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A.T. Kearney P/S

Sankt Annæ Plads 13, 1250 København K

Company reg. no. 37 81 13 19

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 30 June 2021.

Godfred Severin Berntsen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the management has presented the annual report of A.T. Kearney P/S for the financial year 1 January - 31 December 2020.

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

I consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2020 and of the company’s results of activities in the financial year 1 January – 31 December 2020.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Copenhagen, 30 June 2021

Managing Director

Lars Krohn Røst

Independent auditor's report

To the shareholder of A.T. Kearney P/S

Opinion

We have audited the financial statements of A.T. Kearney P/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management’s preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

Independent auditor's report

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

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

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

Copenhagen, 30 June 2021

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert
State Authorised Public Accountant
mne32794

Company information

The company	A.T. Kearney P/S Sankt Annæ Plads 13 1250 København K	
	Company reg. no.	37 81 13 19
	Established:	15 June 2016
	Domicile:	Copenhagen
	Financial year:	1 January 2020 - 31 December 2020
Board of directors	Gotfred Severin Berntsen, Chairman James Frederick Dyall Geir Olsen	
Managing Director	Lars Krohn Røst	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	A.T. Kearney Denmark A/S	

Financial highlights

DKK in thousands.	2020	2019	2018	2017
Income statement:				
Gross profit	45.199	50.132	31.361	41.724
Profit from operating activities	1.781	3.254	-4.702	3.020
Net financials	-1.699	-723	655	40
Net profit or loss for the year	82	2.531	-4.047	3.060
Statement of financial position:				
Balance sheet total	54.273	124.850	97.199	91.074
Investments in property, plant and equip-ment	288	128	81	204
Equity	2.082	4.531	9.520	11.452
Employees:				
Average number of full-time employees	29	29	24	22
Key figures in %:				
Acid test ratio	102,3	103,1	108,6	-
Solvency ratio	3,8	3,6	9,8	12,6
Return on equity	2,5	36,0	-38,6	30,8

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio

$$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management commentary

The principal activities of the company

The Company's main activities comprise providing consulting services within strategic management consulting.

The Company is a part of the A.T. Kearney Group.

Development in activities and financial matters

The gross profit for the year totals DKK 45.199 t.kr against DKK 50.132 t.kr last year. Income or loss from ordinary activities after tax totals DKK 82 t.kr against DKK -2.531 t.kr last year. Management considers the net profit for the year as expected.

Special risks

Operating risks

The company is, like most companies, exposed to a sudden downturn in the market. We believe the risk to be manageable.

Environmental issues

The working environment is assessed as satisfactory. Absence due to illness was insignificant. The activities of the company do not pollute the environment. The company is an integrated part of the A.T. Kearney corporation which is carbon neutral.

Know how resources

Our employees contribute to the financial success or our global network through their teamwork and collaboration to serve our clients worldwide. The rich, diverse backgrounds of our consultants have a direct impact on what our teams accomplish every day - a dynamic that has defined our culture for more than 90 years. Training is a crucial component of the continued development of our employees and their career advancement. All employees will attend training programs where they learn essential concepts and methodologies that are crucial to management consulting.

Expected developments

It is expected that the Company will realise positive results for the financial year 2021.

Events occurring after the end of the financial year

In view of the considerable uncertainty created by COVID-19 and the uncertainty of the duration of the situation, it is at the moment not possible to make a reasonable assessment of the financial consequences of COVID-19. On the same basis, it is not possible to express a sufficiently reliable expectation of revenue and pre-tax net profit or loss.

However, the enterprise's current and planned activities do not give rise to particular financial risks, and the company's cash resources are assessed to be adequately hedged.

Income statement 1 January - 31 December

DKK thousand.

Note		2020	2019
	Gross profit	**45.199**	**50.132**
1	Staff costs	-42.768	-45.968
	Depreciation and impairment of property, land, and equipment	-211	-648
	Other operating costs	-439	-262
	Operating profit	**1.781**	**3.254**
	Other financial income	0	2
2	Other financial costs	-1.699	-725
	Pre-tax net profit or loss	**82**	**2.531**
	Tax on net profit or loss for the year	0	0
3	**Net profit or loss for the year**	**82**	**2.531**

Statement of financial position at 31 December

DKK thousand.

Note	Assets	2020	2019
	Non-current assets		
4	Other fixtures and fittings, tools and equipment	690	633
	Total property, plant, and equipment	690	633
5	Deposits	875	875
	Total investments	875	875
	Total non-current assets	**1.565**	**1.508**
	Current assets		
	Trade receivables	27.930	36.277
6	Contract work in progress	109	16.893
	Receivables from associates	23.646	68.023
7	Prepayments and accrued income	840	1.923
	Total receivables	52.525	123.116
	Cash on hand and demand deposits	183	226
	Total current assets	**52.708**	**123.342**
	Total assets	**54.273**	**124.850**

Statement of financial position at 31 December

DKK thousand.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	500	500
	Retained earnings	1.127	1.500
	Proposed dividend for the financial year	455	2.531
	Total equity	**2.082**	**4.531**
	Provisions		
8	Provisions for pensions and similar obligations	687	682
	Total provisions	**687**	**682**
	Liabilities other than provisions		
6	Prepayments received from customers concerning work in progress for the account of others	7.708	3.637
	Trade payables	1.043	677
	Payables to associates	14.328	86.627
	Other payables	28.425	28.696
	Total short term liabilities other than provisions	51.504	119.637
	Total liabilities other than provisions	**51.504**	**119.637**
	Total equity and liabilities	**54.273**	**124.850**

9 Contingencies

10 Related parties

Statement of changes in equity

DKK thousand.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	500	1.500	2.531	4.531
Distributed dividend	0	0	-2.531	-2.531
Profit or loss for the year brought forward	0	-373	455	82
	500	**1.127**	**455**	**2.082**

Notes

DKK thousand.

		2020	2019
1.	**Staff costs**		
	Salaries and wages	39.471	42.901
	Pension costs	2.887	2.636
	Other costs for social security	410	431
		42.768	**45.968**
	Average number of employees	29	29
2.	**Other financial costs**		
	Financial costs, group enterprises	598	115
	Other financial costs	1.101	610
		1.699	**725**
3.	**Proposed appropriation of net profit**		
	Dividend for the financial year	455	2.531
	Allocated from retained earnings	-373	0
	Total allocations and transfers	**82**	**2.531**
4.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	4.550	4.436
	Additions during the year	288	128
	Disposals during the year	-20	0
	Cost 31 December 2020	**4.818**	**4.564**
	Depreciation and writedown 1 January 2020	-3.917	-3.274
	Depreciation for the year	-214	-657
	Reversal of depreciation, amortisation and writedown, assets disposed of	3	0
	Depreciation and writedown 31 December 2020	**-4.128**	**-3.931**
	Carrying amount, 31 December 2020	**690**	**633**

Notes

DKK thousand.

		31/12 2020	31/12 2019
5.	**Deposits**		
	Cost 1 January 2020	875	1.536
	Disposals during the year	0	-661
	Cost 31 December 2020	**875**	**875**
	Carrying amount, 31 December 2020	**875**	**875**
6.	**Contract work in progress**		
	Sales value of the production of the period	109	53.139
	Payments on account received	-7.708	-39.883
	Contract work in progress, net	**-7.599**	**13.256**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	109	16.893
	Work in progress for the account of others (Prepayments received)	-7.708	-3.637
		-7.599	**13.256**
7.	**Prepayments and accrued income**		
	Other prepayments	840	1.923
		840	**1.923**
8.	**Provisions for pensions and similar obligations**		
	Provisions for pension obligations and similar obligations	687	682
		687	**682**

9. Contingencies

	DKK in thousands
Lease liabilities	1.424
Total contingent liabilities	**1.424**

Notes

DKK thousand.

9. Contingencies (continued)

(continued)

The lease liabilities falls due within a year and comprises of lease and rent liabilities.

10. Related parties

Controlling interest

A.T. Kearney Denmark A/S — Majority shareholder

Transactions

The company has the following related party transactions:

	2020
Network Fee	15.260.715
Royalties	1.402.043

Consolidated financial statements

The Company is included in the consolidated financial statements of A.T. Kearney Holdings Limited. The financial statement for the consolidated can be obtained by contacting the company.

Accounting policies

The annual report for A.T. Kearney P/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information are included included in the consolidated financial statements for A.T. Kearney Holdings Limited and Subsidiaries, United Kingdom, reg. no. 05625494

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs

Other external costs comprise costs of consultants from other A.T. Kearney companies, marketing expenses, insurance costs, rent, proposal costs, administrative costs and other external costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating income and costs

Other income relates to rechargeable administrative services and costs other than consultancy services to other A.T. Kearney companies and gain on sale of assets.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Accounting policies

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand

Cash on hand comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.