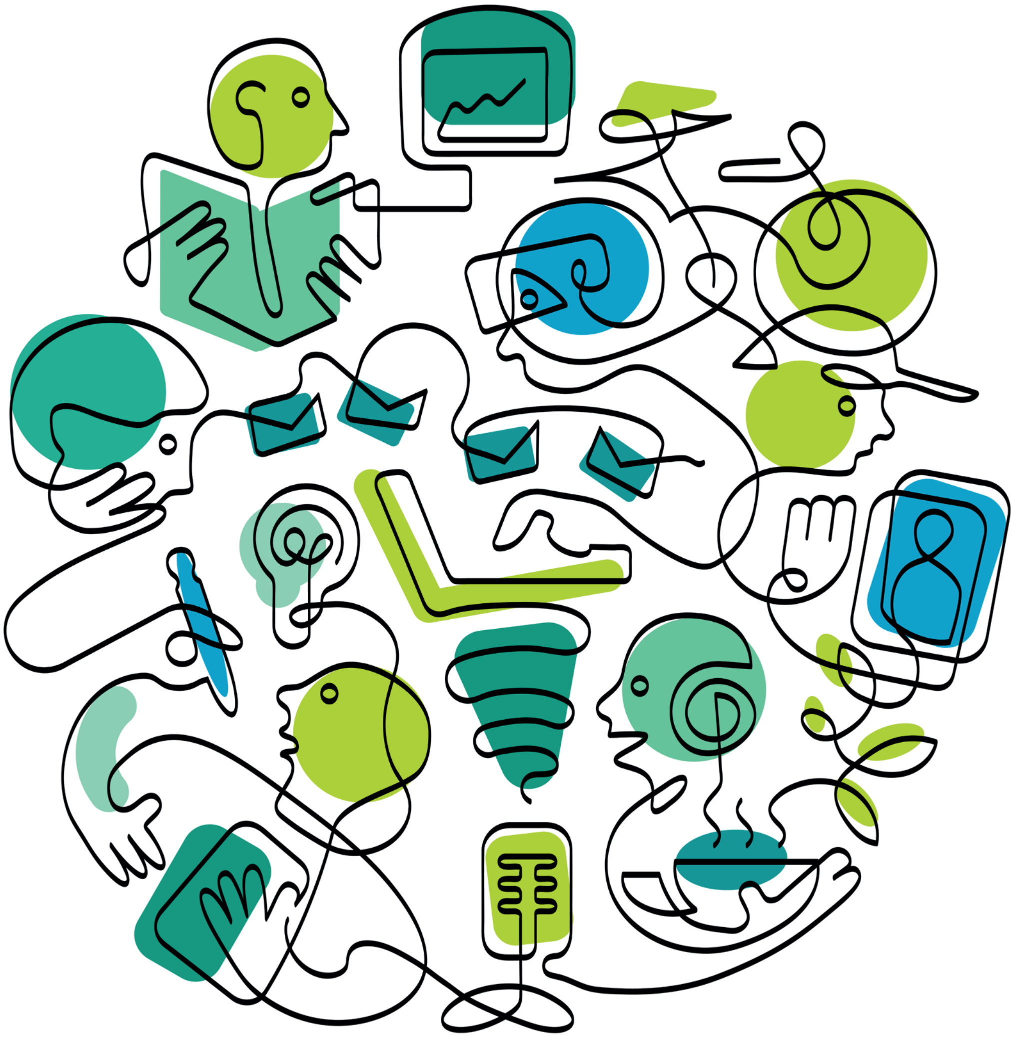

Annual report
2019/20

Deloitte
Statsautoriseret
Revisionspartnerselskab
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Business Registration No. 33 96 35 56

Adopted at the Firm's Annual General
Meeting on 27 Oktober 2020

Chairman of the Annual General Meeting
Jesper Smedegaard Larsen

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Sections 1-9 constitute the Management commentary. Sections 2-7 constitute the statutory CSR statements cf. sections 99a and 99b of the Danish Financial Statements Act.

Annual report 2019/20 | CEO message

CEO message

Resilient leadership will guide us to a new normal

Anders Dons, CEO & Partner

Introduction
Deloitte's purpose is to make an impact that matters for our clients, our people and the communities in which we live. This purpose has been part of our DNA for 175 years. Being one of the biggest professional services companies in the world, we truly believe that we can make an impact for our clients, and we have an obligation to support our surrounding society. Our Shared Values describe how we live our purpose, our Global Principles of Business Conduct explain our ethical commitments, and our Commitment to Responsible Business Practices outlines the responsible business principles we believe in and the commitments we have made. These are embedded in our policies and inform our decision-making.

We strive to serve responsibly, and our response to the COVID-19 pandemic is a testament to this. The pandemic affected our clients, our people, and the society around us. If we had not responded to the pandemic, we would not have a solid and trustworthy business today. Therefore, when the crisis hit, we responded instantly by guiding our clients through economic aid packages and providing a content hub with insights and webinars on how to get through the storm. We guided our people with daily CEO communications and appointed a steering committee that would regularly update the leadership and people on responsible behaviour, protecting the physical and mental well-being of our people and minimising the risk of infection. We also shared our professional expert competencies with the Government, advising on economic aid packages and a safety fund, and we worked closely together with industry organisations to ensure Denmark could move forward in a safe manner.

A black swan event affected the year
As I look back at our past financial year, COVID-19 only affected our business for three months. However, because of the massive impact this black swan event has had on all aspects of society, our lives and behaviour, it feels like corona has been our reality for years. History repeats itself; a crisis does not create new megatrends, but it significantly accelerates current trends. COVID-19 is no exception.

Needless to say, the pandemic has rocked the boat in a way we never thought possible. We were on a journey of transformation and development, where globalisation, innovation and climate change took on the headlines. Then came stormy weather. Corona completely changed the agenda in the sense that we went from helping our clients transform and develop to help save their business, sometimes their life's work. We went from advising the Government and leaders in Denmark about how to become a Small Great Nation that would lead in innovation and climate change to advising on the best aid packages possible, a corona fund worth DKK 300bn and how to move from the long-term view and zoom in on short-term action.

As a global as well as Danish organisation we are very concerned with the impact that COVID-19 will have on many societies, their families and daily lives. We are helping many societies around the world, their governments, institutions and corporates in fighting and recovering from the pandemic.

The safety of our people is also a big concern. When Denmark went into lockdown, we changed our ways of working within our organisation and with our clients overnight. Everything turned digital, decisions became simple, and a different form of team spirit came to life. Leadership at all levels and daily communication to our employees infused a strong spirit of care and a 'can-do attitude'.

In Deloitte Denmark, we have experienced five years of 10% growth on average, while creating impact for our clients, creating the workplace of the future, and making an impact in the society around us. This year, the annual report discloses negative growth of 4%. The underlying pro-forma measured growth is actually 8%. This significant variance reflects global client projects delivered to Danish HQ clients, including Danish resources, but invoiced from other member firms than Denmark. In addition, the State's reduction in advisers as well as the COVID-19 impact bring a further decline. Unfortunately, this also resulted in laying off 175 colleagues. The 300 new recruitments of young graduates in August and September 2020 will not be impacted by these actions, as we will continue to be an attractive workplace that recruits new people, invest in innovation, and develop our business to support the transformation of our clients.

Innovation will take us into a brighter future
Deloitte is part of a global firm of 330,000 employees in 150 countries that just tuned 175 years old. I am proud to be part of a firm and culture that have been able to innovate through four industrial revolutions and are resilient to withstand crises like the corona crisis. We leverage our global capabilities to serve our clients with distinction through centres of excellence and our global community of talented people – also in times of crisis.

Looking ahead, we will focus on delivering on our purpose to create an impact that matters. This requires resilient leadership, agility and focus. Crises often bring the best innovation to the world, and as an optimist, I do hope that we will start to see brighter skies during the next year with new innovation – especially on climate solutions – and globalisation returning to a new normal state, where we choose collaboration over isolation and international trade over nationalism.

"Agility will be the most required capability in the coming months and years. That is essentially, what will distinguish the companies that surface stronger after this crisis. That is resilient leadership."

Anders Dons, CEO & Partner

When I look back at the past year, so many stories make me proud of who Deloitte is and the impact we make. For our clients, for society, and for our people. And despite tough market conditions and challenges, we continue to invest, innovate and place quality above all else. In this year's impact report, we have gathered many great stories.

I hope you enjoy the read.

Anders Dons

Business model and strategy

Business model and network
The main activity in Deloitte Denmark is to deliver audit and advisory services in Denmark and Greenland within the limits of the Danish audit regulation. Our firm is divided in five business units that deliver audit services, consulting, tax consulting, risk advisory and financial advisory. 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. We do this in partnership with our clients as well as strategic partnerships.

The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand. Deloitte Statsautoriseret Revisionspartnerselskab is connected to the Deloitte network through Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited.

Until 2016, Deloitte Statsautoriseret Revisionspartnerselskab was the Danish member firm of the Deloitte network. In June 2016, Deloitte Denmark entered into a closer cooperation with the other Nordic countries through the establishment of a new member firm, Deloitte Nordic, and in June 2017, an agreement was made with Deloitte NWE that Deloitte NWE was the new member firm of Deloitte Global in which Deloitte Statsautoriseret Revisionspartnerselskab is the Danish part. In 2018, Malta, Italy and Grece joined the partnership and in June 2020, the Middle East joined. Today, Deloitte NSE has over 50,000 people working across 27 countries in Europe and the Middle East.

The 27 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. Our ability to deliver the best competences across borders and disciplines will be catalysed by our market programmes focusing on collaborating with clients and in partnerships with other leading players.

Strategy:
FY23 Ambition – Connecting for Impact

Our purpose, aspiration and strengths have helped us far, but past achievements do not equate to future success: **what brought us here, won't get us there.** This financial year introduces a new strategy term. A term that takes off in unprecedented times, where the global community is facing one of the biggest challenges imaginable with COVID-19. As a partnership, Deloitte has successfully adapted to significant changes throughout 175 years, and helped societies overcome these. Like most firms, we are not unaffected by the ongoing threat and uncertainty, but we have proven resilient through focus and tough prioritisation.

Our FY23 Ambition does not change our purpose to deliver impact that matters, nor our ambition to be the undisputed leader in areas we choose to operate in. But three years from now, we do plan to take even more responsibility for our society, our clients, and for each other. During recent years, we initiated our journey towards becoming a more globalised firm by coming together in the Nordics and in North South Europe. The globalisation of the Deloitte Network has continuously allowed us to truly bring the best of Deloitte – independent of geography. The way we globalise and connect further in the future will - as always - be through the lens of our clients.

That lens is open to diversity in all aspects, open to alliances, and open to creating and engaging in eco-systems. The challenges we face are too great for a single firm to solve, but together we believe we have an important role to play in connecting the dots for clients, talents and society. We will ensure sustainable growth; we will help transform clients and industries, and we will continue to promote market trust.

Choices

To deliver on our FY23 Ambition, we will need to grow sustainably, while transforming our firm and building a market-leading brand. All at the same time. We point to three primary choices that will evolve our firm:

1. Connect for Impact – We will further leverage the intersection between our industry expertise and the experience and capabilities of our businesses – delivered locally in a seamless collaboration across the globe. We will collectively respond to the needs of our clients, and we will better deliver on our promise of creating an impact that matters. Our ability to deliver the best competences across borders and disciplines will be catalysed by our market programmes focusing on collaborating with clients and in partnerships with other leading players.

2. Diversity of Thought – We will continue to promote a culture characterised by diversity of thought. Diversity of thought speaks to an inclusive culture, inclusive leadership, and removal of the unconscious biases that have influenced decision-making for decades. We want to create equal opportunities for all. We wish to attract the brightest talents and deliver the best lifelong learning experience for all. Our firm is shaped by our values of leading the way, serving with integrity, taking care of each other, fostering inclusion, and collaborating for measurable impact. These are non-negotiables and will be pushed more than ever in the coming strategy term.

3. Invest in the Future – We want to influence the change in the world around us and serve our clients with distinction. To continue to do that, we need to be able to actively invest in the future. We will have a continued focus on innovation by building capabilities in the latest technology and leveraging the delivery centres across our global network. We will digitise our services and ways of working with clients, and we will invest in the best talents and teams, offering the best training programmes.

Annual report 2019/20 | **Running a responsible business**

Running a responsible business

Business Ethics
We serve the public trust and work to keep on earning our position as a professional, trustworthy and objective business that is based on integrity. If we do not live up to these standards, there is significant risk that people and businesses will lose faith in systems, authorities and fair practices. As a result, we must hold each other accountable, act with integrity, quality, objectivity and competence, and set standards for professional practice and behaviours.

Deloitte's commitment to running a responsible business is centred around our code of conduct and ethics policies covering such areas as anti-corruption, anti-bribery, information security and ethics. We ensure this through our risk control systems as well as our whistleblower solution that makes it safe to report any unethical behaviour.

Ethics is very much about doing as we say. In 2019, we have continued to focus on awareness around the importance of acting ethically through storytelling and ongoing training. Our Speak Up whistleblower channel helps us to respond quickly to unethical and unprofessional behaviour. Our annual Ethics Survey lets all our people express their views on how they experience the culture of ethics in our organisation, covering a range of human rights as well as risks around professional conduct and conflicts of interest. In 2019, the survey results confirmed that continued training and communication around ethical conduct is effective in ensuring the ethical culture in Deloitte.

In 2019, we updated and reinforced our risk control systems and were subject to internal as well as external audit to renew our ISO27001 certification. 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. In addition, we continued to run a comprehensive cyber security awareness campaign, including several phishing drills per year, to ensure that all employees are aware of cyber risk.

The General Data Protection Regulation (GDPR) has been another important focus this year, both in terms of embedding the GDPR principles into our own processes and mindset and in terms of assisting our clients in protecting personal information and being accountable. On the cyber agenda, we have launched insight reports, new solutions and helped our clients to stay on the alert for cyberattacks. We have held Grab 'n Go sessions on Cyber, GDPR and Compliance.

In 2019, through our ISO certification and the continued work of educating our people on ethics, information security and cyber threats, we have continued to guarantee our clients and our people the confidentiality, integrity and availability of their information.

Human Rights
Part of Deloitte's purpose is to contribute to society, building confidence and trust, upholding integrity, and supporting the community. We recognise that we have a responsibility to uphold human rights both in the workplace and more broadly within our sphere of influence. If we do not live up to this responsibility and we fail to respect and promote human rights, there is risk that we may harm our people, our business and other stakeholders in society. Therefore, we are committed to ensuring respect and fair treatment of people at all times.

Deloitte has formally outlined the responsible business principles we believe in and the commi-tments Deloitte has made via a Responsible Business Practices statement. This statement serves to align decision-making and activities across Deloitte and addresses a number of areas, including human rights.

In Deloitte workplaces, human rights typically take the form of non-discrimination and diversity in personnel practices, privacy, professional development, and work-life balance. Our Global Principles of Business Conduct ("Global Code") outline Deloitte's ethical commitments and expectations for approximately 312,000 Deloitte professionals globally, giving the organisation a strong foundation built upon indelible principles.

Elements of the Global Code directly address human rights and treatment of our professionals including the following:
- We respect human rights standards.
- We foster a culture and working environment where our professionals treat each other with respect, courtesy, and fairness, promoting equal opportunity for all.
- We do not tolerate harassment or unfair discrimination in our working environments.
- We understand the broader impact that our work has on society, our professionals, and our clients, and we conduct business with those interests in mind.

Our employee handbook advises our people on their employee rights and human rights as well as their obligations and how they in turn can expect Deloitte to manage risks and uphold these rights. Our risk control systems and our whistleblower solution that makes it safe to report any unethical behaviour, including potential breaches of human rights.

In Denmark, we have in 2019 continued to strengthen human rights in our workplace around respect and fair treatment, particularly around non-discrimination and diversity in personnel practices. See more on the results of our efforts in the section on Talent and Diversity.

People impact

Inclusion unleashes the power of our diversity

Every day, more than 2,800 Deloitte talents do their utmost for the future success of our clients, society and their peers. For our employees to succeed and thrive in their work, our culture is our most valuable asset. Our culture reflects our Shared Values, which are at the heart of everything we do. We lead the way for each other and our clients by having strong role models. We take care and look out for one another and prioritise respect, fairness, development, and well-being. And we foster inclusion by embracing diversity in all forms and work dedicatedly to ensure equality. We know this improves satisfaction, attracts top talent, enables innovation, and helps deliver great client solutions.

Building a diverse workforce
Our talents are our scarcest resource and if we do not nurture our talents by creating an equal playing field, fostering inclusion and embracing diversity as well as providing great career opportunities, this area can be a risk to our future business. We are making progress in these areas, but we still have work to do. As an example, while having an almost equal gender distribution at junior levels (45/55), we still work on several initiatives to overcome the uneven gender balance at senior levels. At partner level, 12.1% are female, up from 10.6% last year, and we have reached our goal of 25% at board level. The number of women at senior manager and director level is moving in the right direction – although not fast enough. Fostering inclusion and embracing diversity come with many perspectives. Gender equality is just one piece of the puzzle, however, it remains a must-win battle for Deloitte. While having a 45/55 gender distribution at junior levels, we still work on several initiatives to overcome the uneven gender balance at senior levels.

Initiatives are in place to reach our goals, as is evident in the section on Talent, where you can read about our three strategic focus areas: Respect and Inclusion, Leadership, and Talent Attraction and Development.

Our gradual progress on women in leadership positions is evident at partner level but insufficient. Nor is it satisfactory at senior manager and director level or when it comes to members of the management team. With Sharon Thorne leaving

Women in leadership

	2016	2017	2018	2019	2020
Partner-elected board member	0%	0%	25%	0%	25%
Management team (Executive)	10%	10%	20%	20%	20%
Partner	8.6%	8.4%	9.5%	10.6%	12.1%
Senior Manager and Director	29.1%	32.8%	30.8%	31.7%	31.8%

the Danish Board just before the very end of 18/19 we were delighted to welcome Therese Kjellberg to the Board in the beginning of 19/20. With Therese on board we got back on track and meet our target of having at least 25% represented on the Board. Our target is to always have minimum 25% of each gender represented at the Board in the future.

We fully recognise that we have a challenge and that we still have room for improvement with regard to gender balance. The limited progress at partner level will not make us rest on our laurels. Gender balance is our most important must-win battle and our goal is to reach **16.5% female partners next year and 25% in three years.**

How will we reach our targets?
Achieving gender balance in senior leadership roles requires us to not only look isolated on partner promotions. We need to build pipelines from the bottom and increase female representation at the levels below partner. Sponsoring and inviting more women into commercial roles is just one initiative to mention in our work towards pipelines that progress in the right direction, at the right pace. We have a persistent focus on gender balance in all processes and structures we meet during the year, and gender balance is a natural focal point integrated into all of our three strategic talent focus areas.

People impact

How the Talent Agenda will take us to the future

This year we continued working with our three strategic focus areas for the Talent Agenda: Respect and Inclusion; Leadership; and Talent Attraction and Development.

Respect and Inclusion
Respect and Inclusion is not only about gender. Respect and Inclusion brings new ways of thinking, increasing our ability to come up with innovative solutions for our clients.

During the year we involved all levels of the organisation in focus groups and workshops in order to continuously understand and keep strengthening our culture and values. We dedicated more time than ever to involving our top leaders. Three leadership conferences and workshops have taken place during the year to create awareness about the challenges we have and to discuss biases and structures that hinder our way towards respect and inclusion - and especially towards increased gender balance. Our latest 'Diversity-lab' workshop generated almost 400 ideas on how to foster respect and inclusion, and a selection of these ideas is now built into the talent strategy for the coming years.
From our already existing Respect and Inclusion initiatives, our 'Happy Parents' programme is one of the highlights. Two years ago, we introduced 'Happy Parents' with the aspiration of making all working parents feel that having a career at Deloitte and being a great parent is both doable and desirable. Now we are excited to see that the initiative bears fruit and increases our diversity by retaining 15pp more male parents and 8pp more female parents since launch.

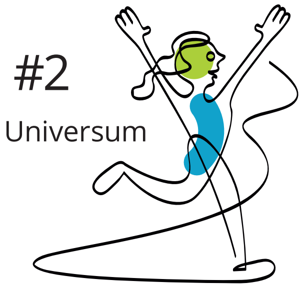
Leadership
We are proud to have launched our own Leadership Academy, training all leaders from managers to partners in being strong leaders. We particularly train our leaders in providing feedback and coaching on an ongoing basis in line with our Performance Management approach, Leading Performance. Leaders are also trained in acting as inclusive leaders; for example, being curious and embracing new perspectives, being cognizant of potential biases, and acting with courage to address them, and recognising and rewarding merit by investing in and developing others.

Also, in this area we are delighted to see that our efforts do make a difference and that our leaders are improving their skills in being inclusive. The latest Upward Feedback survey confirms that we are moving in the right direction with an 'Inclusive Leadership' score on 4.41 out of 5.

4.41/5
Inclusive leadership score

Talent Attraction and Development
Attracting the best talents doesn't come easy, and we are happy to see that our efforts are rewarded by moving up as the #2 most attractive employer among business students according to Universum. This is an achievement that we are truly proud of. Being ranked as #2 is a testament that our consistent work, such as ensuring gender neutral words in job adverts and that teams representing Deloitte at career fairs reflect our diverse workforce, is paying off.

Ranked #2
according to Universum



In building a culture of lifelong learning, constant opportunity and growth, the well-being of our people is core to ensuring that everyone can fully embrace that culture and reach their full potential. We want our people to 'thrive' and not just 'survive'. This year we introduced a new initiative to ensure the physical, mental and financial well-being of our people. The first phase campaigned the importance of financial well-being, and Deloitte introduced an upgrade to our pension and insurance programme encouraging all employees to re-evaluate their financial security. During this first phase we also mapped the well-being of our people through a voluntary health screening and initiated a stress prevention initiative, which will be implemented during the following year.

Within the next year we will keep implementing well-being initiatives to ensure that we meet the physical and mental challenges of our people in the very early stage. The fundamental approach is that we look out for each other and that we all need to be able to notice, in ourselves or a colleague, when things are out of balance - and then open our doors and provide the support needed.

Sustainability and responding to climate change

Climate change is threatening the entire world. If we don't act now, current and future generations may not have a safe and healthy world to live and thrive in. If left to continue, the impact of climate change on the environment and society could be even more severe than it is today. As a major global business, Deloitte knows that the risk of inaction is associated with increasing harm to nature, to our societal progress, and to business – our own and our clients'. What we do now to mitigate and adapt to climate change and how prepared we are to transition to a low-carbon economy matters to our leadership, our employees and our clients.

While Deloitte has always worked to support the societies around us, Deloitte now commits to achieving net zero emissions by 2030 and extending our impact beyond ourselves—through empowering our people and engaging our ecosystems on responsible climate choices. This is laid out in our new global climate strategy 'WorldClimate'.

As a firm, we have also introduced ambitious emission reduction targets for buildings, fleet, and travel, as part of our broader policy commitment to Responsible Business Practices.

In Deloitte Denmark we have expanded our offerings in climate measurements and strategies as well as introduced our own local policies and initiatives to lower our carbon footprint, such as travel reduction guidelines and offices becoming paper free. We have also committed to reducing plastic waste, one of today's most serious environmental challenges, and becoming more sustainable overall.

We've introduced a sustainable alternative to dis-posable plastic cups across all offices, thereby reducing plastic use by more than 700,000 bottles per year.

We've also reviewed our supply chain and chosen more sustainable alternatives and suppliers; replaced paper in all offices with FSC certified paper; run campaigns to

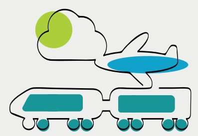
Annual report 2019/20 | **Sustainability and responding to climate change**

reduce paper consumption overall; introduced campaigns to lower food waste in the canteens; and invested in a biogas reactor for HQ to convert food waste into energy. Examples are Go Green freight by default. When choosing a taxi, we book a vendor that offers environmentally friendly vehicles as a default preference. Our paper provider only has FSC certified paper. And we cooperate with glassFORever for a sustainable alternative to disposable cups and glasses. And we cooperate with glassFORever for a sustainable alternative to disposable cups and glasses.

To reduce paper consumption, we developed an app that tracks printing behaviour and highlights consumption and introduced it with a print challenge across all offices in Denmark. Some offices reduced their consumption by up to 34% - showing that we are ready to take action!

We are serious about accelerating our efforts on sustainability next year with our new travel and fleet policy and continuing to build our Green Ambassadors Network. The reduction in travel will also be a natural consequence of the pandemic, where we have learned to work smarter with digital tools rather than travelling to every meeting abroad. We are committed to becoming more sustainable and we are sure that by acting collectively we can make an impact that matters!

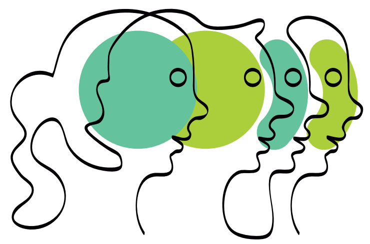
Our carbon emissions have been measured and show the following result:



- We, at Deloitte Denmark, have emitted about 3,697 tonnes of CO_2 equivalent from our operations and ravels in FY20.
- This is equivalent to 1.45 tonnes of CO_2 equivalent per employee.
- Most of our impacts in terms of carbon emissions come from air travel and energy use at offices.
- Deloitte at NSE level has decided to purchase Energy Attribute Certificates for all electricity, thereby making it our first year to source 100% renewable electricity for all of NSE.
- For our emissions from district heating and business travel, Deloitte at NSE level has purchased Certified Emission Reductions, offsetting our carbon footprint on the operational and travel side.
- In the meantime, our efforts to reduce our energy consumption (kWh) are set to continue.
  We plan to continue measuring our emissions, to track our performance and introduce initiatives to reduce them in the future.

CARBON EMISSIONS*		**FY20**
Electricity, Market-based	tCO_2e	0
Electricity, Location-based	tCO_2e	710
District Heating	tCO_2e	723
Business Travel (excl. radiative forcing)	tCO_2e	2,974
Business Travel (incl. radiative forcing)	tCO_2e	4,364
Total Gross 'Operational & Travel' Emissions**	**tCO_2e**	**3,697**
Total Gross "Operational & Travel " Emissions, per FTE	**tCO_2e/FTE**	**1.45**
Certified Emission Reductions (CERs)	tCO2e	-3,697
Total Net 'Operational & Travel' Emissions	tCO2e	0

- * Limited assurance of all reported carbon metrics was provided by BDO LLP at a consolidated Deloitte NSE level. This included consideration of the underlying country data in Belgium, Denmark, Finland, Greece, Iceland, Ireland, Italy, Malta, The Netherlands, Norway, Sweden, Switzerland and the UK plus Jersey, Guernsey, Isle of Man and Gibraltar.
- ** 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.
- For the details of our methodology, please refer to GHG Emissions Basis of Reporting.



Social impact

Being a corporate citizen

Our responsibility as a corporate citizen is exemplified in our Social Impact Strategy. A core pillar is our global ambition to create a positive impact on 50 million people's futures by 2030 through education, skills development and access to opportunities - we call this WorldClass. In this year of unprecedented challenges, our support and investment in our communities increased to USD 266m, and WorldClass programmes reached 7.1 million people in FY20. By giving people the skills and opportunities they need to succeed, we can help them overcome barriers to education and employment. This will ensure we are helping to create a fairer society, one that focusses on improved social progress and inclusive growth. Perhaps one day these people might even join Deloitte.

This year, we reached 18,454 people through WorldClass programmes in Denmark.
WorldClass was unfolded into two main initiatives – UNLEASH and Small Great Nation. In addition, we made an impact on the SDGs through different SME innovation programmes.

See all the initiatives described below.
UNLEASH is a global non-profit organisation that supports the UN Sustainable Development Goals (SDGs). Deloitte Denmark has been engaged in UNLEASH since the first innovation workshop took place in Copenhagen in 2017 and is the lead innovation partner. In 2019, UNLEASH took place in Shenzhen with Deloitte running a five-day SDG innovation lab – once again – bringing together 1,000 extraordinary talents from all over the world to develop scalable SDG solutions and build lasting global impact.

Small Great Nation

Small Great Nation, a joint initiative by Deloitte Denmark and local think tank Kraka, was launched three years ago to facilitate a fact-based and data-driven dialogue across businesses, the public sector, and organisations. Its mission is to engage people to discuss and co-create better solutions for bringing Denmark forward – and for including everyone on the journey.

Through reports on Denmark's social, environmental and economic challenges and opportunities, the initiative successfully gathered government ministers, CEOs and entrepreneurs in the discussion.

Building on that success and helped by leading economists in Denmark, Deloitte and Kraka decided to launch a new reform proposal on reaching Denmark's ambitious climate target of a 70% CO_2 emission reduction by 2030. Small Great Nation was first in the public agenda with the proposal, which has been referenced in many correlations.

With the COVID-19 crisis hitting the world, Small Great Nation also provided new analyses and advised the Government on the economic effects of corona with suggestions on how to survive the crisis. One of our main suggestions was to encourage the Danish state to take out a large loan of €40bn, to be placed in a fund to cover the losses for the companies who are struggling the most. This would cover the losses of two months.

This year, we have also recruited a youth panel that, through a series of workshops and inspirational days, has created a new vision for Denmark 2040 based on the topics of social impact, climate change, economics, and societal crises. On top of that we launched three reports, held five webinars and two live events. And finally, Malou Aamund, Bert Nordberg and Jim Hagemann Snabe, among others, were featured in the podcast this year.

Facts:

1 youth panel
2 events with 200+ participants
3 reports:
Mission possible – velfærdsstaten frem mod 2040
Innovation – nøglen til bæredygtig vækst
En klimareform, der leverer de magiske 70%
4 webinars
8 films with recommendations
18 CEOs in our Sounding Board
22 podcast episodes (Malou Aamund, Jim Hagemann Snabe, Bert Nordberg, Jens Bjørn Andersen, Alastair Cambell and others)
400+ press stories on key topics in the analyses

"By using our voice as a global player, we've been able to influence the public debate and bring focus on the challenges and possibilities the future of Denmark holds. We have leveraged our direct connection to some of the most influential leaders in the Danish business community not only to get their unique perspectives on certain topics, but also to get them involved in supporting the future strongholds of our country. "

Anders Dons, CEO & Partner

Every year, we take Small Great Nation to the next level – this year by being first out with an actual climate reform, advising the Government on how to handle corona as well as creating the youth panel, that's defining a ***new vision for our country.***

Changing the world one Danish business at a time

Through three different sustainability programmes, Deloitte's SDG team has helped more than 60 Danish businesses maximise their sustainable impact by developing new products or services that have a societal impact and are financially viable.

The UN's Sustainable Development Goals (SDGs) provide the first common ground for governments, businesses and individuals all around the world to address the social and environmental challenges we meet in our society.

Each of the goals are signposts for future market needs and represent untapped opportunities just waiting to be exploited. This is exactly what Deloitte's SDG team has accelerated through three different programmes:

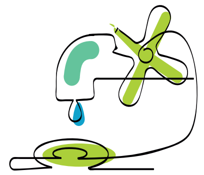
SDG Accelerator

New business solutions to sustainability challenges

The SDG Accelerator is a UNDP programme aiming to accelerate business solutions with the SDGs. The programme has supported 32 SMEs in a six-month Innovation Journey ranging from fast-tracking ideas with strong SDG and business potential to the identification of new products, services or business models, and lastly the development of prototypes and concrete business plans.

The programme has been developed in close collaboration with Nordic frontrunner companies with solid experience in integrating sustainability into innovation, business strategy and communication.

SDG Business Booster

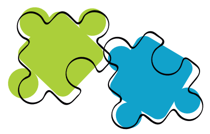


Scaling existing sustainable products or business models

The SDG Business Booster is a programme developed in collaboration with Copenhagen Business Hub, Advice, Roskilde University, and CONNECT Denmark. The programme focuses on accelerating Danish companies' growth and export opportunities through their solutions to the SDGs. During the programme, we have supported 26 companies in devising growth strategies, identifying key markets and formulating go-to-market strategies, and a communication platform.

In addition, a large group of experts and business leaders, channelled through CONNECT Denmark's network, supports the participating companies. Learnings and methodologies developed in the programme have been disseminated to all Business Hubs in Denmark and will be integrated as part of their normal approach to support SMEs in accelerating sustainability.

AM Sustain



Sustainable innovation by using 3D print technology

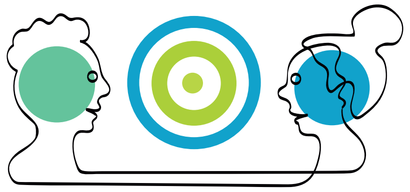
AM Sustain is an innovation programme developed in collaboration with AM Hub, Additive Manufacturing Hub in Denmark. The programme focuses on accelerating the use of 3D print and AM technology to solve the challenges addressed in the SDGS. By identifying key sustainability challenges and untapped market opportunities across the participating companies' value chains, the programme has identified business cases for how to use 3D print as a lever for new revenue streams, new products, new processes or as a new production alternative. The programme has been supported by a large number of experts and partners, ranging from universities to professionals with technical expertise and experience in business modelling.

Deloitte's SDG team is led by Bahare Haghshenas, and she is convinced that the SDGs hold a huge potential for especially Danish companies:

"There is no doubt that the SDGs have a huge impact when it comes to finding new solutions to old problems. More and more companies are starting to see the goals not only as visions for the future but also as concrete levers for innovation. Particularly in some of the traditional strongholds of Danish companies – food, green tech, biotech, fashion and energy efficiency – we see an interesting development. A lot of companies are joining this movement right now,"

Bahare Haghshenas, Partner

The sustainable solutions developed through the three different programmes are all outcomes of Danish companies' ability to innovate and rethink how we have lived our lives so far. Only by changing old habits to become more sustainable, we stand a chance of solving the world's most imminent challenges. A realisation several Danish companies have already done.



Client impact

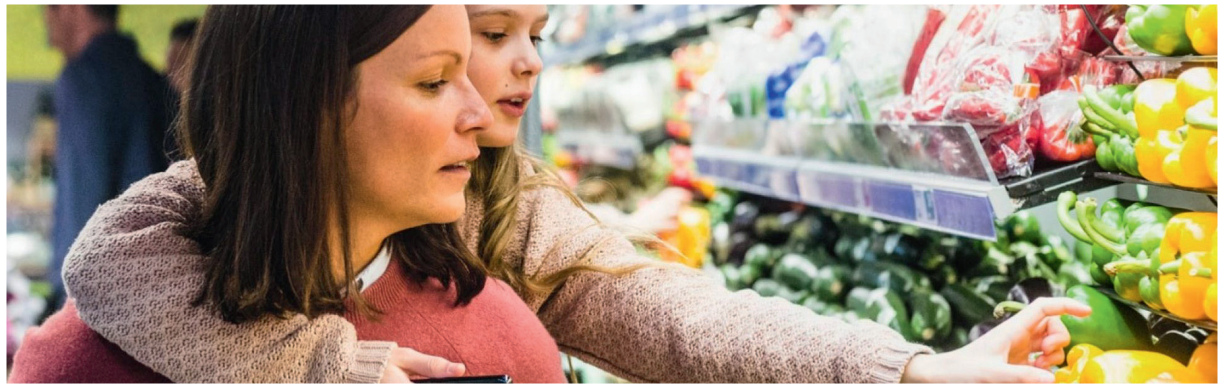
Making an impact for our clients

Deloitte is a people business – and our clients are at the heart of everything we do. The way we go to market and to our clients is dependent on every individual making an impact and bringing the best of Deloitte to every single client. At every interaction.

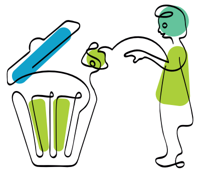
We divide our go-to-market approach into two segments: Industries and Private. In Industries, we have a particular focus on servicing clients in the public sector; energy, resources and industries; consumer; financial services, life science and telecoms, media and technology. In Private, we serve the large group of SMEs in Denmark.

In this report, we share some client spotlights from the past year. The cases are by no means exhaustive of all the client projects we have impacted – but serve as examples of the challenges our clients face, reflecting the journey they are on. The cases also showcase how we – together in partnerships and eco-systems – help them overcome those challenges.

Some examples are: Pioneering a climate strategy for Coop, helping Copenhagen Infrastructure Partners change the world with green investments globally, and celebrating the Best Managed Companies in Denmark. We hope you will take some time to get inspired by the different client stories



Coop - a pioneer in sustainability and climate strategy



Coop wants their operations to be carbon positive and to reduce their indirect carbon emissions by more than 1 million tons in 2030.

To reach the Danish Government's ambitious emission target by 2030, we need to rethink how we live our lives. How we can be more sustainable in everything we do from transportation to grocery shopping. The same goes for businesses, and Coop is a good example of how to create an impact if you dare to be bold and ambitious.

Coop is the first supermarket retailer in Denmark to announce a comprehensive, commercial climate strategy and to embed sustainability into the core of their business operations. The purpose of the strategy is not only to reduce Coop's carbon emissions significantly, but also to inspire other companies in the global retail industry to implement more ambitious climate strategies.

With the climate strategy, Coop strives to make their operations carbon positive in 2030. Furthermore, the co-operative supermarket retailer aims to reduce their indirect carbon emissions from suppliers and end-consumers by more than 1 million tons also before 2030 - equivalent to more than two per cent of Denmark's national carbon footprint.

Coop developed their climate strategy in cooperation with Deloitte's Danish SDG team, a team that uses the UN's Sustainable Development Goals as a lever to develop strategic direction and new narratives for clients. For Coop, this meant embarking on a transformational journey to become a more sustainable business while staying commercially profitable.

"If we're to save the world and create a better future for the next generation, action is needed. Our climate strategy emphasises Coop's dedication to making the world a better place, and we've been fortunate to have Deloitte as our adviser and partner from start to finish. With help from a global network of experts, Deloitte has provided the knowledge and resources needed to help us design this ambitious plan that raises the bar for the global retail industry. Together, we've created a multidimensional business strategy that is both environmentally and financially sustainable."

Peter Kjærgaard Svendsen,
Head of Climate Action at Coop.

DRC - using technology to support the protection of the world's refugees

By the end of 2019, there were 79.5 million refugees and internally displaced persons* in the world – a number that is expected to grow in the future.

In a time when people are fleeing from violent conflicts around the world, staying longer in displacement because crises are becoming more complex and last longer, borders are being closed and human rights are being violated, it is imperative that the Danish Refugee Council (DRC) delivers from the heart of its vision: A dignified life for all displaced.

DRC is a humanitarian, non-profit NGO founded in 1956 that operates in more than 40 countries throughout the world. In Denmark, DRC assists refugees in all aspects of integration as well as asylum procedures. Internationally, DRC actively participates in supporting the protection of refugees and promoting durable solutions for conflict-affected populations.

The growing complexities of the global refugee situation combined with the rapid pace of technological change emphasises the importance for DRC to sustain a strong organisation – particularly in terms of IT systems that enable DRC to report on and measure the effectiveness of their activities.

These circumstances marked the initiation of DRC's largest single investment ever: Microsoft Dynamics 365, a global Enterprise Resource Planning (ERP) system and an important tool for documentation and effective implementation of work in all parts of the organisation and financial reporting. The investment was initiated in 2017 but had, as many big change projects, faced some initial challenges, particularly in using the system in some countries where their infrastructure and capacity had proven inadequate to the new tasks presented by the decentralisation allowed by the new ERP system.

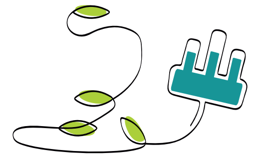
To help DRC succeed with the implementation of the new ERP system, DRC and Deloitte initiated a collaboration enabled by deep industry knowledge from Deloitte's auditors as well as extensive ERP capabilities from Deloitte's consultants in Assurance.

The task was approached by a team of experts within ERP, NGOs and accounting and began with a clear analysis of the challenges with the ERP implementation from a finance and IT perspective. Then, solutions were proposed for how to obtain the data to be used in management reporting, auditing, and the annual report. The new ERP system was launched in January 2019 and allowed DRC to conduct reports for the year.

With the new system, DRC has the right foundation in place to support a steadily growing global organisation. Deloitte is proud to be DRC's trusted adviser and to help make a social impact in the world. Going forward, the new ERP system will empower DRC to work in a more transparent and efficient manner to help more refugees and displaced persons.

Definition
**persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence.*
The UN Refugee Agency

An international journey paved with green growth ambitions



Copenhagen Infrastructure Partners has become one of the world's leading green infrastructure investment companies and has since 2012 helped the world transition from black to green energy.

As sustainability, social responsibility and stakeholder capitalism have become a business imperative, the world looks to international corporations to help catalyse the change needed to solve some of the world's biggest and most pressing challenges.

Since its foundation in 2012, Copenhagen Infrastructure Partners (CIP) has helped fuel this agenda by investing in green infrastructure such as offshore wind, onshore wind, biomass and energy-from-waste. CIP has provided a sustainable and long-term investment alternative and – together with its institutional investors - helped accelerate the replacement of polluting energy resources with cleaner and renewable alternatives.

Despite the rather short company history, CIP has already become a global leader, market pioneer and the largest financial sponsor with a dedicated renewable energy infrastructure focus. Today, CIP holds seven funds with more than USD 10bn as well as offices all over the world from New York to Tokyo.

CIP's ambition has always been to become a professional and international player when it comes to green infrastructure investments. To help CIP reach this goal, the investment company decided to partner with Deloitte back in 2012.

Ever since, Deloitte has been an adviser to CIP and experienced its incredible growth journey first-hand. Over time, Deloitte has acquired deep knowledge of CIP's business, industry, ambitions and company culture. Knowledge that has since been used to help CIP scale, streamline and internationalise its business at a pace and in a way that aligns with CIP's ambitions and culture.

As CIP has conquered the world, Deloitte has utilised its international network of experts and offices to make sure that CIP has had access to the needed insights and resources no matter where in the world the company was expanding.

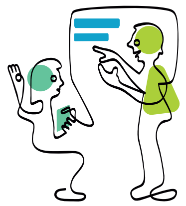
Throughout the agelong partnership, many areas of Deloitte have been assisting CIP on its journey, from transforming the finance function, digitising and implementing central systems and standardising processes to running the audit and accounting services and providing financial advisory.

During this journey, CIP have been able to focus on what they do best: invest in renewable energy infrastructure.

"It has given us a great deal of comfort to have a global player like Deloitte with us on our international journey. Deloitte equals integrity and expertise which gives their business partners a feeling of assurance and safety. With Deloitte as a trusted partner, we have been able to globalise and scale our business in a fast and solid way,"

Simon Kjær, Head of Finance & Associate partner, CIP.

The Danish Environmental Protection Agency – using technology to protect the Danish nature



The Danish Environmental Protection Agency has set a new standard for digital transformations in the public sector with their new digital lab, JUMP.

The Danish Environmental Protections Agency's (EPA) most prominent task is to take care of the Danish nature and environment. A task that for long has been characterised by collecting data through manual work and observations. This, however, has changed in the digital age where new technologies have enabled the agency to conduct old tasks and processes faster and much more frequently.

"New technology makes it possible to solve our tasks in entirely new ways. We are gradually moving towards new working methods, where fieldwork in rubber boots is accompanied by new digital forms of work such as drones, Internet of Things, image recognition, and other types of artificial intelligence such as machine learning," says Lars Møller Christiansen, Vice Director at the Danish Environmental Protection Agency.

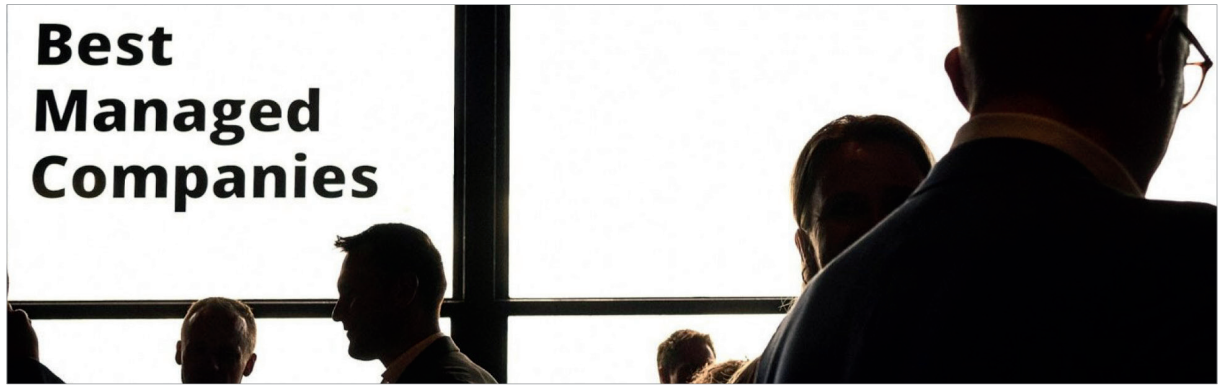
In 2018, the EPA took a quantum leap on their digital transformation journey with the establishment of the agency's new digital lab called JUMP. Through JUMP, the EPA has access to experts and relevant competences needed to develop new, digital solutions in an efficient and timely manner. The overall aim is to support an agile and exploratory innovation process from thought to design, testing and production.

JUMP was created because of the challenging and tiresome process that is sometimes associated with getting new and innovative solutions to public sector issues identified, tested and scaled. Consequently, the EPA decided to partner with Deloitte to develop a solution that could significantly accelerate the time from ideation to a scaled and implementable solution.

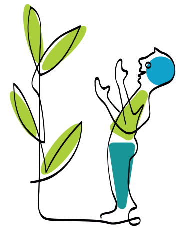
JUMP and the partnership with Deloitte have helped catapult the EPA into the digital age and allowed the agency to fully utilise the advantages of data analytics and the newest technologies. This does not only benefit the EPA but everybody in Denmark as the EPA, by using data and technology to optimise processes, can take better care of the Danish nature and environment.

"The collaboration with Deloitte gives us flexible access to specialists and resources that we don't have in-house. The JUMP partnership has really accelerated our digitalisation process and we now see the benefits of cost reduction, better customer service and raised quality in the areas that we have been through. Also, we have received several requests from other agencies that are interested in this model,"

Lars Møller Christiansen,
Vice Director at the Danish Environmental Protection Agency.



Best Managed Companies – celebrating Danish business excellence



Danish owned and managed companies are the backbone of our economy and the cornerstone of our local society. Through the Best Managed Companies programme (BMC), we aim to recognise the overall success of these strong privately-owned companies based on strategic direction, ability to execute, corporate culture, and financial performance.

After a successful launch in 2019, Deloitte awarded 10 Danish companies the title of Best Managed Company in 2020 – a title earned as a result of investment in talent and technology, an ability to innovate in a competitive environment, and an intent and ability to compete on the global stage.

One of the winning companies is MacArtney, a global supplier of underwater technology. At MacArtney, a new management team has created a successful turnaround with enhanced focus on the commercial business. Meanwhile, the company is characterised by having an encouraging employee culture, where change is part of the everyday life.

Another Best Managed company is V. Guldmann that works with the development, manufacture, and sales of welfare technology, e.g. ceiling hoists, lifts and slings. V. Guldmann has organised itself around a dynamic, hands-on management approach and short decision paths. The company has a persistent, simple and clear communication strategy, which makes the company's ambitious goals clear to the employees.

Other companies that have won the title of being a Best Managed Company in 2020 are PolyTech, a global supplier to the wind power industry, Knauf, a full-line supplier to the construction industry, Pankas, a global contracting company, HusCompagniet, one of the largest construction companies in the Nordics, Blue Water Shipping, a global transport and logistics company, the sports equipment company Sport24, the recycling company RGS Nordic, and the textile company Beirholm Group.

This year's winners are:

- MacArtney
- Blue Water Shipping
- Poly Tech
- V. Guldmann
- Knauf
- RGS Nordic
- HusCompagniet
- Pankas
- Sport24
- Beirholm Group A/S

The BMC programme is currently taking place in 25 countries all over the world – and will continue in Denmark in 2021.

"Being part of Deloitte's Best Managed Companies programme has been a great experience. Deloitte and its coaches provided professional guidance and coaching throughout the programme, which enabled us to challenge the status quo and reflect on how we can take our business to the next level. Besides that, being a BMC winner is a seal of approval, and something we can use to create awareness and external acknowledgement of our business."

Søren Nørgaard Thomsen, CEO of Blue Water Shipping

United Nations – preventing cyberattacks at the global COP25 conference

At the UN's twenty-fifth climate change conference (COP25) in Madrid, international political leaders discussed the next crucial steps in slowing down global warming. Deloitte was present to keep looming cyber criminals in check.

In December 2019, several of the world's most influential political figures were gathered at COP25 in Madrid to discuss and advance global action to tackle climate change.

The conference lasted from 2 December to 13 December 2019 and was designed to take the next crucial steps in the UN climate change process. As COP25 concluded, crucial climate action had been taken forward in several areas including forests and agriculture, indigenous people, cities, oceans and gender.

Concurrently with the increased focus on climate change and sustainability, the UN's climate change conferences have grown exponentially in size over the past two decades. Today, the conferences are among the largest and most important international meetings in the world with an ever-increasing number of officials from governments and vast numbers of representatives from corporations, civil society, and global news media.

As the climate change conferences have grown in size and prominence, so has the need for creating a secure digital conference infrastructure. With more than 25,000 participants and even more connected digital devices, it is an extremely complex task to not only build a secure cyber environment, but even more so to constantly monitor the network and identify potential threats. Therefore, to help create a resilient and secure cybersecurity environment at COP25, the UN decided to partner up with Deloitte.

A global team of Deloitte professionals, led by Danish Deloitte cybersecurity experts, were quickly deployed to Madrid to set up the extensive IT security infrastructure from A to Z, including security architecture, 24/7 network surveillance, threat identification and more. For several weeks, the Deloitte team lived in Madrid to thoroughly test every aspect of the newly established IT environment that the UN team had built from scratch.

Due to the high attendance by heads of states and top political figures, cybersecurity is given top priority at the UN's climate conferences, and for good reason. During the conference period, cyberattackers are constantly looming in the dark, trying to exploit any kind of weakness in the network, allowing them to potentially access confidential documents, state secrets or leverage over political figures.

Fortunately, and as a result of the extensive cybersecurity efforts conducted by the Deloitte team before and during the conference, only an insignificant and unharmful number of IT disturbances happened and were quickly solved by the Deloitte team as they occurred.

From a cybersecurity point of view, there is no doubt that some of the world's top political figures and other conference participants were in good hands, and this enabled them to fully focus on the critical task at hand: unifying the world in the fight against climate change.

Annual report 2019/20 | **Client impact**

Our Goals - defining the future of Denmark

In October 2019, a new, ground-breaking initiative was launched. The initiative, named Our Goals (Vores Mål), aims to develop national indicators to measure progress on the 17 Sustainable Development Goals (SDGs) in Denmark.

In October 2019, a new, ground-breaking initiative was launched. The initiative, named Our Goals (Vores Mål), aims to develop national indicators to measure progress on the 17 Sustainable Development Goals (SDGs) in Denmark.

You have most likely heard about the UN's 17 SDGs. Probably, you have also heard that Denmark is well ahead in progress according to various international measurements. But what if we were to measure our progress in sustainable development according to our own perspectives of what is most relevant in Denmark? How would we then measure whether we are on the right track to reduce inequalities or ensure more sustainable consumption and production? The fact is that no coherent measurement based on a national perspective has been done – until now.

In October 2019, the Our Goals initiative was launched with the ambition to develop supplementary national indicators and a baseline to measure progress in the SDGs in Denmark. This will allow us to have clear and concrete data on how Denmark is doing on our journey towards a more sustainable society. The project will not only define the future of our country, but also a sustainable society across all sectors and industries.

Our Goals is probably the most inclusive nationwide process to define national indicators at a global level. The ambition was from the beginning to involve civil society, businesses, authorities and local governments, knowledge institutions and universities, and not least Danish citizens to take part in developing the indicators based on what they find most important in a Danish context. To get input from as many Danes as possible, an extensive national campaign was launched, including a digital engagement platform for citizens and stakeholders to give input. Six workshops with more than 500 participants in total as well as individual debates for each of the 17 SDGs were held across the country. In total, more than 6000 inputs were collected to the development of national indicators.

A set of around 250 new national indicators and a baseline are delivered to The 2030 Network in the Danish Parliament in September 2020. There will be a need for implementation and transformation in the public and private sector to meet new demands for sustainable business models, operations and measurement.

Deloitte has been selected to manage the Our Goals project in collaboration with Statistics Denmark along with a range of partners consisting of Geelmuyden Kiese, Sweco, Dansk Energi Management, Kraka, RUC and AAU.

> "As a nation, we need to be able to become a more sustainable society, which is why national indicators for measuring sustainable development are incredibly important. The project brings together all the forces in the community to discuss how we can create innovative solutions to Denmark's the biggest challenges."

Bahare Haghshenas,
Partner in Deloitte's SDG Strategy & Innovation unit.

Our businesses

Audit & Assurance – powered by humans

Henrik Wellejus, Audit & Assurance Leader

This year, our transformational journey of Reimagine Audit was the imperative at our core. We have secured some great wins and achievements, confirming that we are on the right path of redefining Audit & Assurance. As the COVID-19 pandemic hit during our absolute peak season, we were busy advising our clients on the economic aid packages while working on their audits. The pandemic taken into account, we are satisfied that our revenue is at the same level as last year.

Our impact

Our key focus has been on accelerating the transformation of our business by increasing the use of technology to support our audits and sustain market-leading quality. We have strengthened our market activities, which has resulted in important wins in Audit & Assurance. Among many, we won the audit of Novo Nordisk and TDC – two signature clients – and we have delivered improved quality documented by internal and external reviews, and improved efficiency through standardisation and automation. Furthermore, we have built and integrated analytics solutions into our audits to improve client insights and enhance value creation.

A people business

This year, we have established Assurance Offerings and Dynamic Offerings with a new catalogue of service offerings and strong market traction. We have also increased the use of delivery centres to automate parts of the audit process and thereby increase efficiency and quality. Consequently, we have attracted and built new competencies and kept a strong focus on talent and leadership development. We have also taken our first steps towards implementing our new business model – one that rewards value creation and quality delivered over performed hours. Our ambition is for our people to be the best version of themselves – not the most.

Our culture is defined by passion for our clients, for personal and professional development, and for working as a team, while always encouraging authenticity and diversity of thought. Amidst COVID-19, our people demonstrated perseverance and teamwork, while making a significant societal impact by advising institutions and clients on the economic aid packages. As trusted advisers to the public interest, we take responsibility for strengthening the resilience of the Danish business community through the provision of financial advisory and transparency, so that society can emerge from the crisis as best it can.

Reimagine Audit

As uncertainties arise across the globe, our purpose of building trust in the public and capital markets remains rock-solid. We aim to redefine trust in the digital age – and our people are key to our success. Every day, our audit professionals drive this paradigm shift by igniting a culture of innovation, creativity and deep industry knowledge.

The old image of a dusty accounting profession is being put to shame. We are paving and leading the way for an exciting future for audit and assurance – it's a new era, and we aspire to define it.

> ”Reimagine Audit is about sustaining the best quality, pursuing the best clients, and being the best version of ourselves. Always.”
>
> **Henrik Wellejus**, Audit & Assurance Leader

Top of Industry

By Danish Business Students in Auditing andAccounting

Universums

Annual report 2019/20 | Our businesses

Our businesses

Consulting
– a true team effort

Martin Søegaard, Consulting Leader

When Denmark went into lockdown, we went from being a physical practice with a physical workplace and physical client engagements to being a 100% virtual organisation in less than 48 hours. We did not have a strategy to handle a global pandemic, but we surely had culture. Thanks to our people for throwing away their reservations, for rolling up their sleeves, and for making our new reality run more smoothly than we could ever have hoped for.

The incredible effort that our entire organisation pulled through secured us a result that we are extremely proud of, given the unprecedented nature of the circumstances we had to deal with this year. Because some of our major projects for Danish headquartered clients have not been invoiced and accounted for in the Danish member firm but in other member firms, our actual revenue growth is higher than it appears – it comes to 13%.

The variance reflects global client projects delivered by Danish resources but invoiced outside of Denmark.

> "We did not have a strategy to handle a global pandemic, but we surely had culture."
> **Martin Søegaard,** Consulting Leader

Our clients' preferred transformation partner
The transformation towards digital business models is more relevant and pressing than ever before. Indeed, most of our client dialogues this year have reflected the need to embrace technology in order to respond faster to changes in market conditions and customer preferences. The opportunity to support many of our clients in taking critical steps towards integrating digital technologies in some or all of their business areas has been extremely rewarding, and we aspire to continue to help them on these extremely important and complex journeys. Also, supporting the CFO has once again been one of our absolute strongholds this year. Making sure that the business case of a transformation journey is realised is a central aspect of the impact we deliver to our clients.

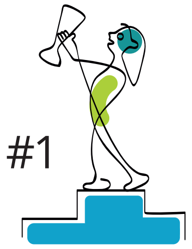
Having acquired and invested immensely in new competencies this year going all the way from SAP S/4 Hana (incl. the acquisition of a team from Acomi) and Cloud to Salesforce and Analytics & Cognitive, we now have the entire range of skills to move our clients to the forefront of digitalisation and to gain a competitive foothold after the crisis.

Our Public Sector team is intact
Despite the Government's decision to cut back spending on management consultants, which affected our Public Sector team within areas of strategy and analysis, we still stand as the premier consultancy in the Public Sector, with strong technology-enabled transformation offerings helping the sector navigate through difficult times.

Connected to make an impact for our clients
In the face of difficult market conditions, companies are increasingly choosing advisers with a proven track record of making real impact and ready access to global specialists. After decades of growth, Deloitte continues to be the number one consulting organisation in the world as ranked independently by Gartner. We are committed to both enforcing and strengthening this position in the coming year, not through financial optimisation or management decisions, but entirely through our hard-working, talented, and ambitious people. Delivering seamless, borderless solutions across the Nordics, Europe, and the rest of the world is a core component of our commitment to our clients.

Deloitte ranked #1

in consulting services by Gartner for the ninth time



Our businesses

Risk Advisory – managing risks in a digital era

Thomas Bruun, Risk Advisory Leader

When COVID-19 hit this year, our clients needed help in managing the new risk landscape and protect their business from cyberattacks and related threats, as a consequence of the work-from-home model and usage of new solutions. We instantly transformed our way of working with clients to a digital world, which enabled us to come closer to our clients – although from a distance – but as a trusted "travel companion" meeting the opportunities of the new tomorrow.

Although we did not reach the aggressive growth result we had hoped for, we are very happy to have achieved 16% revenue growth in these turbulent times. This is a result of a significant development across all our service lines, where especially Financial, Regulatory, and Strategic Risk have excelled by developing more comprehensive offerings that complement each other. Through this, we have been able to create an even bigger impact for our clients. The past year has also been a year of investments in future services, e.g. cloud, data-driven solutions, business continuity, and financial risk management, which we expect to see the results of in the years to come.

Expanding our cyber offerings
In February 2020, we acquired Draware, a company specialised in retail software within IT and cybersecurity. It is the first step towards integrating software offerings into our Risk Advisory business – a step no other accounting and advisory firm has taken before. With Draware onboard, we can offer our IT and cybersecurity clients access to a full eco-system of specialised competencies, consultancy, and software solutions – helping clients every step of the way from identifying needs to smooth software implementation.

Upscaling our tech skills
As we continue our quest to shape the future of risk management, we have invested in upscaling our more technical competencies within Artificial Intelligence (AI), machine learning, and software solutions. At the beginning of 2020, we also joined the AI Studio – a collaboration with Deloitte colleagues across EMEA. The AI Studio creates a unique platform where our young tech talents collaborate with international colleagues on developing the tech solutions of the future by using data to solve complex challenges such as data mining, process mapping, and GDPR.

Annual report 2019/20 | **Our businesses**

Preparing for the future
Product services such as cloud and SAP S/4HANA will increasingly represent a bigger portion of our work, as clients embark on their digitalisation journey. The global pandemic will most likely speed up this process, as clients acknowledge the value of having a business that is geared for the digital future. Another effect of COVID-19 is the increased demand for IT compliance, as the rising usage of IT collaboration tools has underlined concerns regarding security and confidentiality. Therefore, as the world continues to digitalise, we will continue to tailor our advice so it enables our clients to manage and leverage the risks of the ever-changing 'new normal'.

"Technology and people are the future yin and yang – if done right, the outcomes will be greater than we can imagine."

Thomas Brun, Risk Advisory Leader

Worldwide leader in Risk Consulting Services

Recognised by IDC Marketscape

Our businesses

Tax & Legal – helping our clients operate on a global scale

Niels Josephsen, Tax & Legal Leader

Tax & Legal has had another strong year. Despite the impact of COVID-19, we grew our revenue by 11%. We did experience a slow-down after the pandemic hit, especially within mergers and acquisitions (M&A). However, it did not affect us as much as we expected, and we saw an increased demand for other services such as research and development incentives, supply chain transformations, and governmental aid package utilisation.

The growth was primarily driven by a combination of new service offerings such as SAP S/4HANA, tax technology and global complexities such as transfer pricing and outsourcing of compliance services. We also managed to win a few large contracts that involve handling all of our clients' global compliance obligations.

The pandemic did put pressure on our leadership skills, because learning to lead and support our people from the distance was a challenge at first. However, it was a challenge that we as a team managed to overcome.

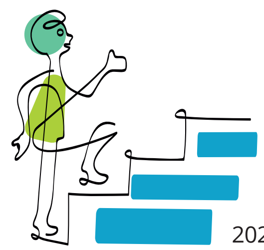
> "We are proud to have been awarded the Transfer Pricing Awards, which is a testament to our ability to work globally and with the brightest talents in the industry."
>
> **Niels Josephsen,** Tax & Legal Leader

An increased demand for global services
The past year we have also seen an increase in the demand for legal services. This is partly driven by the fact that Deloitte provides legal services in an increasing number of countries, while many clients see the advantage of having the same tax and legal service provider – especially in restructurings and M&As. Within the latter, we have also experienced growth, which to a large extent is due to the fact that we have assisted a number of Danish multinational clients with foreign acquisitions.

We are proud to have been awarded Transfer Pricing Firm of the Year at the 2020 ITR European Tax Awards. Finally, we continue to see the benefits of the global integration within Deloitte. The formation of Deloitte North & South Europe has enhanced our cross-border collaboration and thus given us additional benefits in how we serve our international clients as well as a higher degree of mobility within Deloitte.

Talents and transformations will drive future success
Over the previous years, Tax & Legal has managed to attract, retain and promote talents through a strong talent pipeline and a focus on diversity – in all forms and aspects. More than 50% of our fantastic Tax & Legal colleagues are female, and diversity will continue to be a key focus area in our talent development.

Looking ahead, we expect that COVID-19 will have a short-term effect on the coming year. However, we expect to see an increasing demand for our services in the long term – partly due to the many business transformations we expect among our clients.



Transfer Pricing Firm of the Year
2020 ITR European Tax Awards

Annual report 2019/20 | **Our businesses**

Our businesses

Financial Advisory – becoming fully industry-specialised

Sigurd Ersted Jensen, Financial Advisory Leader

This year, we have worked hard on becoming the fully industry-specialised business we are today – delivering better and more relevant advisory services to our clients. As a result, all of our service lines have reached their budget except for one. Financial Services Advisory unfortunately delivered behind budget because the majority of the market activities took place beyond Danish borders. We operate in a notoriously cyclical market, which is why the COVID-19 situation has naturally affected our business as well. This leaves us with an 8% decline in revenue – but well positioned for the future.

Targeted market offerings
We have reached several milestones during the past year. Deloitte Economics has seen the light of day. The new service line offers financial advisory at a micro- and macro-level while combining economic analysis with a strategic, commercial outlook – an offering that has never been more relevant. In addition, we have professionalised our debt advisory and built a liquidity and specialties unit – a unique constellation that can help our clients through this unusual situation. Finally, we have consolidated our three advisory units into one fully industry-specialised unit.

“We are proud to service our clients with industry-specialised teams and an unparalleled product offering.”

Sigurd Ersted Jensen, Financial Advisory Leader

Steering through a cyclical ocean
Operating in a cyclical market means that we always need to be vigilant. Therefore, we decided to send our people home at an early stage, before the COVID-19 situation escalated. We were already an agile business where digital collaboration tools were a natural part of our workday. Nevertheless, we had to adapt to a different way of working. To equip our employees for this new situation, we invited external speakers to hold virtual courses on how to have a good and productive workday from home, how to lead from a distance, and how to maintain good client relations.

Looking into a market post COVID-19
Despite current uncertainties, there is still a great deal of equity in the market, so we anticipate a reasonable and balanced transaction volume in the market. Inevitably, some clients will need help with restructuring and refinancing in the wake of COVID-19. Going forward, we will focus on helping our clients with this and gear their business for future success. Consequently, we expect a rising demand for our services within debt advisory, liquidity and special situations.

Deloitte Corporate Finance recognised as the most active M&A adviser in Denmark in 2019

According to Mergermarket

Annual report 2019/20 | **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 audit regulation.

Statement of comprehensive income
After six years of consecutive growth by between 6-11%, revenue declined in 2019/20 by 4% or DKK 144m, of which DKK 80-100m is estimated to derive from the fact that the Danish Government has put the rendering of consultancy services on hold and from COVID-19.

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 4.2bn.

Adjusted for COVID-19 and the government hold on consultancy services, growth would have been close on 8%.

Revenue totals DKK 3,588m compared to DKK 3,732m in 2018/19.

Staff costs, including remuneration to the partners, total DKK 2,346m, which is an increase of 3% compared to last year.

Of the total staff at 31 May 2020, 263 were partners (31 May 2019: 248).

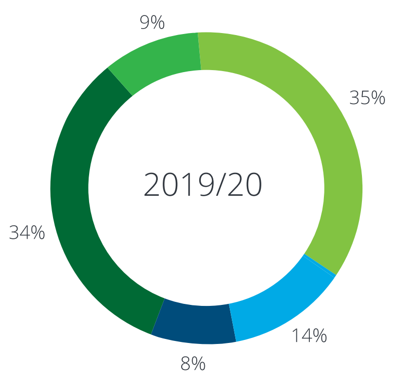
Profit for the year amounts to DKK 60m, which is DKK 33m less than last year. In assessing the results, it should be considered that the equity partners are also partners of the Firm and that their remuneration is profit-related. The remuneration has been recognised in staff costs.

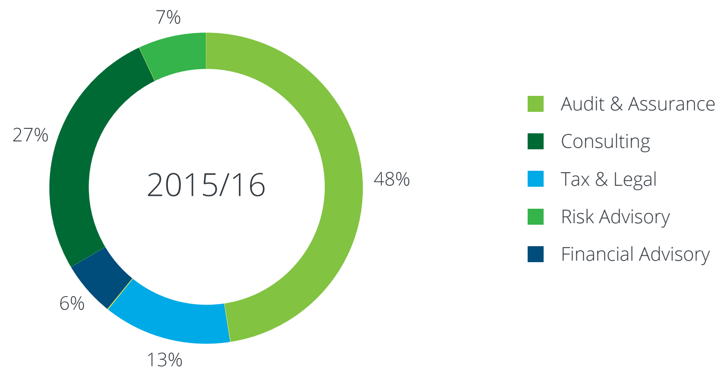
Audit & Assurance
Audit & Assurance has continued the transformational journey of Reimagine Audit, accelerating the use of technology, sustaining market-leading quality and strengthening our market activities, which has resulted in important wins such as Novo Nordisk and TDC. Given that Audit & Assurance is the most mature and competitive market, we are operating in, and the negative impact from COVID-19, revenue being at the same level as last year is satisfactory. COVID-19 led to an increase in services to our clients but because of the prolongation of the filing dates for annual reports and tax returns, many clients decided to delay the filing and therefore the finalisation of the audit. This has resulted in revenue being deferred to 2020/21.

Consulting
Revenue has declined in FY20. However, adjusted for the above-mentioned impact from COVID-19, the government stop on rendering consultancy services, and in particular the increased number of large projects for clients with headquarters in Denmark, revenue has grown by 13%.

The growth stems from large transformation projects, service offerings related to finance and performance management.

Revenue by business unit





Tax & Legal
Tax & Legal has grown by 11%. Almost every service line has contributed to this growth in the current year. Transfer Pricing in particular has continued to grow, and in Global Employee Services the transformation has contributed to growth and increased efficiency.

Risk Advisory
Risk Advisory continues to grow and as last year the growth rate was 16%, which means that since 2015/16 Risk Advisory has almost doubled its revenue. Particularly the service lines of Strategic, Regulatory, and Financial Risk have all realised significant double-digit growth.

Financial Advisory
Financial Advisory shows a decrease in revenue of 8%. The decrease is related to our Nordic FSI investment area. On the positive side, Forensic has realised significant growth while the rest of the business is at the same high level as last year.

Balance sheet and cash flow statement
The balance sheet total is DKK 2,542m, of which equity amounts to DKK 580m, equalling an equity ratio of 23% (2018/19: 27%). The decrease in the equity ratio is due to the fact that right-of-use assets have been capitalised in accordance with IFRS 16, amounting to DKK 454m. Adjusted for this capitalisation, the balance sheet total would have amounted to DKK 2,088m and the equity ratio would have been 28%.

Contract assets and trade receivables have decreased by DKK 278m. This significant decrease is due to heavy focus on billing and collection of receivables. The Government's COVID-19 package regarding deferral of payment of VAT and tax has improved the cash flow by DKK 157m.

Investments in intangible assets and property, plant and equipment amount to DKK 91m.

Distribution of dividend amounts to DKK 60m.

These factors have led to an increase in cash by DKK 144m and a reduction in financial liabilities by DKK 151m, improving the cash position by a total of DKK 295m.

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 a new ERP system. As focus will remain on digitalisation and innovation, we expect to make further investments in 2020/21.

Events after the balance sheet date
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
As a result of COVID-19 and the acceleration of underlying megatrends, significant uncertainties exist, yet there is also a material demand for the majority of our services across the business. Performance and earnings for the coming year are expected to be on a par with this year.

Financial highlights

	2019/20 DKK'm	2018/19 DKK'm	2017/18 DKK'm	2016/17 DKK'm	2015/16 DKK'm
Key figures					
Revenue	3,588	3,732	3,429	3,091	2,838
Operating profit*	80	102	92	89	69
Net financials	(20)	(9)	(4)	(3)	(4)
Profit for the year*	60	93	87	86	65
Trade receivables and contract assets	973	1,244	1,026	852	772
Equity	580	580	547	518	487
Balance sheet total	2,542	2,137	1,799	1,689	1,580
Investment in intangible assets	93	114	11	9	82
Investment in property, plant and equipment	16	33	11	33	11
Net interest-bearing debt excl. lease liabilities	229	524	329	229	115
Net interest-bearing debt incl. lease liabilities	464	-	-	-	-
Cash flows from operating activities	542	(37)	(21)	(26)	210
Average no. of full-time employees	2,642	2,575	2,513	2,553	2,379
Ratios					
Net margin (%)	2.2	2.7	2.7	2.9	2.4
Equity ratio (%)	22.8	27.1	30.4	30.7	30.8
Revenue per full-time employee (DKK'm)	1.4	1.4	1.4	1.2	1.2
Financial gearing excl. lease liabilities (%)	0.4	0.9	0.6	0.4	0.2
Financial gearing incl. lease liabilities (%)	0.8	-	-	-	-

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

*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.

Definitions

$$\text{Net margin} = \frac{\text{Profit for the year * 100}}{\text{Revenue}}$$

$$\text{Revenue per full time employee} = \frac{\text{Revenue (DKK'm)}}{\text{Average no. of full-time employees}}$$

$$\text{Equity ratio} = \frac{\text{Equity * 100}}{\text{Balance sheet total}}$$

$$\text{Financial gearing} = \frac{\text{Net interest-bearing debt}}{\text{Equity}}$$

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 2019 to 31 May 2020.

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 2020 and of the results of their operations and cash flows for the financial year 1 June 2019 to 31 May 2020.

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 2020

Executive Board

Anders Vad Dons

Board of Directors

Gustav Jeppesen
Chairman

Therese Kjellberg

Michel Denayer

Jesper Smedegaard Larsen

Mette Behrmann Lamp

Søren Lassen

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 01.06.2019 - 31.05.2020, 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 31.05.2020, and of the results of their operations and cash flows for the financial year 01.06.2019 - 31.05.2020 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 additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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. Independent auditor's report.

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 2020

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 2019/20

	Consolidated		Parent	
	2019/20 DKK'm	**2018/19 DKK'm**	**2019/20 DKK'm**	**2018/19 DKK'm**
Revenue (1.1)	3,587.6	3,731.6	3,566.6	3,699.0
Staff costs (1.2)	(2,345.7)	(2,288.0)	(2,319.6)	(2,242.7)
External expenses (1.3)	(1,029.3)	(1,324.4)	(1.037.9)	(1,340.6)
Depreciation and amortisation (1.4)	(147.1)	(39.9)	(146.0)	(39.0)
Operating profit before special items	**65.5**	**79.3**	**63.1**	**76.7**
Special items (1.5)	14.5	22.3	14.5	22.3
Operating profit	**80.0**	**101.6**	**77.6**	**99.0**
Income from investments in subsidiaries	-	-	2.1	2.2
Financial income (3.7)	1.5	0.9	1.6	1.3
Financial expenses (3.8)	(21.1)	(9.6)	(20.9)	(9.6)
Profit for the year	**60.4**	**92.9**	**60.4**	**92.9**
Comprehensive income for the year	**60.4**	**92.9**	**60.4**	**92.9**

Balance sheet at 31.05.2020

	Consolidated		Parent	
	2020 DKK'm	2019 DKK'm	2020 DKK'm	2019 DKK'm
Goodwill (2.1)	586.7	573.5	532.8	519.6
Intellectual property rights (2.2)	34.0	32.1	32.6	30.0
Completed development projects (2.2)	35.5	25.8	35.5	25.8
Development projects in progress (2.2)	38.0	31.3	38.0	31.2
Intangible assets	**694.2**	**662.7**	**638.9**	**606.6**
Right-of-use assets (2.3)	453.7	-	453.7	-
Leasehold improvements (2.3)	15.7	11.1	15.7	11.1
Operating equipment and fixtures (2.3)	34.2	40.8	34.0	40.2
Property, plant and equipment	**503.6**	**51.9**	**503.4**	**51.3**
Investments in subsidiaries (2.4)	-	-	61.8	58.8
Investments in associates (2.4)	11.5	0.0	11.5	0.0
Deposits and other financial assets (2.4)	44.7	42.5	44.5	42.3
Receivables from associates	7.4	0.0	7.4	0.0
Other non-current assets	**63.6**	**42.5**	**125.2**	**101.1**
Non-current assets	**1,261.4**	**757.1**	**1,267.5**	**759.0**
Trade receivables (2.5)	771.4	921.0	771.3	914.3
Contract assets (2.6)	247.2	375.4	246.5	373.9
Receivables from subsidiaries	-	-	0.3	12.9
Receivables from associates	22.3	17.5	22.3	17.5
Other receivables	22.3	5.2	21.3	3.7
Prepayments	41.2	28.8	41.1	28.8
Receivables	**1,104.4**	**1,347.9**	**1,102.8**	**1,351.1**
Cash	**176.1**	**32.1**	**172.8**	**27.3**
Current assets	**1,280.5**	**1,380.0**	**1,275.6**	**1,378.4**
Assets	**2,541.9**	**2,137.1**	**2,543.1**	**2,137.4**

Balance sheet at 31.05.2020 (continued)

	Consolidated		Parent	
	2020 DKK'm	2019 DKK'm	2020 DKK'm	2019 DKK'm
Share capital (3.1)	42.0	42.0	42.0	42.0
Reserve for development projects	-	-	68.7	35.9
Reserve for equity method	-	-	0.0	3.0
Retained earnings	537.9	537.9	469.2	499.0
Equity	**579.9**	**579.9**	**579.9**	**579.9**
Financial liabilities (3.5)	258.1	252.0	258.1	252.0
Lease liabilities (3.4)	378.7	-	378.7	-
Employee liabilities (2.7)	146.4	8.5	145.3	8.5
Provisions (2.8)	3.0	4.0	3.0	16.7
Non-current liabilities	**786.2**	**264.5**	**785.1**	**277.2**
Financial liabilities (3.5)	147.0	304.3	147.0	304.3
Lease liabilities (3.4)	85.4	-	85.4	-
Employee liabilities (2.7)	507.8	635.0	506.8	631.6
Contract liabilities (2.6)	45.7	52.1	45.7	52.1
Trade payables (3.5)	126.4	192.9	125.0	192.3
Payables to subsidiaries	0.0	0.0	7.4	0.0
Other liabilities (3.3)	263.5	108.4	260.8	100.0
Current liabilities	**1,175.8**	**1,292.7**	**1,178.1**	**1,280.3**
Liabilities	**1,962.0**	**1,557.2**	**1,963.2**	**1,557.5**
Equity and liabilities	**2,541.9**	**2,137.1**	**2,543.1**	**2,137.4**

Consolidated statement of changes in equity for 2019/20

	Share capital DKK'm	Retained earnings DKK'm	Total DKK'm
Equity at 31.05.2018	**42.0**	**505.4**	**547.4**
Profit for the year	0.0	92.9	92.9
Comprehensive income for the year	**0.0**	**92.9**	**92.9**
Dividend paid	0.0	(60.4)	(60.4)
Equity at 31.05.2019	**42.0**	**537.9**	**579.9**
Profit for the year	0.0	60.4	60.4
Comprehensive income for the year	**0.0**	**60.4**	**60.4**
Dividend paid	0.0	(60.4)	(60.4)
Equity at 31.05.2020	**42.0**	**537.9**	**579.9**

Annual report 2019/20 | Consolidated statement of changes in equity

Parent statement of changes in equity for 2019/20

	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 31.05.2018	**42.0**	**0.0**	**0.0**	**505.4**	**547.4**
Profit for the year	0.0	35.9	3.0	54.0	92.9
Comprehensive income for the year	**0.0**	**35.9**	**3.0**	**54.0**	**92.9**
Dividend paid	0.0	0.0	0.0	(60.4)	(60.4)
Equity at 31.05.2019	**42.0**	**35.9**	**3.0**	**499.0**	**579.9**
Profit for the year	0.0	32.8	(3.0)	30.6	60.4
Comprehensive income for the year	**0.0**	**32.8**	**(3.0)**	**30.6**	**60.4**
Dividend paid	0.0	0.0	0.0	(60.4)	(60.4)
Equity at 31.05.2020	**42.0**	**68.7**	**0.0**	**469.2**	**579.9**

Cash flow statement for 2019/20

	Consolidated		Parent	
	2019/20 DKK'm	**2018/19 DKK'm**	**2019/20 DKK'm**	**2018/19 DKK'm**
Operating profit	80.0	101.6	77.6	99.0
Adjustments for non-cash items:				
Depreciation and amortisation (1.4)	147.1	39.9	146.0	39.0
Increase/decrease in provisions	0.3	(2.1)	(12.4)	(2.1)
Increase/decrease in employee liabilities (2.7)	137.9	-	136.8	-
Profit on divestment of activities	0.0	(23.5)	0.0	(23.5)
Other non-cash items	0.0	(9.3)	0.0	(9.3)
Operating cash flow before working capital changes	**365.3**	**106.6**	**348.0**	**103.1**
Increase/decrease in current liabilities	(36.4)	38.8	3.5	62.3
Increase/decrease in trade receivables and contract assets	265.2	(214.2)	257.7	(224.2)
Increase/decrease in other receivables	(39.6)	39.5	(40.0)	40.7
Operating cash flow before financial income and expenses	**554.5**	**(29.3)**	**569.2**	**(18.1)**
Interest income etc. received (3.7)	1.3	0.9	1.4	1.3
Interest expenses etc. paid (3.8)	(14.7)	(8.9)	(14.5)	(8.9)
Cash flows from operating activities	**541.1**	**(37.3)**	**556.1**	**(25.7)**
Purchase of intangible assets	(39.4)	(48.3)	(39.4)	(48.3)
Purchase of property, plant and equipment	(16.2)	(33.4)	(16.1)	(33.2)
Sale of property, plant and equipment	0.9	9.1	0.8	9.0
Acquisition of businesses (4.1)	(8.3)	(14.8)	(8.3)	-
Acquisition of subsidiaries and capital increase (4.1)	-	-	(13.5)	(31.6)
Investment in associates	(14.6)	-	(14.6)	-
Purchase of financial assets	(2.3)	(1.5)	(2.3)	(1.5)
Sale of financial assets	0.0	0.0	0.0	0.3
Divestment of businesses	0.0	22.8	0.0	22.8
Cash flows from investing activities	**(79.9)**	**(66.1)**	**(93.4)**	**(82.5)**
Repayment of lease liabilities	(85.4)	-	(85.4)	-

(continues on next page)

Annual report 2019/20 | **Cash flow statement**

Cash flow statement for 2019/20 (continued)

	Consolidated		Parent	
	2019/20 DKK'm	**2018/19 DKK'm**	**2019/20 DKK'm**	**2018/19 DKK'm**
Increase/decrease in long-term financial liabilities (3.3)	0.0	200.0	0.0	200.0
Increase/decrease in short-term financial liabilities (3.3)	(171.4)	(6.3)	(171.4)	(6.3)
Dividend paid	(60.4)	(60.4)	(60.4)	(60.4)
Cash flows from financing activities	**(317.2)**	**133.3**	**(317.2)**	**133.3**
Increase/decrease in cash and cash equivalents	**144.0**	**29.9**	**145.5**	**25.1**
Cash and cash equivalents at 01.06.2019	32.1	2.2	27.3	2.2
Cash and cash equivalents at 31.05.2020 (3.5)	**176.1**	**32.1**	**172.8**	**27.3**

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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

! Risks

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 Denmark.

The consolidated financial statements for 2019/20 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, see 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 2019.

IFRS 16 *Leases* has been applied from 1 June 2019 using the modified retrospective method, according to which the effect of transition (if any) is recognised in equity as from 1 June 2019 with no restatements of comparatives.

IFRS 16 deals with the accounting treatment of leases and involves that, for all lease contracts, the Firm:

a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Firm has opted to recognise a lease cost on a straight-line basis as permitted by IFRS 16. This cost is presented within 'External expenses' in the statement of comprehensive income.

The new accounting policies are disclosed in Note 3.4.

Practical expedients applied

On adoption of IFRS 16, the Firm has used the following practical expedients permitted by the Standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments of whether leases are onerous as an alternative to performing an impairment review;

Accounting policies in general (continued)

- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Firm has also elected not to reassess whether a contract is or contains a lease at the date of initial application.

Measurement of lease liabilities
On 1 June 2019, lease liabilities were measured at the present value of future lease payments, discounted using the relevant incremental borrowing rate at 1 June 2019. The weighted average incremental borrowing rate (IBR) applied to the lease liabilities on 1 June 2019 was 1.25%.

	DKK'm
Operating lease commitments disclosed at 31.05.2019 (refer to Note 2.9)	538.4
(Less): Low-value assets not recognised as a liability	(21.2)
Add/(less): Adjustments as a result of a different treatment of extension and termination options	38.9
Gross lease liability at 01.06. 2019	**556.1**
Effect of discounting	(15.0)
Lease liability recognised at 01.06.2019	**541.1**
Analysed as:	
Current lease liabilities	87.0
Non-current lease liabilities	454.1

Measurement of right-of-use assets
The Firm has opted to measure the right-of-use assets recognised at 1 June 2019 at an amount equal to the lease liability of DKK 541.1m adjusted for prepaid lease and write-down. The adoption of IFRS 16 did not result in any change to the Firm's equity on 1 June 2019.

Other new or amended Standards and Interpretations applicable as from 1 June 2019 have had no effect on the consolidated financial statements.

Apart from the implementation of IFRS 16, the accounting policies applied for the consolidated financial statements are unchanged compared to last year.

§ **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, refer 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 power 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)
- Presentation of special items in profit or loss (Note 1.5).

Significant accounting estimates have been made for the following elements:

- Determination of the selling price of contract assets (Notes 1.1 and 2.6)
- Review of goodwill for impairment (Note 2.1)
- 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 2019/20, 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 that begin after 31 May 2020. These Standards and Interpretations have, therefore, not been applied in the preparation of the consolidated financial statements for the current year.

New and amended Standards and Interpretations 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.

0.10 Parent financial statements

The parent financial statements for 2019/20 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, see the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

The accounting principles applied to the parent financial statements are similar to those applied to the consolidated financial statements, with the addition of accounting principles for investments in subsidiaries, refer to Note 2.4.

The Parent generally accounts for 99% to 100% of the Group. Therefore, note disclosures are generally identical for the Parent and the Group or with only immaterial deviations between the Parent's and the Group's disclosures.

As a consequence of this, Management has decided to provide note disclosures for the Parent only to the extent this is deemed to provide additional, relevant information compared to what is provided in 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 bespoke 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 bespoke 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 on the basis of 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 bespoke 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 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 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 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.

Annual report 2019/20 | **Operating profit or loss**

1.1 Revenue from contracts with customers (continued)

At 31 May 2020, the amount of contract assets recognised at selling price totalled DKK 1,840.3m before offsetting of amounts invoiced on account (31 May 2019: DKK 1,767.4m).

	Consolidated		Parent	
	2019/20 DKK'm	2018/19 DKK'm	2019/20 DKK'm	2018/19 DKK'm
Revenue Revenue from contracts with customers is broken down by business unit as follows:				
Audit & Assurance	1,265.2	1,278.1	1,254.9	1,269.2
Consulting	1,226.7	1,429.2	1,21[illegible].0	1,405.6
Tax & Legal	511.3	461.4	51[illegible].3	461.4
Risk Advisory	310.9	268.6	31[illegible].9	268.5
Financial Advisory	273.5	294.3	273.5	294.3
	3,587.6	**3,731.6**	**3,566.6**	**3,699.0**

1.2 Staff costs
Staff costs comprise salaries, remuneration and social security expenses etc. for the financial year for the Firm's employees and partners, less refunds etc. received from public authorities. 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	
	2019/20 DKK'm	2018/19 DKK'm	2019/20 DKK'm	2018/19 DKK'm
Salaries to employees and remuneration to partners	2,262.3	2,194.1	2,237.3	2,169.9
Long-term employee liabilities, refer to Note 2.7	0.1	(0.4)	0.1	(0.4)
Other social security expenses	19.6	18.4	19.4	18.1
Other staff costs	63.7	75.9	62.8	55.1
	2,345.7	**2,288.0**	**2,319.6**	**2,242.7**
Average no. of full-time employees	2,642	2,575	2,608	2,544
No. of employees at year-end	2,842	2,803	2,819	2,755
Total remuneration to Key Management incl. remuneration to the Executive Board	**79.4**	**85.6**	**79.4**	**85.6**

Remuneration to Key Management consists of remuneration to partners. No specific directors' fees were paid to members of the Firm's Board of Directors. Remuneration to the Executive Board for 2019/20 and 2018/19 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 continuing education, marketing, bad debts, etc. and work carried out by subcontractors.

	2019/20 DKK'm	2018/19 DKK'm
Work carried out by subcontractors, including other Deloitte member firms	**512.7**	**718.1**

§ 1.4 Depreciation and amortisation
Accounting policies

Intangible assets are amortised and items of property, plant and equipment are depreciated on a straight-line basis 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.

Depreciation and amortisation methods, useful lives and residual values are reviewed annually.

	2019/20 DKK'm	2018/19 DKK'm
Intellectual property rights	12.9	11.6
Completed development projects	22.4	12.3
Right-of-use assets	94.7	-
Leasehold improvements	2.9	1.8
Operating equipment and fixtures	14.1	16.8
Profit or loss on sale of non-current assets	0.1	(2.6)
	147.1	**39.9**

1.5 Special items
Accounting policies
Special items are used to present exceptional profit or loss items that are not expected to be of a recurring nature and due to their size or nature differ with respect to the profit fluctuations generally expected in the Firm, including gains or losses resulting from strategic restructuring decisions etc.

Significant accounting judgement
Presentation of special items
The classification of items as "special items" is based on Management's judgement of whether or not the items in question are expected to be recurring, and whether, by their size or nature, they differ with respect to the profit fluctuations that can generally be expected in the Firm.

	2019/20 DKK'm	2018/19 DKK'm
Profit on disposal of client relationships and activities	8.1	16.9
Provision for onerous property lease contracts	-	(1.2)
Settlement of earn-out obligation	-	6.6
Fair value adjustment of earn-out obligation	6.4	-
	14.5	**22.3**

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 2020 (31 May 2019: DKK 573.5m). 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 01.06.2018	500.0	500.0
Additions	13.3	13.3
Additions from business combinations	53.9	0.0
Reclassified from assets classified as held for sale	6.3	6.3
Cost at 31.05.2019	**573.5**	**519.6**
Carrying amount at 31.05.2019	**573.5**	**519.6**
Cost at 01.06.2019	573.5	519.6
Additions from business combinations	13.2	13.2
Cost at 31.05.2020	**586.7**	**532.8**
Carrying amount at 31.05.2020	**586.7**	**532.8**

Additions from business combinations include DKK 12.3m regarding Draware A/S and DKK 0.9m regarding Acomi A/S, refer to Note 4.1.

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	
	2020 DKK'm	2019 DKK'm	2020 DKK'm	2019 DKK'm
Goodwill				
Audit & Assurance	384.6	384.6	384.6	384.6
Consulting	136.3	135.4	82.4	81.5
Tax & Legal	18.6	18.6	18.6	18.6
Risk Advisory	46.7	34.4	46.7	34.4
Financial Advisory	0.5	0.5	0.5	0.5
	586.7	**573.5**	**532.8**	**519.6**

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 and Risk Advisory is 8.8% (2018/19: 9.0%). For Tax & Legal, Consulting and Financial Advisory, the discount rates used are 9.2%, 9.5% and 9.8%, respectively (2018/19: 9.3%, 9.6% and 9.9%, 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% (2018/19: 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 as described above for goodwill.

2.2 Other intangible assets (continued)

	Intellectual property rights DKK'm	Completed development projects DKK'm	Development projects in progress DKK'm
Cost at 01.06.2018	69.4	115.5	0.0
Additions from business combinations	2.9	0.0	0.0
Other additions	2.5	0.0	41.8
Transfer	0.0	10.5	(10.5)
Cost at 31.05.2019	**74.8**	**126.0**	**31.3**
Amortisation and impairment losses at 01.06.2018	(31.1)	(88.0)	0.0
Amortisation for the year	(11.6)	(12.2)	0.0
Amortisation and impairment losses at 31.05.2019	**(42.7)**	**(100.2)**	**0.0**
Carrying amount at 31.05.2019	**32.1**	**25.8**	**31.3**
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**

All other intangible assets are considered to have definite useful lives over which the assets are amortised, 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.

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.

2.3 Property, plant and equipment (continued)

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

- The amount of the initial measurement of the liability;
- Any lease payments made at or before the commencement date less any lease incentives received; and
- 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 as described above for goodwill.

	Right-of-use assets DKK'm	Leasehold improvements DKK'm	Operating equipment and fixtures DKK'm
Cost at 01.06.2018	-	16.7	139.6
Additions from business combinations	-	0.0	0.5
Other additions	-	4.1	29.3
Disposals	-	(2.5)	(35.2)
Cost at 31.05.2019	**-**	**18.3**	**134.2**
Depreciation and impairment losses at 01.06.2018	-	(6.4)	(107.0)
Depreciation for the year	-	(1.8)	(16.8)
Reversal regarding disposals	-	1.0	30.4
Depreciation and impairment losses at 31.05.2019	**-**	**(7.2)**	**(93.4)**
Carrying amount at 31.05.2019	**-**	**11.1**	**40.8**
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	-	(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**

The Firm adopted IFRS 16 *Leases* on 1 june 2019. Please refer to Note 0.2 for details of the adjustments recognised. Right-of-use assets relate to buildings.

No indication of impairment is deemed to exist for these assets.

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§ **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 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 2019/20 (2018/19: DKK 0.0m). The share of the companies' total equity is DKK 0.1m (31 May 2019: DKK 0.1m), which has been recognised as a non-current financial asset.

During 2019/20, Deloitte Statsautoriseret Revisionspartnerselskab granted a long-term interest-bearing loan to Deloitte Nordic Holding ApS in the amount of DKK 14.5m 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 3.1m 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 11.4m, 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)

Investments in subsidiaries

	Parent
	Investments in subsidiaries DKK'm
Cost at 01.06.2018	0.5
Additions	56.6
Cost at 31.05.2019	**57.1**
Adjustment at 01.06.2018	(0.5)
Share of profit for the year	2.2
Adjustment at 31.05.2019	**1.7**
Carrying amount at 31.05.2019	**58.8**
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**

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%

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§ **2.5 Receivables**

Accounting policies

Receivables comprise trade receivables and other receivables.

On initial recognition, receivables are measured at the transaction price and subsequently at amortised cost, which usually equals the nominal value less any loss allowance for bad debts. Loss allowance on 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.

	2020 DKK'm	2019 DKK'm
Trade receivables	801.0	941.0
Allowance for expected lifetime credit losses	(29.6)	(20.0)
Net trade receivables	**771.4**	**921.0**
Not due for payment	557.0	684.2
Overdue less than 30 days	142.9	156.4
Overdue 31 – 60 days	36.2	30.0
Overdue 61 – 90 days	11.2	12.8
Overdue 91 – 120 days	8.3	10.2
Overdue more than 121 days	45.4	47.4
Trade receivables	**801.0**	**941.0**
Loss allowance on trade receivables		
Loss allowance at 01.06.2019	20.0	14.9
Additions	16.1	11.8
Reversals	(2.5)	(4.0)
Realised	(4.0)	(2.7)
Loss allowance at 31.05.2020	**29.6**	**20.0**

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2.5 Receivables (continued)

	Expected default rate 2020 %	Expected default rate 2019 %	Balance 2020 DKK'm	Balance 2019 DKK'm	Loss allowance 2020 DKK'm	Loss allowance 2019 DKK'm
Not due for payment	0.2	0.1	557.0	684.2	1.2	0.8
Overdue less than 30 days	1.0	0.3	142.9	156.4	1.4	0.5
Overdue 31 – 60 days	1.9	0.3	36.2	30.0	0.7	0.1
Overdue 61 – 90 days	5.3	1.2	11.2	12.8	0.6	0.1
Overdue 91 – 120 days	3.8	1.2	8.3	10.2	0.3	0.1
Overdue more than 121 days	55.9	38.9	45.4	47.4	25.4	18.4
Trade receivables			**801.0**	**941.0**	**29.6**	**20.0**

§ **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)

	2020 DKK'm	2019 DKK'm
Contract assets at selling price	1,840.3	1,767.4
Invoiced on account	(1,638.8)	(1,444.1)
	201.5	**323.3**
Net value is recognised in the balance sheet as follows:		
Contract assets	247.2	375.4
Contract liabilities	(45.7)	(52.1)
	201.5	**323.3**

Impairment losses 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 01.06.2018	318.4	37.2	318.4	37.2
Increase/decrease	57.0	14.9	55.5	14.9
At 31.05.2019	**375.4**	**52.1**	**373.9**	**52.1**
Change due to business combinations 2018/19				**0.8**
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**
Change due to business combinations 2019/20				**0.0**

The positive development in contract assets reflects our focus during the year on reducing funds tied up in work in progress.

2.6 Contract assets (continued)
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 4% 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 may be deferred and settled only when the employees retire. This vacation allowance has therefore been presented as a non-current employee liability.

	2020 DKK'm	2019 DKK'm
Provisions for jubilee benefits at 01.06.2019	8.5	9.4
Adjustment for the financial year	0.6	0.6
Interest expenses	0.1	0.2
Actuarial (gains)/losses	(0.6)	(1.2
Jubilee benefits paid	(1.0)	(0.5)
Provisions for jubilee benefits at 31.05.2020	**7.6**	**8.5**
Long-term vacation allowance	**138.8**	**-**
Long-term employee liabilities at 31.05.2020	**146.4**	**8.5**
Recognised in staff costs for the financial year	**0.1**	**(0.4)**

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§ 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 FY19 were measured as the contractual rental obligation for the remaining non-cancellable period, reduced by Management's best estimate of any sublease 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.

	2020 DKK'm	2019 DKK'm
Professional liability claims at 01.06.2019	2.7	3.4
Used in the financial year	(2.2)	(0.2)
Reversed in the financial year	0.0	(2.0)
Provisions in the financial year	2.5	1.5
Professional liability claims at 31.05.2020	**3.0**	**2.7**
Onerous property lease contracts at 01.06.	1.3	2.8
Reversed due to IFRS 16	(1.3)	(2.7)
Provisions in the financial year	-	1.2
Onerous property lease contracts at 31.05.2020	**0.0**	**1.3**
Provisions at 31.05.2020	**3.0**	**4.0**

The outcome and timing of settlement of professional liability claims is inherently uncertain, but most of the claims are assessed as being closed in full within the next three to four years. The liabilities are presented after offsetting insurance cover, as information about expected claims etc. is considered to seriously prejudice the position of the Firm. Onerous property lease contracts end of FY19 are expected to be settled within the next ten years.

2.9 Rental and lease liabilities

The Firm has entered into property lease contracts and operating lease contracts regarding copiers/printing equipment and vehicles.

At 31 May 2019, the Firm had lease liabilities relating to properties subject to a non-cancellable period of between 0 month and 14 years. Other lease contracts could be terminated by giving a notice of up to 59 months. Certain lease contracts stipulated annual rent adjustments relative to price indexes etc., but they had only negligible effects on the financial statements.

	2019 DKK'm
Minimum rent and lease payments	122.0
Sublease income	(4.3)
Rental and lease payments recognised in profit or loss	**117.7**
Future minimum rental and lease payments fall due as follows:	
Within 1 year	108.3
Between 1-5 years	333.4
More than 5 years	96.7
	538.4

At 31 May 2019, DKK 1.3m out of the future minimum rent and lease payments was recognised as onerous property lease contracts, refer to Note 2.8.

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**

§ 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 2019/20, the Board of Directors has proposed a dividend of DKK 60.4m (2018/19: DKK 60.4m), equivalent to DKK 0.6m per share (2018/19: DKK 0.6m per share), which will be paid to the equity partners after the Firm's Annual General Meeting on 27 October 2020, 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 2020.

§ 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

	2020 DKK'm	2019 DKK'm
VAT, A tax and social security expenses	233.2	96.7
Other expenses payable	30.3	11.7
Other liabilities at 31.05.2020	**263.5**	**108.4**
Financial liabilities at 01.06.2019, refer to Note 3.5	556.3	331.4
Net borrowings in long-term financial liabilities, refer to cash flow statement	0.0	200.0
Net borrowings in short-term financial liabilities, refer to cash flow statement	(172.5)	(6.3)
Deferred consideration	21.3	31.2
Financial liabilities at 31.05.2020, refer to Note 3.5	**405.1**	**556.3**

§ 3.4 Lease liabilities

Accounting policies

As from 1 June 2019, the Firm recognises a right-of-use asset and a corresponding lease liability 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; and
- 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 also 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.

Prior to 1 June 2019, all lease contracts were considered operating leases, for which the rentals payable were charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease in accordance with IAS 17 *Leases.*

3.4 Lease liabilities
Amounts recognised in the income statement:

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

The total cash outflow for leases in the year ended 31 May 2020 was DKK 112.7m..

§ **3.5 Financial instruments and risks etc.**
Categories of financial instruments

	2020 DKK'm	2019 DKK'm
Trade receivables	771.4	921.0
Receivables from associates	26.6	17.5
Other receivables	22.3	5.2
Cash	176.1	32.1
Financial assets measured at amortised cost	**996.4**	**975.8**
Financial liabilities	381.6	545.1
Lease liabilities	464.1	-
Trade payables	126.4	192.9
Other payables	263.5	108.4
Financial liabilities measured at amortised cost	**1,235.6**	**846.4**

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

	2020 DKK'm	2019 DKK'm
Receivables from associates	3.1	-
Financial assets measured at fair value through profit or loss	**3.1**	**-**
Contingent consideration for business acquisitions	23.5	11.2
Financial liabilities measured at fair value through profit and loss	**23.5**	**11.2**

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

Currency risks
The Firm's sales transactions are mainly conducted in Danish kroner. 21% of total revenue is denominated in foreign currencies (2018/19: 22%), 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 totalled DKK 259.4m, in EUR they totalled DKK 339.4m and in GBP they totalled DKK 71.7m (2018/19: DKK 93.7m in USD, DKK 416.1m in EUR and DKK 406.0m in GBP). At the balance sheet date, the Firm has net receivables of DKK 30.8m in USD (2018/19: net receivables of DKK 20.1m), net receivables of DKK 109.5m in EUR (2018/19: net receivables of DKK 154.5m) and net receivables of DKK (3.3m) in GBP (2018/19: net receivables of DKK 30.0m). All things being equal, earnings and equity would be affected by DKK 1.5m (2018/19: DKK 1.0m), 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 (2018/19: DKK 0.4m). 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 its 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 176.1m (2018/19: DKK 32.1m) and financial liabilities of DKK 405.1m (2018/19: DKK 556.2m). All things being equal, earnings and equity would be affected by DKK 1.8m (2018/19: 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 are monitored on an ongoing basis, including an individual assessment of the risk of bad debts.

Before write-down, trade receivables amount to DKK 801.0m at 31 May 2020 (31 May 2019: DKK 941.0m). These receivables have been written down by a total of DKK 29.6m (31 May 2019: DKK 20.0m) to match the lifetime expected credit loss, refer to Note 2.5. Impairment losses amount to an average of 3.7% of the total receivables (31 May 2019: 2.1%).

Many clients have been negatively impacted by COVID-19, however, the Government's aid packages have mitigated cash flow challenges of Danish enterprises. Assuming the termination of the aid packages in the autumn of 2020 and a deterioration of the general business environment because of COVID-19, an increase in losses has been expected and accounted for in the annual report.

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.

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 2020/21 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**
2019					
Financial liabilities	307.5	234.5	24.9	566.9	556.3
Trade payables	192.9	0.0	0.0	192.9	192.9
Other liabilities	108.4	0.0	0.0	108.4	108.4
Employee liabilities	643.5	0.0	0.0	643.5	643.5
Financial liabilities etc.	**1,252.3**	**234.5**	**24.9**	**1,511.7**	**1,501.1**

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.

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§ **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

	2019/20 DKK'm	2018/19 DKK'm
Interest income	1.5	0.9
Financial income	**1.5**	**0.9**

3.8 Financial expenses

	2019/20 DKK'm	2018/19 DKK'm
Interest expenses on lease liabilities	6.1	-
Other interest expenses	8.6	8.9
Net foreign currency translation adjustments	6.4	0.7
Financial expenses	**21.1**	**9.6**

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.

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.

Net assets in the acquired businesses and the cash flow effect of the acquisitions are made up as follows:

4.1 Acquisition and divestment of businesses (continued)

Name	Primary activity	Date of acquisition	Consideration DKK'm
Draware	Cyber security	14 February 2020	25.2
Acomi	ERP solution	17 February 2020	1.8

	Total DKK'm
Intangible assets	14.2
Non-current assets	**14.2**
Employee liabilities	(0.4)
Current liabilities	**(0.4)**
Goodwill	**13.2**
Total consideration	**27.0**
Deferred and contingent consideration	(21.3)
Cash flow effect of FY20 acquisitions	**5.7**
Earn-out payment regarding prior years' acquisitions	2.6
Total cash flow effect of acquisitions	**8.3**

The deferred contingent consideration could be a nominal maximum amount of DKK 23m and a minimum amount of DKK 0 depending on realised revenue from the acquired businesses.

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

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

4.3 Fees to the auditor elected at the Annual General Meeting

	Consolidated		Parent	
	2019/20 DKK'm	2018/19 DKK'm	2019/20 DKK'm	2018/19 DKK'm
Other external expenses include fees to the Group's auditor elected at the Annual General Meeting in the amount of:				
Statutory audit	0.4	0.5	0.4	0.4
Other assurance engagements	0.2	0.1	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 directly or indirectly received dividend, refer to Note 3.2.

Interest-bearing debt to Key Management at 31 May 2020 amounts to DKK 2.6m (31 May 2019: DKK 5.6m).
The related interest expenses amount to DKK 0.1m for 2019/20 (2018/19: DKK 0.1m).

Receivables from associates at 31 May 2020 total DKK 29.7m (31 May 2019: DKK 17.5m).
The related interest income amounts to DKK 0.2m for 2019/20 (2018/19: DKK 0.1m)
Deemed capital contribution to associate during FY20 stands at DKK 11.5m (FY19: DKK 0), refer to Note 2.4.

Deloitte General Partner ApS is a general partner of the Firm and has received a payment of DKK 8k for its general partner liability for the financial year 2019/20 (2018/19: DKK 3k).

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 2020. The annual report will be submitted to the Firm's equity partners for adoption at the Annual General Meeting on 27 October 2020.

4.6 Events after the balance sheet date
No events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

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