Despite being affected by the pandemic, we continued the transformation of our business by increasing the use of technology to support our audits and sustain market-leading quality. We have invested over DKK 50 million in digitisation and technology, and we are currently streamlining our audits across the world. Delivering the highest audit quality is our legitimacy, and we are proud to have received a clean sheet in the 2020 inspection from the Danish Business Authority.

Looking ahead, we are committed to applying what we have learned into new ways of working and, thereby, move towards becoming an even more flexible, agile and innovative business. Moreover, we are investing immensely in the success of our people as well as new services to our clients and still meet the ever-increasing expectation from clients and society to act as trusted advisors. And we look forward to the day when we can see the reality of what was once an ambition - a truly reimagined audit and assurance business.

Deloitte is

Ranked #1

Best Place to Work within the audit industry for the 12th year in a row by Universum

"I am so incredibly humbled about having the privilege to lead such a great team. A team like no other indeed!"
Martin Søegaard, Head of Consulting

Annual report 2020/21 | Performance

Performance

Consulting - a team like no other

FY21 will not be remembered for its social activities, physical gatherings nor its 'traditional' educational programmes. It will go down in our firm's history as the year when we stuck together as a team against the longest lockdown in our lives and when our financial performance was a record high. Culture once again proved to eat strategy for breakfast, lunch and dinner.

Thanks to our people's hard work, dedication, creativity and can-do attitude, this year ended above all expectations. We are extremely glad to have supported some of the biggest and most influential companies and institutions in Denmark and globally on their most complex digital transformation journeys. We have helped them turn learnings from COVID-19 into business advantage and strengthened their foundation.

High growth on digitalisation and transformation projects

The underlying revenue growth in Consulting was 6 per cent compared to last year. Our actual growth rate of 0 per cent is due to fact that the revenue we earned on some of our major projects for Danish headquartered clients, but which were carried out in collaboration with Deloitte member firms from other countries, has not been invoiced and accounted for in our Danish firm. This accounting principle explains the discrepancy between the underlying growth rate and the actual growth rate. COVID-19 and the government stop on consultancy services did affect our underlying growth rate in the first half of the year, but in the second half we recorded a growth rate of 12.4 per cent compared to the same period last year.

Our Consulting family is growing with Syncronic

We are thrilled to have welcomed Syncronic into our family, one of Denmark's leading consulting firms specialising in digital supply chain transformations. Together we will support our clients with planning and supply chain capabilities in these turbulent times when so many companies face dramatic volatility in demand and rapidly changing consumer behaviour.

Our SAP S/4HANA practice is also growing, not only in Denmark but across the Nordics. This is yet another testimony to the fact that technology has taken a massive leap over the last few years, and that any large company must embrace a digital transformation in order to remain competitive in the long run.

An impactful year

Across all sectors, we have experienced high demand for our transformation capabilities, and we have been invited to advise, implement and operate many great solutions, thereby making an impact for our clients. We are also extremely proud to have contributed to the roll-out of the vaccine programme, a very important societal task.

We will intensify our investment in developing our practice, people and competencies to remain our clients' preferred transformation partner. In the coming year, our core focus will be on team and talent and on making up for all the social and development activities that were put on hold for almost two years, making sure that we can deliver even more transformational impact to our clients.

Performance

Risk Advisory - turning risk into strategic advantages

Within the last year, we have won big and exciting projects for some of the largest Danish companies. Projects we could not win before because we did not have the necessary competencies in Denmark. Therefore, we are proud to see how our business has developed with the right talents and through close collaboration with our European colleagues.

All our service lines have shown good results in FY21 except for Cyber Risk, where we had to write off a few large client projects, divested and streamlined the business in order to transform the business to meet future market opportunities and growth. Hence, we end the year with negative growth of 9 per cent, but with a strong foundation that leaves us well-positioned to serve our clients in the future - where the outlook for cyber advisory is very promising.

Digitalisation and resilience have become top priority

While many businesses had embarked on their digitalisation journey, the pandemic has certainly accelerated the pace and pushed digitalisation to the top of the agenda across all industries. Consequently, we see an increasing demand within digital transformation and cyber security services as businesses strive to build more agile, data-driven and sustainable organisations.

We have invested greatly in sustainability the past year, and we will continue to expand the team. Climate and sustainability will be viewed as an integral part of every future strategy and transformation project. It is simply good business to act sustainably, both within organisational structures, value chains and towards society. As it is an extremely broad agenda, we collaborate across all business units in Deloitte, so that we can bring the right set of competencies when we advise our clients within this complex field and support our clients throughout their sustainable transformation.

A diverse team of digital resilience specialists

Risk Advisory enables clients to leverage digital technologies, manage risks and build resilience by delivering second to none risk specialists. Within the more classic risk areas such as regulatory risk, financial risk and accounting we have a pool of strong talents and competencies which we combine with our skilled specialists within SAP, cloud, artificial intelligence and cyber security. By combining these competencies, we service our clients with powerful tech-enabled risk solutions. This combination is extremely strong and one of a kind in the market. And it fosters a diverse and innovative culture that helps us attract and retain the right talents, which is incredibly important as we aspire to be our clients' preferred partner.

Annual report 2020/21 | **Performance**

"By managing our clients' risks, we build resilience and trust in their operational structures, safeguarding financial flows and value chains as well as protecting brands."

Mette Kaagaard,
Head of Risk Advisory

Performance

Tax & Legal
- empowering our clients through transparency and compliance

If you had asked us a year ago, we would never have thought that we could have achieved 7 per cent revenue growth in such uncertain times. However, we can look back at a year, which has been busier than we dared to hope for. We have helped our clients navigate both new and familiar challenges within the changing tax and economic landscape. Within mergers and acquisitions, we have been very busy assisting several of the largest Danish multinationals with the complex tasks that cross-border transactions entail.

We have of course felt the social effects of the pandemic, but we are happy to see that our people have stayed close and supported each other in a year of virtual activities and limited social interaction. This strong culture is among the reasons why we have been able to attract and retain talented colleagues throughout the year.

Side effects of COVID-19

Although the pandemic meant a significant reduction in international postings and immigrations, the shift in working patterns simply led to other forms of mobility requests. At the same time, the pandemic has fast-tracked the digital transformation and emphasised the need for systems that not only digitalise processes but also help organisations be compliant and transparent. In addition, the increase in online shopping combined with new EU regulations on e-commerce have amplified the need for better reporting. So, we are excited to launch our newly developed app that helps our clients easily report on taxes and duties across countries. This is an example of how we continuously strive to facilitate transparency within global trade.

The future of tax may be global

Working within an area that is heavily affected by legislation and policy means that both local and international changes in tax regimes require adjustments to business structures and models. With Joe Biden's suggestion of a global minimum corporation tax of 15 per cent and the EU's proposal for an ambitious business tax that supports Europe's recovery from COVID-19, we expect a future where fair and correct tax payments will be even more important to remain competitive. We look forward to continuing to empower our clients through transparency and compliance.

"The interaction between tax compliance and digitalisation is top of mind for our clients. Furthermore, the link between SAP S/4HANA and how tax can be a value driver in this transformation is key to clients."

Niels Josephsen, Head of Tax & Legal

Performance

Financial Advisory - raising the bar for financial advisory services

This past year in Financial Advisory has been nothing short of extraordinary. With an incredible revenue growth rate of 34 percent, we could not be more proud of the Financial Advisory team. Across all service lines, we are seeing great results and record-high revenue numbers.

We have become a market-leading player with a well-balanced performance culture. We have done so, for example, by making room for different career paths and preferences. So, whether you want the steepest career progression or slow down the pace - because you want to lead a more family-friendly life or spend time on your interests - it's possible to stay on our team.

Harvesting the results of our industry specialisation

The high level of M&A deal activity has had a positive impact, and there is no doubt that we are reaping the benefits of having industry-specialised teams. This has enabled us to advise our clients on a whole new level, which is not only valuable to the client, it also develops our talents. By allowing our talents to build deep specialist competencies within an industry, they are equipped to engage in origination and advisory of senior clients from an early stage in their career.

While we have helped with the sale or purchase of many successful businesses, others have been struggling to stay afloat in the wake of COVID-19 and Brexit. Our Special Situations team has been busy helping those businesses out of the crisis through restructuring and refinancing.

The battle for data and anti-money laundering continues

During the past year, Transaction Services has gained strong footholds and acquired market shares across the industry. With their newly established analytics team, we are now able to take a data-driven approach to deal-making, which provides valuable insights to our clients. Intelligence also plays a vital role in Forensic Services. This is our smallest team, yet it is growing rapidly as we continue to see an increasing need to combat money laundering and financial crime.

Diversity makes us stronger

We have built an incredibly diverse team in terms of competencies, ethnicity and religion. Being a melting pot adds to our intellect, it makes us stronger and it is more fun. One of the reasons why we have become more diverse is that we have focused on recruiting from a broader range of study programmes. Through such initiatives and by making room for different career paths, we are building a foundation where a diverse culture can flourish.

"When I came to Deloitte nearly ten years ago, our vision was to build a team that could raise the bar for financial advisory in Denmark by making stellar deliveries above market level while fostering a fun, high-five culture. With a remarkable performance, high employee satisfaction, low churn rates and a family spirit, I am thrilled to see we did it."

Sigurd Ersted Jensen,
Head of Financial Advisory

Planet & Transparency

Making a **positive impact** for people and society

As the biggest professional services firm in the world, we believe it is our responsibility to use our capabilities to help our clients and society transform into a more sustainable and resilient future. For more than 175 years, Deloitte has been committed to running a responsible business, as rooted in our purpose: to make an impact that matters for our people, clients and the communities we are part of.

Our purpose defines who we are and why we exist. Our Shared Values illustrate how we live our purpose. Deloitte's Global Principles of Business Conduct explain our ethical commitments, and our Commitment to Responsible Business Practices unfold the responsible business principles we believe in and the commitments we have made. Together they shape our policies and guide our decision-making.

Helping our clients, people and society navigate the pandemic

As the COVID-19 pandemic continued to affect our clients, people and the society around us, serving them responsibly was never more important. Showing them support and helping them respond, recover and thrive was our number one priority - and if we failed, we would risk losing society's trust and our legitimacy. Therefore, we stayed in close dialogue with our clients and helped them navigate this complex and often changing landscape of restrictions, economic aid packages and employee wellbeing concerns while building resilience. We also continued to update our website with webinars, articles and blog posts where our experts guided businesses through this new reality where curveballs in the form of virus mutations and vaccine delays continued to be thrown at us. Moreover, to build awareness and help businesses uphold human rights during the COVID-19 crisis, we have published the guide: 'Business and human rights dilemmas in the midst of COVID-19 - a guide for senior executives'.

On a societal level, we have collaborated closely with the Danish Ministry of Health on the development and rollout of the Danish vaccine programme. We have also continued to share our expert competencies with the Danish government and worked closely together with industry organisations to ensure Denmark could progress safely. Through our Small Great Nation initiative, we have also contributed to the public debate with the report 'Life with corona - new opportunities for the climate and the economy?', webinars and LinkedIn live talks about how Denmark was handling the pandemic and the scenarios we would face.

How we coped with COVID-19

Internally, we kept our colleagues in the loop with frequent and transparent CEO communications whenever the situation changed, and new restrictions or guidelines came into effect. Our leaders have also had an extensive focus on staying close to their employees by checking in on them regularly, introducing walks and talks, virtual meetings, and social gatherings. We have also shared advice and tools to working virtually as well as how to protect one's physical and mental wellbeing by offering virtual wellbeing sessions and workout classes. To boost social cohesiveness and bring laughter and positive energy into the homes of our colleagues, we also launched a series of 'Green Dot Live Shows' where we live-streamed a series of events to all employees in Deloitte Denmark including comedy, concerts, panel debates and tastings.

Nevertheless, the efforts to combat the spread of COVID-19 in Denmark and globally have resulted in severe restrictions of human rights, including the right to freedom of movement and liberty. But our offices have been open to those in need - for personal or professional reasons. All employees have also been offered home office equipment to ensure a good physical working environment - an offer that is here to stay, as we will bring the best learnings from the pandemic into the future, including more flexible working conditions. Through our various efforts, we seek to ensure the health and safety of our employees.

Running a responsible business

With our legacy built on audit and assurance services, serving the public's trust is core to Deloitte. And it is our licence to operate. An enormous responsibility lies on our shoulders to ensure objectivity and provide credibility and transparency across the businesses and organisations we serve. If we fail to live up to these standards, we risk that people and businesses will lose faith in systems, authorities and fair practices in our capital markets, which in turn can undermine our capacity to uphold human rights accountability

mechanisms in society at large. Consequently, we strive to cement our position as the leading professional services firm in the world every day by acting ethically and with integrity and serving as role models in our communities - while complying with external as well as regulatory requirements and expectations. To ensure this, we have set clear standards for professional practice and behaviour, which we will unfold below.

Human rights and ethical conduct

Deloitte's Global Principles of Business Conduct outline our ethical commitments and reflect our core belief that ethics and integrity are fundamental and non-negotiable. The Principles articulate our firm stand against e.g. bribery, corruption and fraud, our support for efforts to eradicate corruption and financial crime, as well as our commitment to respecting human rights. Furthermore, we clearly communicate about our employee rights, their human rights, their ethical obligations as employees, and how Deloitte manages human rights risks and protects these rights through our culture and our daily activities.

Deloitte strives to be an ethical company that meets or exceeds the demands and expectations of society and clients. Our culture must be open and honest, we must treat each other equally and respectfully, and we must never bring our professional and individual integrity into question through corrupt and unethical behaviour. Our 'Speak Up' whistle-blower system allows our people to safely share concerns or report any form of unethical behaviour - including potential breaches of human rights or examples of corrupt behaviour. In these and other ways we strive to minimise human rights risks.

To ensure that we walk the talk, we have a continuous focus on ethics training and storytelling campaigns where we showcase real-life examples of ethical dilemmas and guide employees on how to take the right action. During the past year, our people have completed global training courses such as 'Respect and Inclusion' and 'Anti-Corruption'. We have also run several phishing drills to ensure that all employees are aware of cyber risks and rolled out a mandatory 'Secure the Future' e-learning course for all employees. The course raised awareness of the risks relating to confidentiality, privacy and security to reduce the risk of security breaches and ensure compliance with e.g. the General Data Protection Regulation (GDPR) and other requirements.

Information security controls are a core element of our workplace culture, and we continuously reinforce and communicate our information security policy to ensure all our people maintain a clear understanding of what is expected of them and how we protect their rights to privacy and confidentiality. We have ramped up our cyber security efforts with an extensive cyber culture programme that has been run throughout the year across all of Deloitte NSE. The campaigns within the programme covered a broad array of security areas regarding working from home, social engineering attacks, data security and the use of connected devices. In FY21, we updated and reinforced our risk control systems and - after passing both internal and external audits – we had our ISO27001 certification renewed. The certification demonstrated our commitment to running a responsible business while keeping our own and our clients' data safe.

These efforts are all part of our extensive risk control system in Deloitte, and we take action when any breaches come to light. Actions range from warnings to termination of employment.

In our annual Ethics Survey, our people are encouraged to share how they experience our culture, including our focus on human rights, professional conduct and conflicts of interest. According to the FY21 survey, 99 per cent of respondents agreed or strongly agreed that Deloitte is an ethical place to work, and 97 per cent believed that action would be taken if unethical conduct was reported. We are happy to see that the survey results show that our continuous training and communication have proven effective in fostering an ethical culture in Deloitte, but we acknowledge that this is an ongoing effort and an area with room for improvement. Therefore, during the past year, we have had a particular focus on articulating the societal issues we still see in our society concerning sexism and racism. To combat this, we have launched several initiatives, including a new anti-discrimination and anti-harassment policy. Read more in the Respect and Inclusion section.

Acting as a corporate citizen

Our responsibility as a corporate citizen is embodied in Deloitte's global World*Class* ambition; to support 100 million people by 2030. We believe that we make the greatest societal impact when our talents worldwide use their skills and expertise to help others succeed. Therefore, our goal is to create a positive impact through education, skills development and access to opportunities, so no one is left behind in the 'new normal'. Globally, we have reached 8.2 million lives and invested a total of USD 223m in our communities throughout FY21, but the disruption caused by the

pandemic has only worsened the education inequality, unemployment and skills gap. That is why we have raised our commitment to impact 100 million people by 2030 - a doubling of our original commitment. We believe that a global organisation like Deloitte has the talent, resources and reach to truly make an impact - and therefore we must do so.

Just before the close of FY21, Deloitte launched the World*Class* Education Challenge in collaboration with the World Economic Forum to advance education solutions. The joint initiative invites educators, entrepreneurs and innovators to work alongside Deloitte professionals to advance solutions that will support access to a quality education for more of the world's students.

World*Class* unfolded in Denmark

In addition to our global initiatives, we have several Danish initiatives that support our World*Class* ambition, with Small Great Nation being our main social impact initiative. Small Great Nation is a collaboration with think tank Kraka with the purpose of creating a fact-based discussion on Denmark's strengths, opportunities and challenges as a country. Through analyses, events, podcasts and press activities, we have engaged business leaders, politicians, organisations and the public sector in discussions on Denmark's future. Naturally, the pandemic and its effect on our economy permeated our latest reports which focused on COVID-19s impact on climate and economy and the future of the EU. In autumn 2020, our Small Great Nation Youth Panel also launched a bold vision for Denmark with a high focus on ensuring equal opportunities through education. Read more about their vision on SGNation.dk.

Our Female Academy is another ongoing initiative where we gather a group of female students every year and provide them with a space to develop their competencies and inspire future female leaders.

Another initiative to highlight is the Co-Business Graduate Program launched in collaboration with Education Esbjerg and a few other companies. The two-year graduate programme provides young talents with a unique opportunity to build professional and personal skills through a tailored graduate programme. The graduates work across three of the participating companies and receive ongoing mentoring. The programme is designed to attract ambitious graduates to companies in and around Esbjerg. Through such initiatives, we can help educate young graduates and counteract recent years' population development where the highly educated flock to the largest cities.

This year, we reached 13,545 people through our various World*Class* programmes in Denmark. The number of people reached is lower than last year, as we have not been able to have as many physical events and activities due to COVID-19.

Planet & Transparency

Sustainability in Deloitte

The effects of climate change have escalated at an unprecedented level and already place significant strains on society and the environment. If we do not take urgent and immediate action, these complex challenges will evolve into an even broader range of risks for the environment, society and business, including our own. But progress is possible if businesses and society act collectively.

Our impact matters

As the biggest professional services firms in the world, we know that the collective actions of 330,000 people can have an impact. And we recognise the potential for business to lead the way into a sustainable future. That means setting higher standards for ourselves and helping our clients and society address climate change and accelerate the transition towards a low-carbon economy. To guide our efforts, we launched WorldClimate last year, which is Deloitte's global strategy to help the world achieve the goals of the Paris Agreement; keeping the planet within a 1.5 degrees Celsius temperature increase. Through WorldClimate, we are working hard to drive responsible climate choices within our organisations and beyond by embedding sustainable practices and committing to achieving net zero emissions by 2030, while engaging our people, clients and ecosystems to accelerate the transition towards a sustainable future.

Empowering our clients

Our own impact matters, but the impact we can create through our client work is immense. During 2020/21, we have therefore invested significantly in developing our climate and sustainability offerings across all our business areas, both globally and in Denmark. By leveraging our specialist competencies, data-driven insights and industry expertise, Deloitte is uniquely positioned to help clients integrate sustainability throughout their operations - no matter their starting point. Every day we are helping more clients embrace the changing business conditions, take action and make the necessary investment for their successful transition into a more sustainable future. Visit the Climate and Sustainability site to learn more about our services.

Greening our operations

On a global level, Deloitte's Responsible Business Practices cover specific goals and commitments to reduce emissions, preserve biodiversity, conserve resources and reduce waste within our operations. In Deloitte Denmark, we are honouring these commitments through local policies and initiatives.

Over the past year, we have particularly focused on analysing our travel data as a significant part of our CO2 emissions come from business travel - especially pre-COVID-19. As the pandemic will hopefully soon loosen its grip and make business travel possible again, we acknowledge that we cannot return to the same travel habits as before and still reach our goal of net zero emissions by 2030. Therefore, we have developed an ambitious travel policy to lower our travel emission by 50 per cent per full-time employee by 2030 compared to FY19 levels. As travelling is often a key enabler for our work, the updated travel policy will help us make more effective, carbon-conscious travel choices. We will of course also continue to leverage the past year's learnings around working remotely and utilise digital collaboration tools. In addition, we are working on making our car fleet 100 per cent electric within 2025.

"To solve the climate crisis, we need to take collective action. We are committed to continuing driving change that benefits the planet, people and sustainable growth - within our firm and together with our clients."

Anders Dons, CEO & Partner

We are constantly searching for ways to make all areas of our operations more environmentally sustainable.

We have also promoted the Deloitte impact assessment quiz #iAct, which is a global, interactive quiz that helps individuals commit to making better climate choices.

Additionally, our procurement policy has been updated to impose greater sustainability requirements on suppliers and now reflects our commitment to working with suppliers who share our desire to reduce negative environmental, social and economic impacts of our supply chain. In line with this, Meyers - our national canteen supplier - has just launched a new sustainability strategy and a tool that can track the CO2 emissions from every canteen and every ingredient. Going forward, we will use this insight to reduce our food waste and carbon footprint while feeding our employees healthy and greener meals.

Our carbon footprint

We constantly work to include additional data and improve the data quality to get a more complete greenhouse gas inventory. We have also continued to clean up the data, which means that there has been some minor updates to our FY19 and FY20 emission numbers.

Sustainability initiatives in FY21

- An ambitious travel policy that cuts our travel emissions in half by 2030
- The implementation of waste sorting facilities in all offices across Denmark
- A significant reduction in printed publications - most are only published digitally
- A new and more energy-efficient air conditioning system in our office in Copenhagen
- An internal sustainability site where employees can stay informed on our initiatives and submit suggestions for new one
- The establishment of several green outdoor areas is underway in our office in Copenhagen to increase biodiversity for the benefit of bees, insects and employees.

CARBON EMISSIONS*		FY20	FY21
Electricity, Market-based	tCO2e	0	0
Electricity, Location-based	tCO2e	711	683
District Heating	tCO2e	723	754
Business Travel (excl. radiative forcing)	tCO2e	2,974	653
Business Travel (incl. radiative forcing)	tCO2e	4,949	714
Total Gross 'Operational & Travel' Emissions**	**tCO2e**	3,697	653
Total Gross 'Operational & Travel' Emissions, per FTE	**tCO2e/FTE**	1.45	0.26
Certified Emission Reductions (CERs)	tCO_2e	-3,697	11,432
Total Net 'Operational & Travel' Emissions	tCO_2e	0	0

* Limited assurance was provided by BDO LLP at a consolidated Deloitte NSE level over all reported carbon metrics. This included consideration of the underlying country data in Belgium, Denmark, Finland, Greece, Iceland, Ireland, Italy, Malta, Middle East, the Netherlands, Norway, Sweden, Switzerland and the UK plus Jersey, Guernsey, the Isle of Man and Gibralter.

** Total Gross 'Operational & Travel' Emissions is a sum of market-based electricity data, district heating and business travel data without radiative forcing. Location-based electricity data and business travel data with radiative forcing are included in the table to increase transparency of our reporting.

Planet & Transparency

Small Great Nation's Youth Panel – **a vision for Denmark in 2040**

In the Small Great Nation initiative, Deloitte Denmark and think tank Kraka collaborate on engaging Danish businesses, organisations and the public sector to discuss and co-create solutions for a better Denmark. And what better way to discuss our future than to listen to those who will actually be at the centre of realising it: Denmark's youth.

This year, we gathered 42 of the brightest young minds from all around the country with diverse backgrounds and profiles – but with one thing in common: a strong desire to make a difference in our society. Together, they make up the Small Great Nation Youth Panel.

Their vision includes:

- An education system that provides equal opportunities and lifelong development
- An equal and attractive labour market adapted to different life phases
- A climate neutral Denmark by 2040 through CO2 taxes, a fossil fuel ban and a climate court
- A world-class research environment that turns Denmark into a green Silicon Valley
- A transparent tax system that rewards green investments

They embarked on a journey to define the Denmark they want. Through six months of workshops, inspiration and hard work, they used the UN's Sustainable Development Goals as their starting point and unfolded challenges and opportunities in our society. Subsequently, they turned them into visionary solutions within topics such as climate change, the labour market, education and healthcare. The result? A bold vision for Denmark in 2040.

We encouraged them to think big and not let their ideas be discouraged by the usual limitations that decision-makers are subject to. Their vision was not to be analytically heavy nor data-driven. It should be a reflection of the young generation's vision and ambition for the future. A reflection of the society they want to be part of.

Unfolding their vision with Esben Bjerre

In autumn 2020, the Youth Panel launched their vision through four virtual sessions where members of the panel discussed topics from their vision with experts, including Allan Polack, Marianne Dahl, Brian Mikkelsen and Michael Svarer. Well-renowned TV-, radio- and podcast host Esben Bjerre facilitated the dialogues as the sessions' host - watch the sessions here. Representatives from the Youth

"My vision for Denmark in 2040 is that we develop into a real green pioneer country, both in terms of our energy sector and our attitude as a society."

Peter Brixskov

"My vision is that by 2040 we live in a society that is mentally sustainable - end the unhealthy performance pressure."

Dorthea Bülow

Panel also presented the vision in different business forums and an episode of the podcast.

The data-driven discussions continue

In addition to unfolding the Youth Panel's vision, the Small Great Nation initiative has continued to launch reports and initiatives, including:

Small Great Nation initiatives in FY21

- Two extensive reports: one exploring life with corona, and one exploring the future of the EU
- Webinars and LinkedIn live talks – a new concept discussing the current global, political and societal landscape
- Two virtual conferences and podcasts with the former Prime Minister of Sweden, Carl Bildt and the former Greek Minister of Finance, Yanis Varoufakis, about the potentially federal future of the EU

Client impact

Making an impact for clients

At Deloitte, our clients are at the centre of everything we do. We constantly strive to help our clients realise their strategies and navigate uncertainty and change. This year has proven how difficult it is to predict the future. Nonetheless, our clients have embarked on reshaping their business to fit the demands of the new normal.

Our ability to combine the deepest industry expertise and capabilities with our clients and partnerships is our most important value proposition. Therefore, we are focusing on enhancing our industry expertise across all sectors to ensure that our clients always receive the best professional services competencies wrapped in deep industry knowledge.

Two client programmes – one goal
We are extremely proud to have helped our clients through large projects and transformation journeys as well as helped our clients build trust through our Audit & Assurance services. We have done so through our two go-to-market programmes: Industries and Private.

- In our Industry programme, we service large corporates within the consumer industry, public sector, energy, resources & industrials, financial services, life sciences & health care, and technology, media and telecommunications.
- In our Private programme, we service the SME segment in Denmark including fast-growing companies, private companies in the mid-market, family owned businesses, and private financial investors.

Although we have two programmes, we are one firm working towards the same goal: to be our clients' preferred and trusted advisor.

We hope you will dive into the stories of how we – together with our clients – have made an impact that matters.

Annual report 2020/21 | Client impact

Client impact

Danish Agro – preventing hackers from damaging agriculture

Every day, Danish Agro works to bring value-creating solutions to farmers around the world. Being established, owned and driven by farmers itself, the company is a key player in the Danish agricultural industry and helps other farmers leverage their harvest and strengthen their agricultural insight and competencies – contributing to a strong and resistant industry.

But last year, Danish Agro's business was put under severe pressure when they were hit by one the most pressing threats in today's digitalised world: a cyber-attack. Hackers had taken control of a supplier's IT systems and sent a phishing email from the supplier into an ongoing email correspondence with Danish Agro. Consequently, they now had access to their servers and could install hacker software – with the potential to disrupt the whole industry.

Restoring the past and building the future
Deloitte's Incident Response Team was present on site one hour after receiving the call. Together with Danish Agro, they identified the ideal response to the attack, both regarding external marketplace, stakeholders at large and internal communications. They worked side by side during all phases of the attack – from discovering and tracing the source through finished clean up.

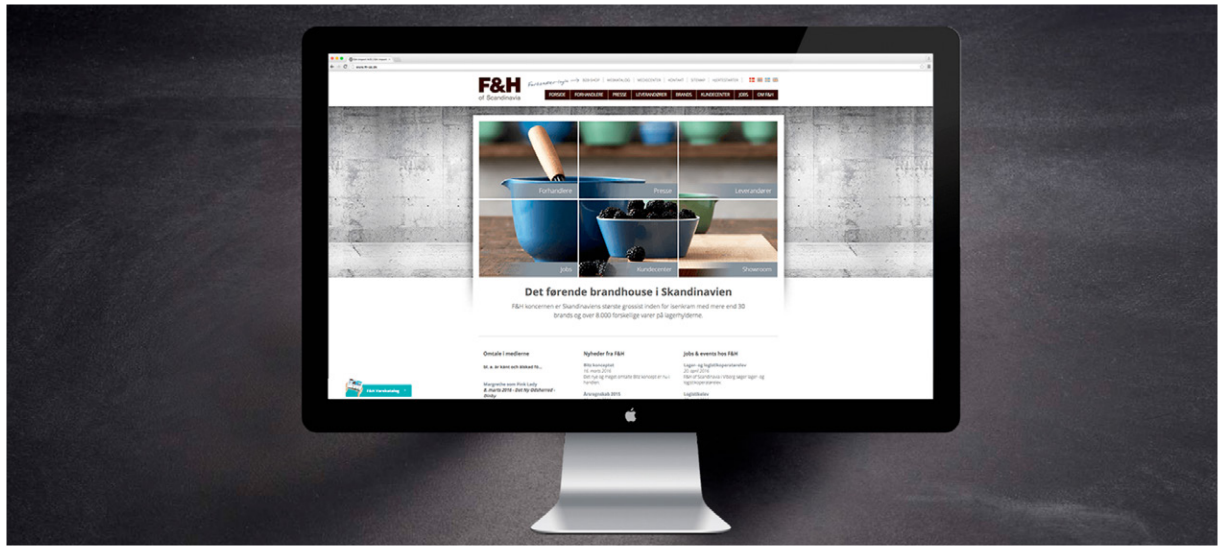
Danish Agro was quick to reorganise their business while the attack was detected and investigated. They developed a plan for adjusting operations to maintain client support through manual operations, ensuring that the business could still operate in the most critical stage.Jointly, Danish Agro and Deloitte commenced the process of developing policies for how to handle future attacks, which included building the future security setup to be more resistant towards cyber criminals.
It was quickly noticed that the hackers intended to re-enter Danish Agro, so this required upstaffing on the security area, investing in IT equipment and updating programs and servers.

Hackers are smart and constantly invent new techniques and types of attacks. The latest trend is called the 'double extortion technique', where hackers gain access to data and subsequently place substantial pressure on organisations to increase the chances of receiving what they demand. Nobody is safe from cyber-attacks, and no measures are safe bets against hackers. This is the biggest learning for Danish Agro, and a lesson they continue to incorporate into their operations.

"The measures we have taken and implemented do not keep us 100 per cent safe from cyber criminals, but they will help us to act promptly and on more favourable terms if our luck runs out again. It would be the wrong mindset to assume it could never happen to us again,"
says Brian Hauge Søe, Group CFO at Danish Agro."

Client impact

F&H – kickstarting an e-commerce transformation



E-commerce and online presence have become inevitable fundamentals for all companies operating in the wholesale and retail industry. This development has been a reality for years, and as the COVID-19 pandemic raged and shut down most physical stores around the world, the trend was truly accelerated.

F&H, Scandinavia's leading brand house for interior, kitchen, table and bath, saw huge possibilities and potential in the trend and developed a comprehensive e-commerce strategy that influenced their complex organisation from a-z.

F&H chose to partner up with Deloitte and together embark on an e-commerce business transformation journey, building a brand-new e-commerce strategy with the aim of supporting their purpose in this digital age: to bring quality interior and hardware to customers.

A project of this calibre required both development of the overall strategy and operating model, as well as clever technology selection and implementation. It required scrutinisation of the entire organisation to ensure that the new strategy stayed consistent and was visible in all operations – from call centre to distribution.

First of its kind

As a key element in the new strategy, a brand-new online shop, KitchenLivingDining.com, was launched across all Nordic markets in spring 2021, built on Salesforce Commerce Cloud. Besides functioning as a platform for show-casing how F&H's products from different brands complement one another, the website is a steppingstone towards F&H's big ambition: to conquer international markets.

F&H further decided to invest in a combined eco-system for the B2C sales channels and migrate all their current brand websites to the Salesforce platform. Additionally, they chose to support the eco-system with a better platform for customer service and marketing across countries by implementing a Salesforce Service & Marketing Cloud.

This is the first ever e-commerce project in the Danish market for Deloitte and therefore a great achievement and milestone. For F&H, the journey continues and lays ground for generating an increasingly larger part of the revenue through online presence. It is F&H's aspiration that the new e-commerce strategy will function as the caterpillar to expand into new markets internationally – both at a B2C and a B2B level. Deloitte is proud to be part of the journey with F&H as they conquer new markets and reach new customers.

Client impact

JOE & THE JUICE – supporting a global journey locally

In 2002, Kasper Basse got a clever idea. Inspired by concepts such as Starbucks and cafés in stores, he decided to open a juice bar in his two friends' furniture store in central Copenhagen. He developed a signature concept, a desired atmosphere, and the name: JOE & THE JUICE. That one small juice bar quickly turned into three, then to 100, and as of 2021, JOE & THE JUICE owns close to 300 stores on four different continents.

JOE & THE JUICE has grown tremendously over a short period of time, which naturally brings complex challenges for a company that was just a one man show less than 20 years ago. It became evident that the company had grown too big for its audit and tax procedures, and last year, JOE & THE JUICE chose Deloitte as their trusted advisor to assist in developing their audit and tax operations to support their global journey and success.

"With their international profile and deep expertise, Deloitte has helped us upscale our setup and tune our finance functions, so they support our growth journey while ensuring the right professional standards and technical approach. Additionally, being a private equity owned company requires that we are prepared for the future, and Deloitte has demonstrated an immense strength and proficiency in this area."
– Allan Auning-Hansen, CFO at JOE & THE JUICE

Together, JOE & THE JUICE and Deloitte have initiated a transformation process of the finance operations. Best practices have been identified and organised, leading to the implementation of a more data-driven and automated audit system – a new and more professionalised approach to audit with a greater focus on risk.

Centralisation drives cohesion

A cornerstone in the partnership has been to centralise functions and strategically mobilise operations to fit a joint global standard. Together with Deloitte, the tax operations have been developed to ensure compliance across the globe in all tax-related areas, including corporate tax, sales and transfer pricing. Today, all audit and tax functions are centralised in the headquarter and service centre in Copenhagen. The result is increased cohesion in the core operations.

A successful brand requires successful operations, and Deloitte is pleased to assist JOE & THE JUICE in reaching new heights and to be by their side through this global journey.

Client impact

The Danish Ministry of Health – collaborating on the COVID-19 vaccine rollout

Over the last year and a half, the COVID-19 pandemic has turned the world upside down. Governments have had to navigate in unknown territory, and societies have been challenged, to say the least. But in the midst of the storm, the light at the end of the tunnel brightened. Vaccines were underway – quicker than most could have predicted. And the message from the Danish Government was clear: the vaccines were the way out of the crisis and back a to pre-coronavirus world.

Rapid action was required from authorities and institutions around the country. Jointly, they had to ensure that when Denmark received the vaccines, the journey from the cooled storerooms to the arms of the Danes would not be long. But this particular vaccine rollout was like no other. In fact, it was not possible to simply copy and paste processes and protocols from the yearly influenza vaccine programme. The volume of vaccines, the number of people receiving the shots, and the capacity necessary to make sure that vaccines were given to those who needed them the most required a different approach.

From the first shot to mass vaccination

With a decentralised Danish healthcare system, there was an urgent need for close collaboration and a joint plan across the state, regions and municipalities that could ensure swift and professional execution. The Danish Ministry of Health embarked on a journey with Deloitte to ensure a smooth vaccine rollout in collaboration with the Danish Health Authority. The entire country was paying close attention – and in December 2020, the first Danes got their shot.

Now it was time to upscale and systemise the process even further. This required new collaborative workflows for IT solutions, detailed logistics plans and data tracking, with which Deloitte assisted. A new reporting setup was built using Power BI, strengthening and intensifying the reporting of variables such as who had been invited for vaccina-tion, who had booked a timeslot, and who had gotten their first and second shot. Hereby, it became possible to closely monitor progress and adjust where necessary.

The entire healthcare system has worked hard together with the team from Deloitte to ensure a smooth vaccination process, where all stakeholders demonstrated an incredible capacity for adjusting to unforeseen circumstances and delivering a new operating model. The result is the successful vaccination of millions of Danes, enabling society to get back to a more normal state – and important lessons learned, preparing us for possible future pandemics.

Financial review 2020/21

Annual report 2020/21 | **Financial review**

Financial review

Main activity
Deloitte Statsautoriseret Revisionspartnerselskab carries out audit and advisory services in Denmark within the framework that follows from the Danish auditing legislation. The activities have consisted of audit and advisory services within Audit & Assurance, Consulting, Tax & Legal and Financial Advisory.

Statement of comprehensive income
We have continued growth and consolidation of our position as a strong professional audit and advisory firm in Denmark with an organic growth rate of 4%. Revenue totals DKK 3,748m compared to DKK 3,588m in 2019/20.

However, the major impact on the revenue stems from the growth in revenue from clients with headquarters in Denmark but invoiced outside Denmark, which goes far beyond the revenue accounted for in the annual report. In line with our global strategy we have in recent years accelerated the exploitation of competencies from other member firms in order to bring the best of Deloitte to our clients no matter where the client is domiciled or the origin of our resources and competencies. Some of these projects can be invoiced and accounted for in the Danish annual report and others cannot. Taking the latter into account, revenue would have been DKK 4.4bn or a growth rate of 5%.

Staff costs, including remuneration to the partners, total DKK 2,590m, which is an increase of 10% compared to last year.

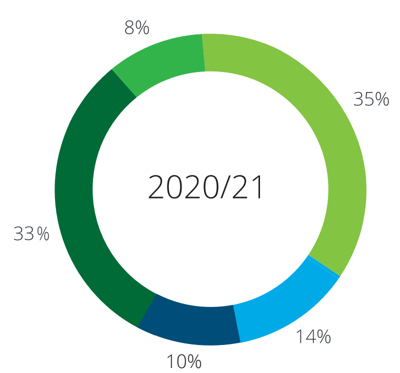
Of the total staff at 31 May 2021, 251 were partners (31 May 2020: 263).

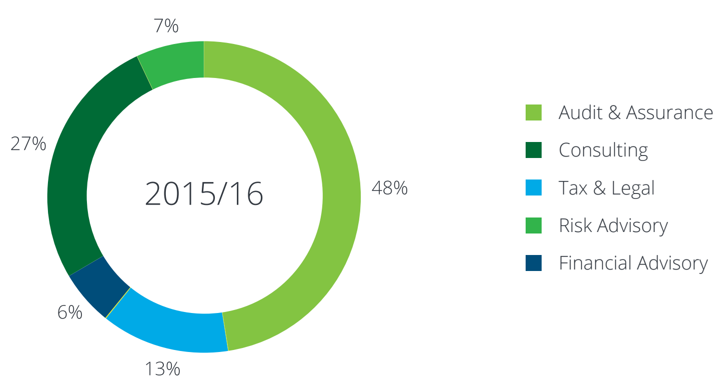
Profit for the year amounts to DKK 55m, which is DKK 5m less than last year's profit and expectations expressed in the annual report for 2019/20. In assessing the results, it should be considered that the equity partners are also partners of the Firm and that their remuneration is profit-related. The remuneration to equity partners has been recognised in staff costs.

Audit & Assurance
In 2020/21, Audit & Assurance has again taken significant steps on the transformational journey of Reimagine Audit, accelerating the use of technology, sustaining marketleading quality, and continuing to change our delivery models. In 2020/21, revenue went up by 5% compared to the year before because of positive market conditions for Audit and Assurance Offerings which have increased significantly. Furthermore, deferred filing of annual reports for 2019 has had a positive impact on 2020/21.

Consulting
The underlying revenue growth in Consulting was 6% compared to last year. Our actual growth rate of 0% is due to fact that the revenue we earned on some of our major projects for Danish headquartered clients, but which were carried out in collaboration with Deloitte member firms from other countries, has not been invoiced and accounted for in our Danish firm. This accounting principle explains the discrepancy between the underlying growth rate and the actual growth rate. COVID-19 and the government stop on consultancy services did affect our underlying growth rate in the first half of the year, but in the second half we recorded an actual growth rate of 12% compared to the same period last year.

Revenue by business unit





Tax & Legal
Tax & Legal have had a growth rate of 7% in 2020/21. All service lines have contributed to this growth, and we have seen an increased demand for the following services in particular: M&A, Legal and Managed Services.

The activity in the M&A market continues to be very high, and we have been engaged in a number of deals for the largest Danish multinationals as well as global Private Equity. We have also experienced an increased demand for Legal Services, and more clients are requesting these services.

Finally, we have also seen an increased demand for Managed Services such as outsourcing of compliance etc. as well as our tax assistance with the implementation of S/4 HANA.

Risk Advisory
During 2020/21, revenue decreased by nearly 9%. The decrease is due to the divestment and streamlining of some of the business to transform it to meet future market opportunities and growth.
The service lines of Strategic, Regulatory, and Financial Risk have all continued their growth in 2020/21.

Financial Advisory
Financial Advisory has increased revenue by 34% in 2020/21. All service lines within Financial Advisory have increased compared to last year. However, Corporate Finance activities represent the by far highest increase due to the closing of a significant number of transactions and some of them of high value.

Balance sheet and cash flow statement
The balance sheet total is DKK 2,804m, of which equity amounts to DKK 575m, equalling an equity ratio of 21% (2019/20: 23%).

Contract assets and trade receivables have increased by DKK 126m. This significant increase is due to the increase in revenue, especially in the second half of the year.

Investments in intangible assets and property, plant and equipment amount to DKK 75m, which primarily relates to the investment in our new ERP platform, which was implemented in the beginning of 2021.

Distribution of dividend amounts to DKK 60m, which is the same as in 2019/20.

Lease liabilities have decreased by DKK 79m. The significant decrease is due to lease payments during the year.

Trade payables have increased by DKK 105m due to timing differences compared to last year.

Short-term employee liabilities have gone up by DKK 230m, primarily arising from increases in bonus compared to the previous year.

Other liabilities have decreased by DKK 107m. This development is due to postponed deadlines for settling VAT last year caused by the government COVID-19 package.

Operating cash flow before working capital changes amounts to DKK 262m in 2020/21 compared to DKK 365 in 2019/20. The decrease is mainly due to changes in employee liabilities.

These factors have led to an increase in cash by DKK 166m improving the cash position to stand at DKK 342m by the end of 2020/21.

Parent
The Parent generally accounts for 99% to 100% of the firm. The firm's development, therefore, in all material respects corresponds to that of the Parent.

Uncertainty relating to recognition and measurement
No special uncertainty has been identified relating to recognition and measurement. For significant accounting judgements and estimates, refer to Note 0.5 to the consolidated financial statements.

Research and development activities
Investments have been made in digital solutions, including finalisation of a new ERP system. The new ERP system went live in February 2021, from which date amortisation commenced.

As focus will remain on digitalisation and innovation, we expect to make further investments in these areas during 2021/22.

Financial risks

The Firm's financial management is directed at managing and reducing financial risks which are a direct consequence of the Firm's operations, investments and financing. Because of its operations, investments and financing, the Firm is primarily exposed to changes in exchange rates and interest rates. Furthermore, the Firm is exposed to credit risks related to trade receivables, contract assets and bank deposits and liquidity risks.

The exposures to the identified risks are monitored on an ongoing basis by the Firm's finance department. The objective is that the Firm's financial management will contribute to increasing the predictability of the financial performance, which includes reducing the financial risks identified. The Firm does not use derivatives etc.

The Firm's finance department manages the Group's financial risks and coordinates the Group's cash management, including financing and investment of surplus liquidity.

For specification of the exposures etc., refer to Note 3.5 in the financial statements.

Events after the balance sheet date

After the balance sheet date Deloitte acquired Syncronic for a total purchase price of DKK 44m. Syncronic's main activity is to provide consulting service with focus on supply chain management. The effect of the acquisition is an expected increase in revenue by DKK 44m for 2021/22.

The acquisition has not influenced the evaluation of this annual report.

Besides the above no events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

Outlook 2020/21

Performance and earnings for the coming year are expected to be on a par with this year. Taking into consideration the general development in the economy and the profession, next year is expected to see satisfactory growth for all business units. An overall increase in revenue around 5% is expected.

Financial highlights

	2020/21 DKK'm	2019/20 DKK'm	2018/19 DKK'm	2017/18 DKK'm	2016/17 DKK'm
Key figures					
Revenue	3,748	3,588	3,732	3,429	3,091
Operating profit*	72	80	102	92	89
Net financials	(17)	(20)	(9)	(4)	(3)
Profit for the year*	55	60	93	87	86
Trade receivables and contract assets	1,099	973	1,244	1,026	852
Equity	575	580	580	547	518
Balance sheet total	2,804	2,542	2,137	1,799	1,689
Investment in intangible assets	145	93	114	11	9
Investment in property, plant and equipment	32	16	33	11	33
Net interest-bearing debt excl. lease liabilities***	115	229	524	329	229
Net interest-bearing debt incl. lease liabilities***	385	464	-	-	-
Cash flows from operating activities	334	542	(37)	(21)	(26)
Average no. of full-time employees	2,581	2,642	2,575	2,513	2,553
Ratios					
Net margin (%)	1.9	2.2	2.7	2.7	2.9
Equity ratio (%)	20.5	22.8	27.1	30.4	30.7
Revenue per full-time employee (DKK'm)	1.5	1.4	1.4	1.4	1.2
Financial gearing excl. lease liabilities (%)	0.2	0.4	0.9	0.6	0.4
Financial gearing incl. lease liabilities (%)**	0.7	0.8	-	-	-

*In evaluating the profit, it should be considered that the shareholders of the Firm are also its partners and that their remuneration is profit-related. The remuneration has been recognised in staff costs.

** In 2019/20, IFRS 16 Leases was implemented. Comparative figures for 2018/19 and before have not been restated.

Key figures and ratios are defined and calculated in accordance with the CFA Society Denmark's current version of "Recommendations & Ratios":

Definitions

Net margin	$\frac{\text{Profit for the year * 100}}{\text{Revenue}}$	Revenue per full time employee	$\frac{\text{Revenue (DKK'm)}}{\text{Average no. of full-time employees}}$
Equity ratio	$\frac{\text{Equity * 100}}{\text{Balance sheet total}}$	Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$

***Net interest-bearing debt consist of cash, other investment and financial liabilities.

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 1 June 2020 to 31 May 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C (large) enterprises as governed by the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 May 2021 and of the results of their operations and cash flows for the financial year 1 June 2020 to 31 May 2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 1 September 2021

Executive Board

Anders Vad Dons

Board of Directors

Gustav Jeppesen
Chairman

Therese Kjellberg

Michel Denayer

Jesper Smedegaard Larsen

Lars Kronow

Eva Sigurbjörg Thorkelsdóttir

Mette-Katrine Hviid

Independent auditor's report

Independent auditor's report

To the shareholders of Deloitte Statsautoriseret Revisionspartnerselskab

Opinion

We have audited the consolidated financial statements and the parent financial statements of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 01.06.2020 to 31.05.2021, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.05.2021 and of the results of their operations and cash flows for the financial year 01.06.2020 to 31.05.2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Parent'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Copenhagen, 1 September 2021

BDO
Statsautoriseret Revisionspartnerselskab
Business Registration No. 20 22 26 70

Ole C. K. Nielsen
State-Authorised Public Accountant
MNE no. 23299

Statement of comprehensive income for 2020/21

	Consolidated		Parent	
	2020/21 DKK'm	**2019/20 DKK'm**	**2020/21 DKK'm**	**2019/20 DKK'm**
Revenue (1.1)	3,748.3	3,587.6	3,734.6	3,566.6
Staff costs (1.2)	(2,589.6)	(2,345.7)	(2,572.2)	(2,319.6)
External expenses (1.3)	(949.4)	(1,029.3)	(951.7)	(1.037.9)
Depreciation and amortisation (1.4)	(148.2)	(147.1)	(149.8)	(146.0)
Other operating income (1.5)	10.6	14.5	10.6	14.5
Operating profit	**71.7**	**80.0**	**71.5**	**77.6**
Income from investments in subsidiaries	-	-	0.0	2.1
Financial income (3.7)	0.1	1.5	0.0	1.6
Financial expenses (3.8)	(16.5)	(21.1)	(16.2)	(20.9)
Profit for the year	**55.3**	**60.4**	**55.3**	**60.4**
Comprehensive income for the year	**53.3**	**60.4**	**55.3**	**60.4**

Balance sheet at 31.05.2021

	Consolidated		Parent	
	2021 DKK'm	**2020 DKK'm**	**2021 DKK'm**	**2020 DKK'm**
Goodwill (2.1)	586.7	586.7	532.8	532.8
Intellectual property rights (2.2)	23.4	34.0	22.7	32.6
Completed development projects (2.2)	98.0	35.5	98.0	35.5
Development projects in progress (2.2)	1.7	38.0	1.7	38.0
Intangible assets	**709.8**	**694.2**	**655.2**	**638.9**
Right-of-use assets (2.3)	367.1	453.7	367.1	453.7
Leasehold improvements (2.3)	17.0	15.7	17.0	15.7
Operating equipment and fixtures (2.3)	38.3	34.2	38.3	34.0
Property, plant and equipment	**422.4**	**503.6**	**422.4**	**503.4**
Investments in subsidiaries (2.4)	-	-	61.8	61.8
Investments in associates (2.4)	11.7	11.5	11.4	11.5
Deposits and other financial assets (2.4)	43.3	44.7	43.8	44.5
Receivables from associates	10.8	7.4	10.8	7.4
Other non-current assets	**65.8**	**63.6**	**127.8**	**125.2**
Non-current assets	**1,198.0**	**1,261.4**	**1,205.4**	**1,267.5**
Trade receivables (2.5)	917.9	771.4	917.8	771.3
Contract assets (2.6)	248.9	247.2	248.4	246.5
Receivables from subsidiaries	-	-	0.4	0.3
Receivables from associates	0.0	22.3	0.0	22.3
Other receivables	25.0	22.3	22.7	21.3
Prepayments	71.9	41.2	71.9	41.1
Receivables	**1,263.7**	**1,104.4**	**1,261.2**	**1,102.8**
Cash	**341.8**	**176.1**	**337.2**	**172.8**
Current assets	**1,605.5**	**1,280.5**	**1,598.4**	**1,275.6**
Assets	**2,803.5**	**2,541.9**	**2,803.8**	**2,543.1**

Balance sheet at 31.05.2021 (continued)

	Consolidated		Parent	
	2021 DKK'm	**2020 DKK'm**	**2021 DKK'm**	**2020 DKK'm**
Share capital (3.1)	42.0	42.0	42.0	42.0
Reserve for development projects	-	-	98.1	68.7
Retained earnings	532.8	537.9	434.7	469.2
Equity	**574.8**	**579.9**	**574.8**	**579.9**
Financial liabilities (3.5)	292.9	258.1	292.9	258.1
Lease liabilities (3.4)	296.7	378.7	296.7	378.7
Employee liabilities (2.7)	191.3	146.4	188.9	145.3
Provisions (2.8)	0.0	3.0	0.0	3.0
Non-current liabilities	**780.9**	**786.2**	**778.5**	**785.1**
Financial liabilities (3.5)	164.6	147.0	164.6	147.0
Lease liabilities (3.4)	88.2	85.4	88.2	85.4
Employee liabilities (2.7)	738.3	507.8	737.2	506.8
Contract liabilities (2.6)	68.2	45.7	68.2	45.7
Trade payables (3.5)	231.6	126.4	231.4	125.0
Payables to subsidiaries	-	-	3.6	7.4
Other liabilities (3.3)	156.9	263.5	157.3	260.8
Current liabilities	**1,447.8**	**1,175.8**	**1,450.5**	**1,178.1**
Liabilities	**2,228.7**	**1,962.0**	**2,229.0**	**1,963.2**
Equity and liabilities	**2,803.5**	**2,541.9**	**2,803.8**	**2,543.1**

Consolidated statement of changes in equity for 2020/21

	Share capital DKK'm	**Retained earnings DKK'm**	**Total DKK'm**
Equity at 31.05.2019	**42.0**	**537.9**	**579.9**
Profit for the year	-	60.4	60.4
Comprehensive income for the year	**-**	**(60.4)**	**(60.4)**
Dividend paid	-	(60.4)	(60.4)
Equity at 31.05.2020	**42.0**	**537.9**	**579.9**
Profit for the year	-	55.3	55.3
Comprehensive income for the year	**-**	**55.3**	**55.3**
Dividend paid	-	(60.4)	(60.4)
Equity at 31.05.2021	**42.0**	**532.8**	**574.8**

Parent statement of changes in equity for 2020/21

	Share capital DKK'm	Reserve for dev.projects DKK'm	Reserve for equity method DKK'm	Retained earnings DKK'm	Total DKK'm
Equity at 31.05.2019	**42.0**	**35.9**	**3.0**	**499.0**	**579.9**
Profit for the year	-	32.8	(3.0)	30.6	60.4
Comprehensive income for the year	**-**	**32.8**	**(3.0)**	**30.6**	**60.4**
Dividend paid	-	-	-	(60.4)	(60.4)
Equity at 31.05.2020	**42.0**	**68.7**	**-**	**469.2**	**579.9**
Profit for the year	-	29.4	-	25.9	55.3
Comprehensive income for the year	**-**	**29.4**	**-**	**25.9**	**55.3**
Dividend paid	-	-	-	(60.4)	(60.4)
Equity at 31.05.2021	**42.0**	**98.1**	**-**	**434.7**	**574.8**

Cash flow statement for 2020/21

	Consolidated		Parent	
	2020/21 DKK'm	**2019/20 DKK'm**	**2020/21 DKK'm**	**2019/20 DKK'm**
Operating profit	71.7	80.0	71.5	77.6
Adjustments for non-cash items:				
Depreciation and amortisation (1.4)	148.2	147.1	149.8	146.0
Increase/decrease in provisions	(3.0)	0.3	(3.0)	(12.4)
Increase/decrease in long-term employee liabilities (2.7)	44.9	137.9	43.6	136.8
Operating cash flow before working capital changes	**261.8**	**365.3**	**261.9**	**348.0**
Increase/decrease in current liabilities	229.1	(36.4)	229.4	3.5
Increase/decrease in trade receivables and contract assets	(125.8)	265.2	(125.9)	257.7
Increase/decrease in other receivables	(14.5)	(39.6)	(13.3)	(40.0)
Operating cash flow before financial income and expenses	**350.6**	**554.5**	**352.1**	**569.2**
Interest income etc. received (3.7)	0.1	1.3	0.0	1.4
Interest expenses etc. paid (3.8)	(16.4)	(14.7)	(16.2)	(14.5)
Cash flows from operating activities	**334.3**	**541.1**	**335.9**	**556.1**
Purchase of intangible assets	(52.1)	(39.4)	(52.8)	(39.4)
Purchase of property, plant and equipment	(24.9)	(16.2)	(25.8)	(16.1)
Sale of property, plant and equipment	0.9	0.9	0.0	0.8
Acquisition of businesses (4.1)	0.0	(8.3)	0.0	(8.3)
Acquisition of subsidiaries and capital increase (4.1)	-	-	0.0	(13.5)
Investment in associates	0.0	(14.6)	0.0	(14.6)
Purchase of financial assets	0.0	(2.3)	0.0	(2.3)
Sale of financial assets	1.2	0.0	0.8	0.0
Cash flows from investing activities	**(74.9)**	**(79.9)**	**(77.8)**	**(93.4)**

(continues on next page)

Cash flow statement for 2020/21 (continued)

	Consolidated		Parent	
	2020/21 DKK'm	**2019/20 DKK'm**	**2020/21 DKK'm**	**2019/20 DKK'm**
Repayment of lease liabilities	(85.7)	(85.4)	(85.7)	(85.4)
Draw downs and repayments of financial liabilities (3.3)	52.4	(171.4)	52.4	(171.4)
Dividend paid	(60.4)	(60.4)	(60.4)	(60.4)
Cash flows from financing activities	**(93.7)**	**(317.2)**	**(93.7)**	**(317.2)**
Increase/decrease in cash and cash equivalents	**165.7**	**144.0**	**164.4**	**145.5**
Cash and cash equivalents at 01.06.2019	176.1	32.1	172.8	27.3
Cash and cash equivalents at 31.05.2021 (3.5)	**341.8**	**176.1**	**337.2**	**172.8**

Summary of notes to the financial statements

Note disclosures, description of accounting policies and description of significant accounting judgements and estimates made in preparing the consolidated financial statements are divided into four sections which outline the various elements of the financial statements, including the individual line items. This division means that accounting policies, significant accounting judgements and estimates and monetary specifications are presented together for the individual financial statement items and notes.

For reasons of clarity, descriptions are marked as follows:

§ Accounting policies

Significant accounting judgements and estimates

0. Accounting policies in general

§ **0.1 Framework**

Deloitte Statsautoriseret Revisionspartnerselskab ("the Company" or "the Parent" and together with its subsidiaries "the Group or "the Firm") is a limited partnership company domiciled in Copenhagen, Denmark.

The consolidated financial statements for 2020/21 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports for reporting class C (large) enterprises, as required by the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

§ **0.2 Changes in accounting policies**

A number of new and amended Standards and Interpretations have come into force for financial years beginning on or after 1 June 2020. None of these have had any effect on the consolidated or parent financial statements.

The accounting policies applied for the consolidated financial statements are unchanged compared to last year apart from the presentation of certain items of special income, which in previous years have been presented as "Special items" (2019/20: DKK 14,5 m) in profit or loss, but as of this year they are presented as "Other income". Comparative figures have been restated accordingly.

§ **0.3 Basis of accounting**

The consolidated financial statements are presented in Danish kroner, which is the Company's and its subsidiaries' functional currency.

The financial statements are presented using the historical cost convention, except where IFRS specifically requires the use of fair value, according to the accounting policies described under the individual line items.

§ **0.4 Consolidated financial statements**

The consolidated financial statements comprise Deloitte Statsautoriseret Revisionspartnerselskab (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent.

The Parent controls a subsidiary when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its control over the subsidiary. Control is normally obtained if the Parent holds more than 50% of the voting rights in the subsidiary.

Enterprises in which the Firm, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

0.5 Significant accounting judgements and estimates

In the process of applying the Firm's accounting policies, certain judgements have been made by Management.

Furthermore, when recognising and measuring items in the financial statements, it is necessary in certain circumstances to make estimates, and to make assumptions, about future events. These estimates and assumptions are based on historical experience and other relevant factors which are considered prudent by Management in the circumstances, but which are inherently uncertain or unpredictable. Actual results may, therefore, vary from these estimates and assumptions.

The estimates made and their underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the accounting period in which such changes occur and in future accounting periods if they affect those periods.

In preparing the financial statements, significant judgements have been made for the following:

- Evaluation of principal/agency relationships in terms of revenue recognition and presentation (Note 1.1)

Significant accounting estimates have been made for the following elements:

- Determination of the selling price of contract assets (Notes 1.1 and 2.6)
- Calculation of value-in-use when testing goodwill for impairment (Note 2.1)
- Allowance for expected losses on receivables (Note 2.5)
- Measurement of provisions (Note 2.8).

§ **0.6 Foreign currency translation**
On initial recognition, foreign currency transactions are translated at the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currency that have not been settled at the balance sheet date, are translated using the exchange rate on the balance sheet date. Exchange differences arising between the transaction date and the payment date, or the balance sheet date, are recognised in the statement of comprehensive income as financial income or financial expenses.

§ **0.7 Taxation**
As limited partnership companies, the Company and its major subsidiaries are not independent taxpayers, as the liability to pay tax falls on the Firm's equity partners. Therefore, no current tax or deferred tax is recognised in the consolidated financial statements.

§ **0.8 Standards and Interpretations not yet in force**
At the time of presentation of the annual report 2020/21, the IASB and the IFRS Interpretations Committee have issued a number of new Standards and Interpretations and related amendments, which will only enter into force for the Firm's financial years beginning after 31 May 2021. These Standards and Interpretations have, therefore, not been applied in the preparation of the consolidated financial statements for the current year.
The new and amended Standards and Interpretations, including IAS 37 regarding onerous contracts, are not expected to have any significant impact on future consolidated financial statements.

0.9 Materiality in financial reporting
In connection with the preparation of the annual report, Management assesses how the annual report is to be presented. In this connection, much importance is attached to the content being relevant to the users.

Thus, when presenting the statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement of the consolidated financial statements, it is assessed whether a need exists to disaggregate financial statement items further or whether it is more appropriate to aggregate amounts etc. and, in doing so, enhance transparency. When preparing the accompanying notes to the consolidated financial statements, the focus is on the content being relevant to the users and on the notes being presented in a clear and informative manner. The assessment, which takes into account the requirements of Danish law, International Financial Reporting Standards and Interpretations, and with the overarching objective that the consolidated financial statements as a whole must give a true and fair view, has entailed that information deemed immaterial by Management has been omitted from the consolidated financial statements.

1. Operating profit or loss

1.1 Revenue from contracts with customers
The Firm generates revenue primarily by delivering to customers the types of professional services offered by the business units of Audit & Assurance, Consulting, Tax & Legal, Risk Advisory, and Financial Advisory. The bulk of the Firm's revenue arises from services provided in Denmark.

Each business unit offers a wide range of services and, when delivered to individual customers, these are almost always distinct in nature. However, the performance obligations tend to be consistent from customer to customer, and the ones the Firm most commonly satisfies are:

- External audit services
- Technology solution design and implementation
- Strategy and consulting services
- Direct and indirect tax compliance and advisory services
- Business and compliance services
- Corporate finance advisory
- M&A transactions and related services
- Cyber risk services.

The amount of revenue the Firm receives varies both from service to service and from customer to customer, reflecting the distinct nature of the services the Firm provides, and typically reflecting the skills and experience of the individuals who provide the services.

The consideration the Firm receives is typically based on one or more of these principal pricing mechanisms:

- Time and materials
- Fixed fee
- Contingent fee.

Most of the Firm's contractual arrangements with customers comprise a single performance obligation. For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated based on the relative estimated stand-alone selling price of each performance obligation.

The Firm has determined that no significant financing component exists in respect of its professional services as the period between when the Firm transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

As a provider of professional services, the Firm is exposed to professional liability claims.

§ **Accounting policies**

Other than for contingent fees which are constrained in accordance with the requirements of IFRS 15, the Firm has an enforceable right to payment for services rendered and, given the distinct nature of the services provided, recognises revenue over time as such services are rendered.

The Firm measures progress in satisfying the performance obligations as follows:

- For time and materials arrangements, the Firm recognises revenue based on time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.
- For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time used to provide the services.
- Contingent fees are typically recognised when the contingency is resolved.

Significant accounting judgements and estimates

Evaluation of principal/agency relationships (accounting judgement)

When a revenue transaction involves a third party in providing goods or services to a customer, the Firm must determine whether the nature of its promise to the customer is to provide the underlying goods or services itself (i.e. the Firm is the principal in the transaction) or to arrange for the third party , eg. other Deloitte member firms to provide the underlying goods or services directly to the customer (i.e. the Firm is the agent in the transaction). Due to the complexities of some of these arrangements, this determination may require significant judgement, including an assessment as to whether the Firm controls a specified good or service before it is transferred to a customer. If this is deemed to be the case, the Firm recognises revenue on a gross basis – if not, revenue is recognised on a net basis.

Selling price of contract assets (accounting estimate)

Contract assets in the form of contract work in progress are recognised at the amount equal to the consideration that Management expects the Firm to be entitled to receive for the work carried out at the balance sheet date.

1.1 Revenue from contracts with customers (continued)

At 31 May 2021, the amount of contract assets recognised at selling price totalled DKK 2,301.4m before offsetting of amounts invoiced on account (31 May 2020: DKK 1,840.3m).

	Consolidated		Parent	
	2020/21 DKK'm	2019/20 DKK'm	2021/20 DKK'm	2019/20 DKK'm
Revenue				
Revenue from contracts with customers is broken				
Audit & Assurance	1,326.9	1,265.2	1,319.1	1,254.9
Consulting	1,221.9	1,226.7	1,216.0	1,216.0
Tax & Legal	548.1	511.3	548.1	511.3
Risk Advisory	283.6	310.9	283.6	310.9
Financial Advisory	367.8	273.5	367.8	273.5
	3,748.3	**3,587.6**	**3,734.6**	**3,566.6**

1.2 Staff costs

Staff costs comprise salaries, bonuses, remuneration and social security expenses etc. for the financial year for the Firm's employees and partners, including stay-on fees offered when acquiring businesses. Staff costs also include the costs in the financial year for jubilee benefits.

Key Management includes the Firm's management team (Executive), incl. the Executive Board.

	Consolidated		Parent	
	2020/21 DKK'm	2019/20 DKK'm	2020/21 DKK'm	2019/20 DKK'm
Salaries to employees and remuneration to partners	2,502.0	2,254.5	2,489.9	2,229.6
Long-term employee liabilities, refer to Note 2.7	0.5	0.1	0.5	0.1
Defined contribution plans	19.1	7.8	18.9	7.7
Other social security expenses	19.9	19.6	19.8	19.4
Other staff costs	48.1	63.7	43.1	62.8
	2,589.6	**2,345.7**	**2,572.2**	**2,319.6**
Average no. of full-time employees	2,581	2,642	2,566	2,608
No. of employees at year-end	2,823	2,842	2,804	2,819
Total remuneration to Key Management incl. remuneration to the Executive Board	**117,4**	**79.4**	**117,4**	**79.4**

Remuneration to Key Management consists of remuneration to equity partners present in the management team, including the Executive Board. No specific directors' fees were paid to members of the Firm's Board of Directors. Remuneration to the Executive Board for 2020/21 and 2019/20 is not disclosed as remuneration has been paid to one person only.

1.3 External expenses

External expenses for the financial year comprise costs of administration, premises, training and education, marketing, loss allowances regarding bad debts, etc. and work carried out by subcontractors.

	2020/21 DKK'm	2019/20 DKK'm
Work carried out by subcontractors, including other Deloitte member firms	**504.2**	**512.7**

§ 1.4 Depreciation, amortisation and write-downs

Accounting policies

Intangible assets are amortised, and items of property, plant and equipment are depreciated on a straight-line basis from when the assets are ready for their intended use over their expected useful lives, which are as follows:

Intellectual property rights	1-10 years
Completed development projects	1-10 years
Right-of-use assets	1-11 years
Operating equipment and fixtures	3-8 years

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation starts at the commencement date of the lease.

The maximum depreciation period for leasehold improvements is the agreed lease period.

	2020/21 DKK'm	2019/20 DKK'm
Depreciation, amortisation and write-downs		
Intellectual property rights	10.6	12.9
Completed development projects	25.9	22.4
Right-of-use assets	89.2	94.7
Leasehold improvements	3.9	0.0
Operating equipment and fixtures	17.8	14.1
Profit or loss on sale of non-current assets	(2.5)	0.1
	148.2	**147.1**

§ **1.5 Other operating income**

Accounting policies

Other operating income are used to present income and profit that are secondary to the Firm's primary activities, including gains resulting from strategic restructuring decisions in the form of disposal of activ-ities, fair value adjustments of earn-out obligations, etc.

	2020/21 DKK'm	2019/20 DKK'm
Profit on disposal of client relationships and activities	4.2	8.1
Fair value adjustment of earn-out obligation	6.4	6.4
	10.6	**14.5**

Fair value adjustments of earn-out obligations relate to adjustments made to deferred contingent conside-ration that was recognised in previous years regarding acquisitions of businesses. The adjustments are made due to changed expectations for future revenue from the acquired businesses.

Annual report 2020/21 | **Operating assets and liabilities**

2. Operating assets and liabilities

§ **2.1 Goodwill**

Accounting policies

On initial recognition, goodwill is recognised and measured as described in Note 4.1, A*cquisition and divestment of businesses.*

Goodwill is not amortised but tested annually at financial year-end for impairment, based on a determination of the recoverable amount for goodwill, see below. The recoverable amount is determined irrespective of whether any indication of impairment has been identified. If the carrying amount is higher than the recoverable amount determined, the carrying amount is written down to recoverable amount.

The recoverable amount is determined as the value-in-use of the cash-generating units to which the amounts of goodwill are allocated. When determining the value-in-use, estimated future cash flows are discounted to present value.

Significant accounting estimates

Indication of impairment

The determination of the value-in-use is based on Management's estimates of the expected future cash flows in each cash-generating unit and the determination of a discount rate. These estimates are subject to some uncertainty, and changes therein may have a significant effect on the consolidated financial statements in terms of whether an impairment loss should be recognised and, if applicable, by what amount.

The carrying amount of goodwill is DKK 586.7m at 31 May 2021 (31 May 2020: DKK 586.7m). Neither this financial year nor last financial year identified any indication of impairment of goodwill.

For more details about the assumptions, discount rates etc. used in determining the value-in-use of the defined cash-generating units, see the description below.

2.1 Goodwill (continued)

	Consolidated	Parent
	Goodwill DKK'm	**Goodwill DKK'm**
Cost at 01.06.2019	573.5	519.6
Additions from business combinations	13.2	13.
Cost at 31.05.2020	**586.7**	**532.8**
Carrying amount at 31.05.2020	**586.7**	**532.8**
Cost at 01.06.2020	586.7	532.8
Cost at 31.05.2021	**586.7**	**532.8**
Carrying amount at 31.05.2021	**586.7**	**532.8**

2.1 Goodwill (continued)

The carrying amount of goodwill is allocated to the following cash-generating units, corresponding to the Firm's business units:

	Consolidated		Parent	
	2021 DKK'm	**2020 DKK'm**	**2021 DKK'm**	**2020 DKK'm**
Goodwill				
Audit & Assurance	384.6	384.6	384.6	384.6
Consulting	136.3	136.3	82.4	82.4
Tax & Legal	18.6	18.6	18.6	18.6
Risk Advisory	46.7	46.7	46.7	46.7
Financial Advisory	0.5	0.5	0.5	0.5
	586.7	**586.7**	**532.8**	**532.8**

Determination of recoverable amount

When determining value-in-use for cash-generating units to which goodwill is allocated, the expected future cash flows have been used that can be derived from management-approved budgets for the coming financial year. These budgets have been projected for the following four financial years using estimated growth rates etc., so that the budget and forecast periods cover a total of five financial years. For accounting periods after the forecast period (terminal period), estimated normalised cash flows in the last forecast period have been subjected to extrapolation. When calculating the cash flows, remuneration to equity partners is included at an estimated amount based on the average remuneration to non-equity partners.

The main uncertainties in determining the value-in-use are related to the determination of discount rates, growth rates and earnings margins in the budget and forecast periods and in the terminal period.

The discount rates determined reflect the risk-free interest rate at the balance sheet date and the estimated specific risks associated with the assets and cash flows of each cash-generating unit. The discount rate is determined on the basis of the assessed Weighted Average Cost of Capital (WACC) for each cash-generating unit. The pre-tax discount rate applied to Audit & Assurance, Tax & Legal and Consulting is 9.2% (2019/20: 8.8%, 9.2% and 9.5%). For Risk Advisory and Financial Advisory the discount rates used are 9.7% and 9.9% (2019/20: 8.8% and 9.8%, respectively).

The growth rates and earnings margins used are based on Management's expectations for the development of the respective business units during the budget and forecast periods and the terminal period. These expectations are based on previous experience, budgets, defined strategic goals, etc.

The terminal period growth rate used is not estimated to exceed the average long-term growth rates for the markets as a whole. The terminal period growth rate is 1.5% (2019/20: 1.5%).

2.2 Other intangible assets
Accounting policies

Other intangible assets comprise completed and development projects in progress and acquired intellectual property rights in the form of software rights, client contracts and brands.

Development projects on clearly defined and identifiable systems and processes etc., for which the technical utilisation rate, sufficient resources and future economic benefits can be established and where the intention is to complete the project and use the intangible asset, are recognised as intangible assets, which are amortised over their expected useful lives. Other development costs are recognised as costs in profit or loss when incurred.
The cost of development projects comprises costs, including salaries and depreciation or amortisation of assets that are directly attributable to the development projects. Amortisation of completed development projects commences when the asset is available for its intended use.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Other intangible assets are reviewed annually for any indication of impairment. Development projects in progress are tested once a year for impairment. If it is not possible to estimate the recoverable amount of the individual project, the recoverable amount is determined for the cash-generating unit to which the project belongs. Impairment tests are carried out applying the same policies and assumptions as described above for goodwill.

Annual report 2020/21 | **Operating assets and liabilities**

2.2 Other intangible assets (continued)

	Intellectual property rights DKK'm	Completed development projects DKK'm	Development projects in progress DKK'm
Cost at 01.06.2019	74.8	126.0	31.3
Additions from business combinations	14.2	0.0	0.0
Other additions	0.6	6.0	32.8
Transfer	(0.4)	26.1	(26.1)
Cost at 31.05.2020	**89.2**	**158.1**	**38.0**
Amortisation and impairment losses at 01.06.2019	(42.7)	(100.2)	0.0
Amortisation for the year	(12.9)	(22.4)	0.0
Reversal regarding disposals	0.4	0.0	0.0
Amortisation and impairment losses at 31.05.2020	**(55.2)**	**(122.6)**	**0.0**
Carrying amount at 31.05.2020	**34.0**	**35.5**	**38.0**
Cost at 01.06.2020	89.2	158.0	38.0
Other additions	0.0	0.6	54.6
Transfer	0.0	90.1	(90.1)
Disposals	(1.7)	(5.9)	(0.8)
Cost at 31.05.2021	**87.5**	**242.8**	**1.7**
Amortisation and impairment losses at 01.06.2020	(55.2)	(122.6)	0.0
Amortisation for the year	(10.6)	(25.9)	0.0
Reversal regarding disposals	1.7	3.7	0.0
Amortisation and impairment losses at 31.05.2021	**(64.1)**	**(144.8)**	**0.0**
Carrying amount at 31.05.2021	**23.4**	**98.0**	**1.7**

All other intangible assets are considered to have definite useful lives over which the assets are mortised, refer to Note 1.4. No indication of impairment is deemed to exist for these assets.

2.3 Property, plant and equipment
Accounting policies

Right-of-use assets, leasehold improvements, operating equipment and fixtures are measured at cost less accumulated depreciation and impairment losses.

2.3 Property, plant and equipment (continued)

Cost of leasehold improvements, operating equipment and fixtures comprises the acquisition price, costs directly related to the acquisition, and costs for preparing the asset up to the date when the asset is ready to be put into operation.

Cost of right-of-use assets comprises the following:

- The amount of the initial measurement of lease liabilities
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs.

The depreciation base is the asset's cost net of its expected residual value after the end of its useful life. Assets are depreciated on a straight-line basis over their expected useful lives, refer to Note 1.4. It is assessed annually whether any changes to residual values and depreciation periods should be made.

Items of property, plant and equipment are reviewed annually for any indication of impairment. Impairment tests are carried out applying the same policies and assumptions as described above for goodwill.

	Right-of-use assets DKK’m	Leasehold improvements DKK'm	Operating equipment and fixtures DKK'm
Cost at 01.06.2019	540.1	18.3	134.2
Additions	8.3	7.6	8.6
Disposals	0.0	(0.6)	(11.5)
Cost at 31.05.2020	**548.4**	**25.3**	**131.3**
Depreciation and impairment losses at 01.06.2019	0.0	(7.2)	(93.4)
Depreciation for the year	(94.7)	(2.9)	(14.1)
Reversal regarding disposals	0.0	0.5	10.4
Depreciation and impairment losses at 31.05.2020	**(94.7)**	**(9.6)**	**(97.1)**
Carrying amount at 31.05.2020	**453.7**	**15.7**	**34.2**
Cost at 01.06.2020	548.4	25.3	131.3
Other additions	6.5	4.6	27.1
Disposals	0.0	(0.5)	(27.5)
Cost at 31.05.2021	**554.9**	**29.4**	**130.9**
Depreciation and impairment losses at 01.06.2020	(94.7)	(9.6)	(97.1)
Depreciation for the year	(89.2)	(3.3)	(17.8)
Write-downs	(3.9)	0.0	0.0
Reversal regarding disposals	0.0	0.5	22.3
Depreciation and impairment losses at 31.05.2021	**(187.8)**	**(12.4)**	**(92.6)**
Carrying amount at 31.05.2021	**367.1**	**17.0**	**38.3**

The Firm adopted IFRS 16 Leases on 1 June 2019. Right-of-use assets relates to office premises.

Annual report 2020/21 | **Operating assets and liabilities**

§

2.4 Other non-current assets

Accounting policies

Other non-current assets include investments in associates, deposits in connection with the inception of lease contracts, which are repaid when such contracts expire, and other non-current receivables. As a rule, the deposits are indexed on an annual basis. The amounts are recognised as collateral given and are measured at cost.

Deloitte Statsautoriseret Revisionspartnerselskab holds 20% of the shares in the associate Deloitte Nordic A/S and 40% of the shares in the associate Deloitte Nordic Holding ApS, both registered in Copenhagen. The purpose of these companies is for the Nordic Deloitte member firms to share investments and costs related to joint investments in activities, business development and development of market activities. These companies are therefore not expected to make either profits or losses. The companies are recognised according to the equity method, and Deloitte Statsautoriseret Revisionspartnerselskab's share of net profit in these companies amounts to DKK 0.0m for 2020/21 (2019/20: DKK 0.0m). The share of the companies' total equity is DKK 0.1m (31 May 2020: DKK 0.1m), which has been recognised as a non-current financial asset.

In 2019/20, Deloitte Statsautoriseret Revisionspartnerselskab granted a long-term interest-bearing loan to Deloitte Nordic Holding ApS in the amount of DKK 22.3m which will be repaid at par value when Deloitte Nordic Holding ApS recovers the underlying investment financed by this loan. The loan is classified as at “Fair Value Through Profit and Loss”. The fair value of the loan is estimated at DKK 10.8m based on the estimated time of repayment and an associated required return on the investment. The difference between the par value and the fair value of the loan, DKK 11.5m, is considered a deemed capital contribution to Deloitte Nordic Holding ApS which is presented as part of the investment in this associate.

In the parent financial statements, investments in subsidiaries are recognised according to the equity method.

This means that investments are measured at the pro rata share of the subsidiaries’ equity value less unrealised intra-group profits.

The Parent’s share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits is recognised in the statement of comprehensive income.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent’s share of such negative equity value to the extent the receivable is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised in provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise and expects to incur a loss due to such obligation.

Positive net revaluation of investments in subsidiaries is transferred to reserve for net revaluation according to the equity method in equity.

The purchase method is applied in the acquisition of investments in subsidiaries; refer to description in Note 4.1 to the consolidated financial statements.

2.4 Other non-current assets (continued)

For the parent company, positive net revaluation of investments in subsidiaries is transferred to reserve for net revaluation according to the equity method in equity.

The purchase method is applied in the acquisition of investments in subsidiaries; refer to the description in Note 4.1 to the consolidated financial statements.

Investments in subsidiaries

	Parent
	Investments in subsidiaries DKK'm
Cost at 01.06.2019	57.1
Additions	13.5
Cost at 31.05.2020	**70.6**
Adjustment at 01.06.2019	1.7
Transfer from provisions	(12.6)
Share of profit for the year	2.1
Adjustment at 31.05.2020	**(8.8)**
Carrying amount at 31.05.2020	**61.8**
Cost at 01.06.2020	70.6
Additions	0.0
Cost at 31.05.2021	**70.6**
Adjustment at 01.06.2020	(8.8)
Share of profit for the year	0.0
AAdjustment at 31.05.2021	**(8.8)**
Carrying amount at 31.05.2021	**61.8**

Investments in subsidiaries comprise:

- Struensee & Co. Komplementar ApS, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%
- Struensee & Co. Management Consulting P/S, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%
- Deloitte PensionManagement Brokers P/S, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%

Annual report 2020/21 | **Operating assets and liabilities**

§ **2.5 Receivables**

Accounting policies

Receivables comprise trade receivables and other receivables.

On initial recognition, trade receivables are measured at the transaction price and other receivables at fair value and subsequently at amortised cost, which usually equals the nominal value less any loss allowance for bad debts. Loss allowance for trade receivables is recognised at an amount equal to lifetime expected credit losses (ECL). The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor, general economic conditions, and an assessment of both the current and the forecast direction of conditions at the reporting date. Refer also to Note 3.5 for a description of credit risks.

	2021 DKK'm	2020 DKK'm
Trade receivables	944.9	801.0
Allowance for expected lifetime credit losses	(27.0)	(29.6)
Net trade receivables	**917.9**	**771.4**
Not due for payment	724.3	557.0
Overdue less than 30 days	112.3	142.9
Overdue 31 – 60 days	31.2	36.2
Overdue 61 – 90 days	14.8	11.2
Overdue 91 – 120 days	27.0	8.3
Overdue more than 121 days	35.3	45.4
Trade receivables	**944.9**	**801.0**
Loss allowance for trade receivables		
Loss allowance at 01.06.	29.6	20.0
Additions	8.7	16.1
Reversals	(1.5)	(2.5)
Realised	(9.8)	(4.0)
Loss allowance at 31.05.	**27.0**	**29.6**

2.5 Receivables (continued)

	Expected default rate 2020 %	Expected default rate 2020 %	Balance 2021 DKK'm	Balance 2020 DKK'm	Loss allowance 2021 DKK'm	Loss allowance 2020 DKK'm
Not due for payment	0.2	0.2	724.3	557.0	1.5	1.2
Overdue less than 30 days	2.0	1.0	112.3	142.9	2.3	1.4
Overdue 31 – 60 days	3.9	1.9	31.2	36.2	1.2	0.7
Overdue 61 – 90 days	7.8	5.3	14.8	11.2	1.1	0.6
Overdue 91 – 120 days	11.3	3.8	27.0	8.3	3.0	0.3
Overdue more than 121 days	50.7	55.9	35.3	45.4	17.9	25.4
Trade receivables			**944.9**	**801.0**	**27.0**	**29.6**

2.6 Contract assets

Accounting policies

Contract assets are measured at the selling price of the work performed at the balance sheet date, net of amounts invoiced on account. For time and materials arrangements, the Firm can recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.

For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.

Each contract asset is recognised in the balance sheet in receivables or liabilities, depending on whether the net asset value, calculated as the selling price less amounts invoiced on account, is positive or negative.

Significant accounting judgements and estimates

The selling price of the work carried out at the balance sheet date is determined based on time spent and Management's assessment of the fee value thereof.

2.6 Contract assets (continued)

	2021 DKK'm	2020 DKK'm
Contract assets at selling price	2,301.4	1,840.3
Invoiced on account	(2,120.7)	(1,638.8)
	180.7	**201.5**
Net value is recognised in the balance sheet as follows:		
Contract assets	248.9	247.2
Contract liabilities	(68.2)	(45.7)
	180.7	**201.5**

Impairment losses and loss allowances on contract assets are considered immaterial.

The table below summarises the key changes in the contract assets and liabilities of the Firm during the year:

	Consolidated		Parent	
	Contract assets DKK'm	Contract liabilities DKK'm	Contract assets DKK'm	Contract liabilities DKK'm
At 01.06.2019	375.4	52.1	373.9	52.1
Increase/decrease	(128.2)	(6.4)	(127.4)	(6.4)
At 31.05.2020	**247.2**	**45.7**	**246.5**	**45.7**
At 01.06.2020	247.2	45.7	246.5	45.7
Increase/decrease	1.7	22.5	2.4)	22.5
At 31.05.2021	**248.9**	**68.2**	**248.9**	**68.2**

The net decrease in contract assets in 2019/20 reflects our focus during the year on reducing funds tied up in work in progress which has continued in 2020/21.

Outstanding performance obligations

In all business units apart from Audit & Assurance, both the customer and Deloitte generally have the right to terminate the contract applying a notice period of up to three months. Therefore, as per IFRS 15, contracts in these business units are exempt from the requirement to disclose outstanding performance obligations, as the expected duration of the contracts is less than one year.

In Audit & Assurance, the contracts with customers generally have a duration of more than one year. However, an analysis of the recognised revenue for the last three financial years shows that only between 1% and 3% of a given year's revenue relate to contracts which were set up more than one year before the financial year in question. For this reason, no further disclosure of outstanding performance obligations is considered necessary.

§ **2.7 Employee liabilities**

Accounting policies

Employee liabilities comprise amounts payable under bonus plans etc., incl. residual payments to partners, holiday pay obligations and provisions for jubilee benefits etc.

Provisions for jubilee benefits etc.

It is the Firm's policy to grant a jubilee benefit on 25-year and 40-year anniversaries of employment with Deloitte corresponding to 1 and 1½ month's salary, respectively. Expected future jubilee benefits for the Firm's partners and employees are recognised based on an actuarial calculation of the present value of expected jubilee benefits based on the current salary levels, expected future salary increases and time of termination of service.

Long-term vacation allowance

In 2019, the Danish Holiday Act was amended. As a result, holiday pay earned by the employees from 1 September 2019 to 31 August 2020 is deferred and settled only when the employees retire. The long-term vacation allowance is measured at the present value of the amount being payable when the employee is expected to retire. The vacation allowance is presented as a current or a non-current employee liability depending on the estimated retirement date.

Short-term vacation allowance and other employee liabilities

Short-term vacation allowance represents the amount the Firm expects to pay to the employee when absent due to vacation. Other short-term employee liabilities consist of payable bonusses, residual payments to partners, termination benefits, etc.

	2021 DKK'm	2020 DKK'm
Provisions for jubilee benefits at 01.06.	7.6	8.5
Adjustment for the financial year (recognised as 'other staff costs')	0.5	0.6
Interest expenses (recognised as 'other staff costs')	0.1	0.1
Actuarial (gains)/losses (recognised as 'other staff costs')	(0.1)	(0.6)
Jubilee benefits paid	(0.4)	(1.0)
Provisions for jubilee benefits at 31.05.	**7.7**	**7.6**
Long-term vacation allowance	183.6	138.8
Long-term employee liabilities at 31.05.	**191.3**	**146.4**
Short-term vacation allowance	155.6	138.0
Other short-term employee liabilities	582.7	369.8
Short-term employee liabilities at 31.05.	**738.3**	**507.8**

§ **2.8 Provisions**

Accounting policies

Provisions comprise expected costs in connection with known professional liability claims and, for FY19, onerous lease contracts for vacated premises.

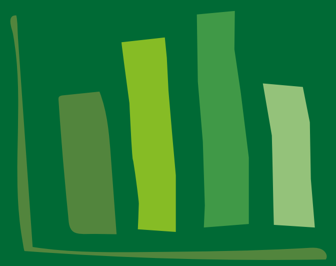
Provisions for professional liability claims are measured as the best estimate of the costs required to settle the claims on the balance sheet date, based on Management's assessment of the specific circumstances in each case and after offsetting any insurance cover.

Provisions for onerous property lease contracts end of FY 19 were measured as the contractual rental obligation for the remaining non-cancellable period, reduced by Management's best estimate of any sub-lease income.

Estimated net costs expected to be incurred more than one year after the balance sheet date are discounted to present value if this has a material effect on the measurement of the liability.

	2021 DKK'm	2020 DKK'm
Professional liability claims at 01.06.2020	3.0	2.7
Used in the financial year	(2.9)	(2.2)
Reversed in the financial year	(0.1)	0.0
Provisions in the financial year	0.0	2.5
Professional liability claims at 31.05.2021	**0.0**	**3.0**
Onerous property lease contracts at 01.06.2020	0.0	1.3
Reversed due to IFRS 16	0.0	(1.3)
Provisions in the financial year	0.0	0.0
Onerous property lease contracts at 31.05.2021	**0.0**	**0.0**
Provisions at 31.05.2021	**0.0**	**3.0**

The outcome and timing of settlement of professional liability claims is inherently uncertain. Claims identified at 31 May 2021 are not expected to cause net outflows of economic resources. Fees for legal assistance etc. in connection with handling the claims are recognised when the services are received and not included in the provision above. The liabilities are presented after offsetting any insurance cover, as information about expected claims etc. is considered to seriously prejudice the position of the Firm.



Capital structure and financing

Annual report 2020/21 | **Operating assets and liabilities**

3. Capital structure and financing

3.1 Share capital

	2020 DKK'm	2019 DKK'm
The share capital is made up of:		
A shares, 105 shares at a nominal value of DKK 0.4m	42.0	42.0
B shares, 10 shares at a nominal value of DKK 0.0m	0.0	-
Nominal value at 31.05.	**42.0**	**42.0**

§ 3.2 Dividend

Accounting policies
Dividend is recognised as a liability at the time of declaration at the Annual General Meeting.

For the financial year 2020/21, the Board of Directors has proposed a dividend of DKK 60.4m (2019/20: DKK 60.4m), equivalent to DKK 0.6m per share (2019/20: DKK 0.6m per share), which will be paid to the equity partners after the Firm's Annual General Meeting on 26 October 2021, provided that the Annual General Meeting adopts the Board of Directors' proposal. As the dividend is conditional upon adoption by the Annual General Meeting, it has not been recognised as a liability in the balance sheet at 31 May 2021.

§ 3.3 Financial liabilities

Accounting policies
Financial liabilities comprise debt instruments, payables to credit institutions and other lenders, deferred consideration for business acquisitions, accounts payable and other payables.

On initial recognition, financial liabilities are measured at fair value, which usually corresponds to the proceeds received, less any transaction costs. Subsequently, contingent consideration for business acquisitions is measured at fair value through profit or loss, while other financial liabilities are measured at amortised cost.

	2021 DKK'm	2020 DKK'm
VAT, A tax and social security expenses	94.3	233.2
Other expenses payable	77.8	30.3
Other liabilities at 31.05.	**172.1**	**263.5**
Financial liabilities at 01.06. refer to Note 3.5	405.1	556.3
Net borrowings in long-term financial liabilities, refer to cash flow statement	70.0	0.0
Net borrowings in short-term financial liabilities, refer to cash flow statement	(23.2)	(172.5)
Deferred consideration	5.6	21.3
Financial liabilities at 31.05., refer to Note 3.5	**457.5**	**405.1**

§ 3.4 Lease liabilities

Accounting policies

As from 1 June 2019, the Firm has recognised right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating cost on a straight-line basis over the term of the lease.

Lease liabilities are measured at amortised cost and include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date.

Lease payments to be made under reasonably certain extension options are included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Firm's leases, the Firm´s incremental borrowing rate ('IBR') is used, being the rate that the Firm would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Firm is exposed to potential future increases in variable lease payments based on an index or rate that are not included in the lease liability until they take effect. When such adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Firm remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset, when (a) the lease term changes; (b) the lease payments change; or (c) a lease contract is modified and the lease modification is not accounted for as a separate lease.

Annual report 2020/21 | **Operating assets and liabilities**

§ 3.4 Lease liabilities

Amounts recognised in the income statement:

	2021 DKK'm	2020 DKK'm
Depreciation and write-downs on right-of-use assets (included in 'Depreciation and amortisation')	93.1	94.7
Interest expenses on lease liabilities (included in 'Financial expenses')	5.3	6.1
Costs relating to low-value assets (included in 'External expenses')	17.9	21.2
Income from sub-leasing rightofuse assets (included in other 'Other operating costs')	(3.5)	(2.9)
	112.8	**119.1**

The total cash outflow for leases in the year ended 31 May 2021 was DKK 91.0m (2019/20: DKK 112.7 m).

§ 3.5 Financial instruments and risks etc.

Categories of financial instruments

	2021 DKK'm	2020 DKK'm
Trade receivables	917.9	771.4
Receivables from associates	0.0	26.6
Other receivables	25.0	22.3
Cash	341.8	176.1
Financial assets measured at amortised cost	**1,284.7**	**996.4**
Financial liabilities	448.7	381.6
Lease liabilities	384.9	464.1
Trade payables	231.6	126.4
Other payables	263.5	263.5
Financial liabilities measured at amortised cost	**1,208.5**	**263.5**

The fair value of financial instruments measured at amortised cost is estimated to be equivalent to the carrying amount.

	2021 DKK'm	2020 DKK'm
Receivables from associates	0.0	3.1
Financial assets measured at fair value through profit or loss	**0.0**	**3.1**
Contingent consideration for business acquisitions	8.8	23.5
Financial liabilities measured at fair value through profit and loss	**8.8**	**23.5**

Policy for managing financial risks
Management continuously monitors the Firm's financial risks and coordinates its cash management, includingfunding. The Firm is not exposed to significant financial risks, see below.

Currency risks
The Firm's sales transactions are mainly conducted in Danish kroner. 16% of total revenue is denominated in foreign currencies (2019/20: 21%), primarily in USD, EUR and GBP.
Services purchased abroad, such as insurance, and services purchased from other Deloitte member firms primarily take place in USD, EUR and GBP. In the financial year, services purchased in USD to-talled DKK 284.4m, in EUR they totalled DKK 292.8m, and in GBP they totalled DKK 78.8m (2019/20: DKK 259.4m in USD, DKK 339.4m in EUR, and DKK 71.7m in GBP). At the balance sheet date, the Firm has net receivables of DKK 5.1m in USD (2019/20: net receivables of DKK 30.8m), net receivables of DKK 76.9m in EUR (2019/20: net receivables of DKK 109.5m) and net receivables of DKK 1.8m in GBP (2019/20: net receivables of DKK 3.3m). All things being equal, earnings and equity would be affected by DKK 1.4m (2019/20: DKK 1.5m), if the USD exchange rate had increased by 10% at the balance sheet date. If the GBP exchange rate had increased by 10%, it would have an impact on earnings and equity by DKK 0.8m (2019/20: DKK 0.8m). Reasonably possible changes in the EUR exchange rate would only have an insignificant impact on the Firm’s earnings and equity.

Interest rate risks
As a result of it's financing activities, the Firm is exposed to fluctuations in interest rate levels in Denmark. The interest rate risk has not been hedged. The Firm's net interest-bearing debt at the balance sheet date (excluding lease liabilities) consists of floating-rate liquid assets (bank deposits) of DKK 341.8m (2019/20: DKK 176.1m) and financial liabilities of DKK 458.8m (2019/20: DKK 405.1m). All things being equal, earnings and equity would be affected by DKK 1.9m (2019/20: DKK 1.8m), if the interest rate would increase by 0.5 percentage points.

Credit risks
As a result of its operations, the Firm is exposed to credit risks, which mainly relate to trade receivables, contract assets and bank deposits. The maximum credit risk is consistent with the carrying amount of these items.

The bank deposits, which are placed with well-established credit institutions, are not considered to be subject to particular credit risk.

Trade receivables and contract assets are monitored on an ongoing basis, including an individual assessment of the risk of bad debts.

Before write-down, trade receivables amount to DKK 944.9m at 31 May 2021 (31 May 2020: DKK 801.0m). These receivables have been written down by a total of DKK 27.0m (31 May 2020: DKK 29.6m) to match the lifetime expected credit loss, refer to Note 2.5. Impairment losses amount to an average of 2.9% of the total receivables (31 May 2020: 3.7%).

Liquidity risks
The Firm has primarily financed its activities through overdraft facilities with credit institutions with related undrawn credit facilities and other short-term and long-term financial liabilities.

The Firm's activities are not deemed to involve any particular liquidity risk, and its borrowing and credit facilities are not subject to special terms or conditions.

Annual report 2020/21 | **Operating assets and liabilities**

The Firm's financial liabilities fall due as specified below, where the amounts reflect the non-discounted nominal amounts that fall due in accordance with the contracts entered into, including future interest payments calculated based on current market conditions.

Because of, for example, seasonal fluctuations in the Firm's activities, its liquidity requirements vary over the financial year. Allowance is made for these seasonal fluctuations by securing sufficient credit facilities etc. In addition, the equity partners’ remuneration is profit-related, and the Firm's liquidity requirements to settle this remuneration is, therefore, dependent on the results realised by the Firm.

Based on the forecast for 2021/22 and the sensitivity analysis of the impact of COVID-19, the assessment is that the Firm has sufficient credit facilities available.

Liquidity risks

	0-1 years DKK'm	1-5 years DKK'm	> 5 years DKK'm	Total 31.05 DKK'm	Carrying amount 31.05 DKK'm
2020					
Financial liabilities	152.8	243.1	20.7	416.6	405.1
Lease liabilities	90.6	347.5	46.3	484.4	464.1
Trade payables	126.4	0.0	0.0	126.4	126.4
Other liabilities	263.5	0.0	0.0	263.5	263.5
Employee liabilities	515.2	4.0	135.0	654.2	654.2
Financial liabilities etc.	**1,148.5**	**594.6**	**202.0**	**1,945.1**	**1,913.3**
2021					
Financial liabilities	166.6	279.9	19.1	465.6	457.5
Lease liabilities	92.4	273.5	34.4	400.3	384.9
Trade payables	231.6	0.0	0.0	231.6	231.6
Other liabilities	156.9	0.0	0.0	156.9	156.9
Employee liabilities	738.3	11.7	179.6	929.6	929.6
Financial liabilities etc.	**1,385.8**	**565.1**	**233.1**	**2,183.9**	**2,160.5**

Optimal capital structure
It is the Firm’s policy to distribute earnings on a regular basis, if possible, with due consideration of the need for consolidation, to its equity partners as profit-related remuneration which is recognised in staff costs in the financial statements. Management regularly monitors the Firm’s capital structure.

3.6 Cash and cash equivalents
Accounting policies

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are presented using the indirect method.

Cash and cash equivalents comprise cash.

3.7 Financial income

	2020/21 DKK'm	2019/20 DKK'm
Interest income	0.1	1.5
Financial income	**0.1**	**1.5**

3.8 Financial expenses

	2020/21 DKK'm	2019/20 DKK'm
Interest expenses on lease liabilities	5.3	6.1
Other interest expenses	10.6	8.6
Net foreign currency translation adjustments	0.6	6.4
Financial expenses	**16.5**	**21.1**

4. Other notes

4.1 Acquisition and divestment of businesses
Accounting policies

Acquisition of businesses

Businesses acquired from third parties are recognised in the financial statements from the time of acquisition, which is the date when control of the business is actually obtained, and by using the purchase method under which the newly acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Cost of businesses acquired before 1 June 2010 has been calculated at fair value of the agreed consideration plus the costs directly attributable to the acquisition of the business.

For businesses acquired on or after 1 June 2010, cost is calculated as the fair value of the agreed consideration, including any contingent consideration. Costs directly attributable to the acquisition of the business are recognised in profit or loss as and when incurred.

If the final amount of the consideration agreed is conditional on one or more future events, the consideration payable is recognised at fair value at the acquisition date. Subsequent changes therein are recognised as financial income or expenses in profit or loss.

Positive differences between cost of the acquired business and fair value of the acquired assets, liabilities and contingent liabilities are recognised as goodwill which is allocated to the relevant cash-generating units, which are consistent with the Firm's business units. This allocation serves as a basis for the subsequent impairment test, refer to Note 2.1.

Divestment of businesses

Businesses and activities that are divested are recognised in the financial statements until the time of divestment, which is the date of actual transfer of control of the business.

Profits on the divestment of businesses and activities are calculated as the difference between fair value of the sales proceeds and carrying amount of net assets in the business at the date of divestment, including a proportionate share of goodwill associated with the relevant cash-generating unit. Profits or losses are recognised in profit or loss at the date of divestment.

2019/2020

Draware

The acquisition of business from Draware, a company specialised in retail software within IT and cybersecurity, allows us now to offer new and existing clients access to highly specialised competencies, consultancy and software solutions.

Acomi

To strengthen our position in the SAP market, we have taken over staff from Acomi A/S that are specialised in SAP S/4 consulting services.

2020/2021

No acquisition or divestment of businesses have taken place in 2020/21.

4.2 Contingent liabilities etc.
The Firm is party to various lawsuits and disputes. Provisions have been made for estimated costs related to settlement of known claims for damages, refer to Note 2.8.

4.3 Fees to the auditor elected at the Annual General Meeting

	Consolidated		Parent	
	2020/21 DKK'm	**2019/20 DKK'm**	**2020/21 DKK'm**	**2019/20 DKK'm**
Other external expenses include fees to the Group's auditor elected at the Annual General Meeting in the amount of:				
Statutory audit	0.5	0.4	0.4	0.4
Other assurance engagements	0.1	0.2	0.0	0.0
	0.6	**0.6**	**0.4**	**0.4**

4.4 Related parties

Related parties
No party has control of the Firm.

Related party transactions
Remuneration to Key Management is disclosed in Note 1.2.

Key Management has as equity partners directly or indirectly received dividend, refer to Note 3.2.

Interest-bearing debt to Key Management at 31 May 2021 amounts to DKK 5.7m (31 May 2020: DKK 5.8m). The related interest expenses amount to DKK 0.1m for 2020/21 (2019/20: DKK 0.1m).

Receivables from associates at 31 May 2021 total DKK 40.4m (31 May 2020: DKK 29.7m). The related interest income amounts to DKK 0.4m for 2020/21 (2019/20: DKK 0.2m).

Deloitte General Partner ApS is a general partner of the Firm and has received a payment of DKK 3k for its general partner liability for the financial year 2020/21 (2019/20: DKK 8k).

4.5 Authorisation of the annual report for issue
The Board of Directors has authorised this annual report for issue at the Board meeting on 1 September 2021. The annual report will be submitted to the Firm's equity partners for adoption at the Annual General Meeting on 26 October 2021.

4.6 Events after the balance sheet date
With effect from 1 July the Firm acquired the assets, activities, rights, and liabilities in Syncronic ApS. With the acquisition of the Syncronic business, Deloitte strengthens its consulting business and takes a decisive step towards becoming the leading supply chain consulting firm in the Nordics.

	Total DKK'm
IIntangible assets	3.4
Non-current assets	**3.4**
Employee liabilities	(3.0)
Current liabilities	**44.0**
Goodwill	**44.4**
Total consideration	**14.4**
Deferred and contingent consideration	14.4

The initial accounting for the business combination is not complete at the date of the approval of the annual report.

The deferred contingent consideration could be a nominal maximum amount of DKK 15m and a minimum amount of DKK 0 depending on retention of employees and the achievement of the uplifted gross profit from the acquired businesses.

Goodwill relates primarily to employee capabilities etc. that could not be recognised as separate assets.

Apart from this, no events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

Deloitte offices in Denmark

Esbjerg
Dokken 8
6700 Esbjerg
Phone +45 79 12 84 44
esbjerg@deloitte.dk

Kolding
Egtved Allé 4
6000 Kolding
Phone +45 75 53 00 00
kolding@deloitte.dk

Copenhagen
Weidekampsgade 6
2300 Copenhagen S
Phone +45 36 10 20 30
koebenhavn@deloitte.dk

Odense
Tværkajen 5
5100 Odense C
Phone +45 63 14 66 00
odense@deloitte.dk

Silkeborg
Papirfabrikken 26
8600 Silkeborg
Phone +45 89 20 70 00
silkeborg@deloitte.dk

Aalborg
Østre Havnepromenade 26, 4th floor
9000 Aalborg
Phone +45 98 79 60 00
aalborg@deloitte.dk

Aarhus
City Tower
Værkmestergade 2
8000 Aarhus C
Phone +45 89 41 41 41
aarhus@deloitte.dk

Nuuk
Imaneq 33, 6th-7th floor
3900 Nuuk
Phone +299 32 15 11
nuuk@deloitte.dk

Deloitte.