KPMG

Together for better

KPMG P/S ANNUAL REPORT
1 October 2020 – 30 September 2021

KPMG P/S
Dampfærgevej 28
2100 København Ø
Denmark
CVR no. 25 57 81 98

The annual report was presented and adopted at the Company's annual general meeting on 27 January 2022

Contents

Company details

KPMG P/S

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CVR no.: 25 57 81 98

Established: 11 December 2013
Financial year: 1 October – 30 September

Board of Directors

Anja Bjørnholt Lüthcke (Chairperson)
Henrik Barner Christiansen
Klaus Rytz
Jakob Blicher-Hansen
Danny Golan

Executive Board

Morten Mønster

Leadership

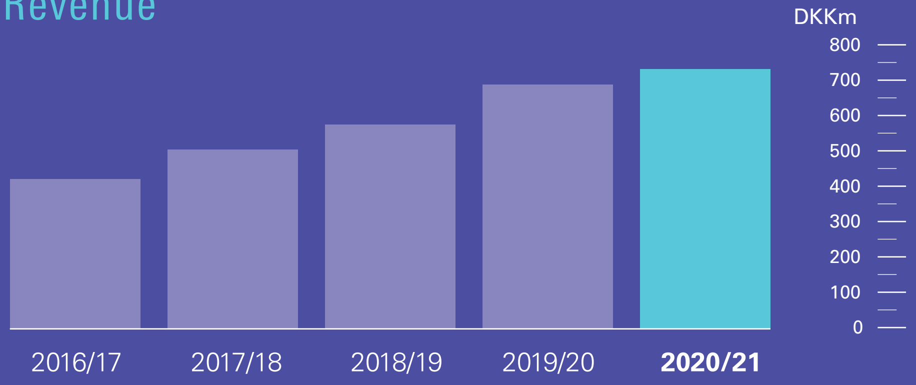
Morten Mønster, CEO & Senior Partner
Jon Beck, Head of Audit
Mads Raahede, Head of Advisory
Mads Fink-Jensen, Clients & Markets Lead
Bent Dalager, People Lead
Lau Bent Baun, Operations Lead

Auditor

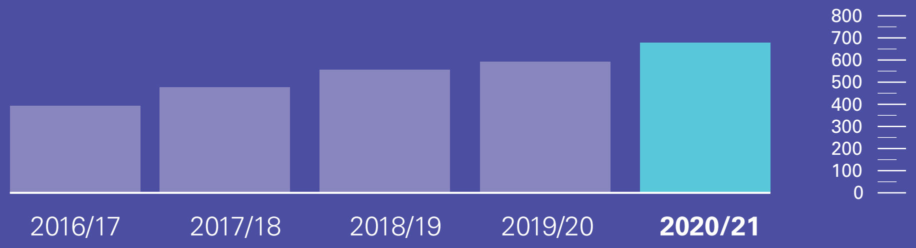
Redmark
Godkendt Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Financial highlights

Revenue



Number of employees and partners



DKK'000	2016/17	2017/18	2018/19	2019/20	2020/21
KPMG in Denmark Revenue*	575,358	697,144	829,331	1,009,737	1,111,559
Revenue KPMG P/S	**424,003**	**507,568**	**578,113**	**690,406**	**735,513**
Operating profit/loss	-993	707	-240	7,779	4,604
Profit/loss from financial income and expenses	993	-707	240	-1,585	-1,107
Profit for the year	**0**	**0**	**0**	**6,194**	**3,497**
Total assets	**239,026**	**202,208**	**266,831**	**353,201**	**304,689**
Investments in property, plant and equipment	2,052	5,880	3,201	2,530	4,662
Equity	**560**	**627**	**49,627**	**57,594**	**55,544**
Cash flow from operating activities	-12,388	30,706	13,947	110,418	-76,086
Cash flow from investing activities	-3,363	-7,353	-3,311	-4,792	-7,424
Cash flow from financing activities	-649	-25,798	8,625	23	-3,297
Total cash flow	**-16,400**	**-2,446**	**19,261**	**105,649**	**-86,807**
Revenue growth**	15%	20%	14%	19%	7%
Solvency**	0%	0%	19%	16%	18%
Number of employees and partners	392	476	555	593	678
Gender split (male/female) in %	64/36	66/34	67/33	66/34	63/37

***KPMG P/S, KPMG Acor Tax Partnerselskab & affiliates combined as KPMG in Denmark**
****For definitions, see note 1, Accounting policies.**

Together for better

Leadership introduction

Reflecting on the year

In FY21, KPMG in Denmark reached a total revenue growth of 10% across Audit, Advisory and Tax. Overall, revenue increased from DKK 1,010 million in 2019/20 to DKK 1,112 million in 2020/21. We experienced organic growth across all business areas with Audit accounting for 10%, Advisory 5% and Tax 18%.

Apart from growing in revenue, we have also invested in our people, and we are constantly on the look-out for new talents: business-oriented consultants with a digital edge and tech-savvy auditors. Since Morten Mønster took over as Senior Partner and CEO in August 2021, we have in KPMG alone welcomed and onboarded more than 200 people. 81 of those are graduates and trainees, while 120 consist of experienced hires across Advisory and Audit. To ensure that we can take our growth to the next level, we have also doubled the size of our leadership team in FY21.

A financially sound organisation with outstanding employees is the foundation for KPMG's onwards journey. We are a strong branded house – but also a house full of brands, competencies and services that each cater to different market segments. In 2021, KPMG jumped 19 places up the list of Berlingske's Image Analysis, a sign that the market has a positive perception of our leadership, trustworthiness, financial performance and quality. These are all qualities that are at the core of KPMG, and we will continue to work on maintaining and improving our image and performance in the market.

After a FY21 marked by a shift halfway through the year, both in terms of the pandemic situation improving considerably and the appointment of our new Senior Partner and CEO, we have picked up our activity level at an even faster pace, and KPMG is still among the professional services companies in Denmark with the highest growth rates. This gives us a solid foundation going forward into FY22.

Taking KPMG to new heights

KPMG in Denmark has set ambitious growth targets as we aim to double our revenue within the next seven years and reach DKK 2,3bn in combined revenue before 2029. We will reach these goals by offering more innovative solutions to our clients with uncompromised quality.

We have invested to obtain sustainable growth in the past year and will continue to do so going forward. As an agile organisation, we choose the segments of the market, where we want to play and where we know that we have the best expertise and solutions to offer. Not only do we deliver high-quality services, we also strive to stay ahead of the curve, develop new services and foresee demand before it exists. Recent examples of this include our Enterprise Service Management where we help streamline service processes. Furthermore, we accelerate our CFO agenda through finance transformation services, and our Interim services, which supplies temporary finance resources. Also, we have created new service lines in Audit that target specific company sizes from start-ups to large capital companies. In addition, we will continue the organic growth of KPMG Law.

Our clients operate all over Denmark, which is why we have invested in new offices in Fredericia and Odense and are very excited to move into our new office location at the central waterfront of Aarhus in FY22.

ESG is the watermark in everything we do

We are proud to be part of an international organisation that recently presented a multi-billion-dollar Impact plan designed for KPMG to have an active role in protecting our planet. With our 236,000+ people worldwide, we certainly have the resources to make a difference – and at KPMG in Denmark, we intend to do our part.

In FY22, we are also investing in the further development of our ESG & Sustainability team, which will be led by partner Michael Birkebæk Jensen. The team will have cutting-edge and innovative understanding of the role that data, automation and new technologies play in the green transition.

No matter which role our people have in the organisation, our ambition is to work with data-driven, fact-based insights and give recommendations that will leave a positive societal impact. We have already used this approach on various ESG engagements. One example is our involvement in the North Sea Wind Power Hub, a cross-European project that will essentially build up a grid of energy islands, like the ones Denmark is planning to build in the North Sea. Another example is for a media house, where we have applied artificial intelligence to estimate the optimal number of publications to be distributed to various outlets thereby reducing waste by more than 30 %, and consequently reducing CO2 emissions significantly.

On the societal aspect, we are among other things sponsors for Copenhagen Pride, and we continue to be highly engaged in Mind Your Own Business, Velkommen Hjem and Team Rynkeby. All are engagements that have lasted for several years.

When it comes to governance, we have done important oversight work for Danske Bank as well as work for Erhvervsstyrelsen controlling COVID-19 relief payments.

Combined with our year-long experience with tax consulting, financial reporting processes and expert knowledge of ESG and sustainability frameworks, we thus have great credentials to grow from. With a new team, bringing innovative technologies and new data & analytics to the table, we will differentiate ourselves in the market as experts within the ESG agenda.

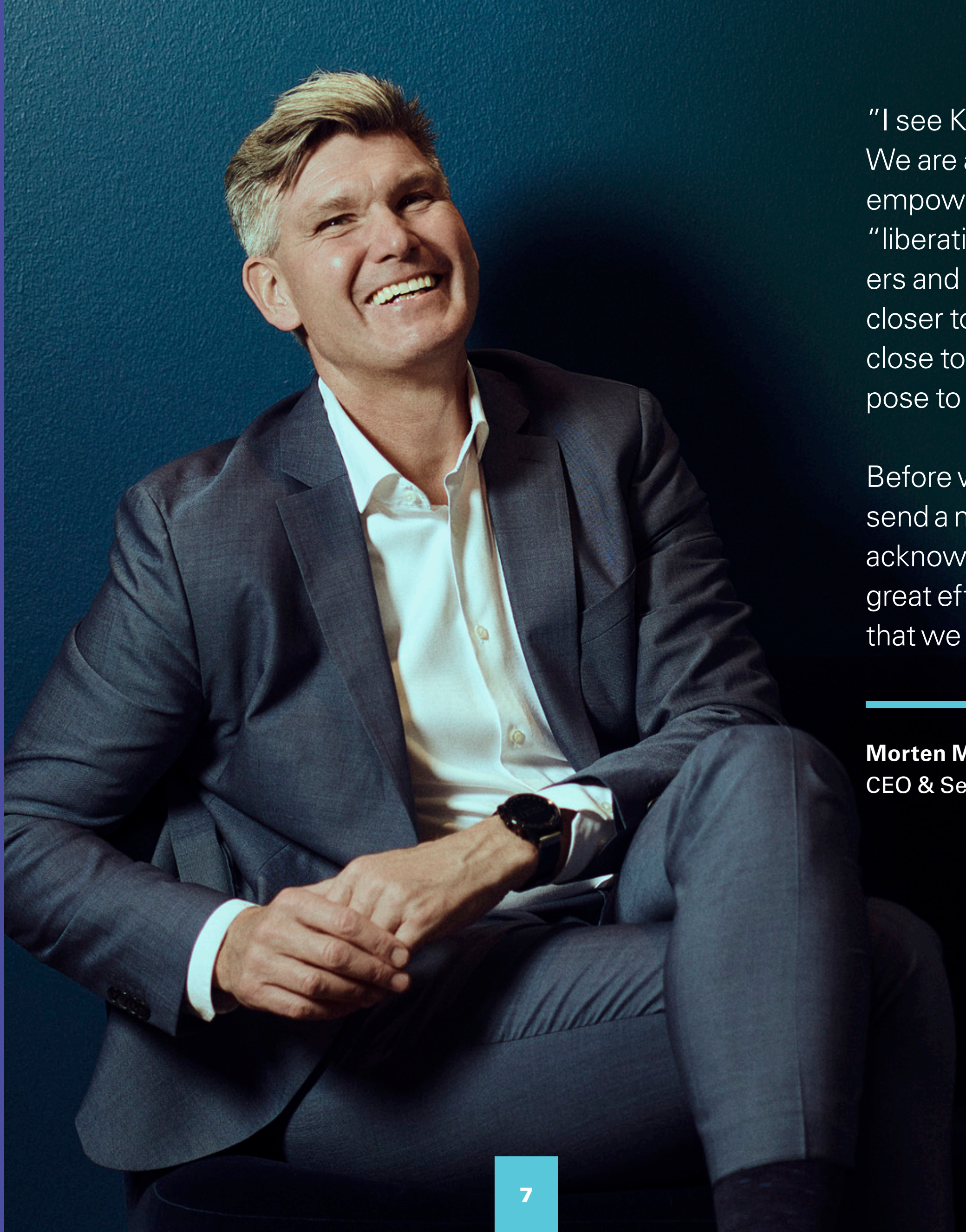
Growing with our people

Not only do we aim to grow in numbers, we also strive to grow professionally. We invest in our people and give them the opportunity to constantly develop their professional skills. We take pride in building their CVs and make sure to establish defined career paths that are catered specifically to them. In addition, we at KPMG have embraced the new flexible hybrid model of working from home, office or client site. Our people can choose the work model that suits them best, and we support this choice by supplying "working-from-home" kits if needed. Even though we have embraced hybrid work, we have still chosen to invest in more attractive and larger office spaces, and some of our office areas have been transformed to accommodate more places for social interactions to foster a more collaborative and tight-knit culture.

At KPMG, we draw strength from our differences by respecting the individual and focusing our strategy on inclusion and diversity. With 31 nationalities represented in our firm, our diverse backgrounds bring new ideas and perspectives to the table, which is fundamentally good for business. Thanks to our partnership with Copenhagen Pride, we strive to create a better and more inclusive environment for all talents.

In November 2021, we hosted our annual Company Day where more than 500 employees from all over Denmark were gathered for a social day filled with inspirational speakers, strategy focus, a refresh of our KPMG values and great mingling and fun. This event really showcased the strength of our KPMG community and showed how we truly are better together.

Our most recent People Survey shows that 80 % of our people feel engaged at work and 84 % would recommend others to seek a job with KPMG; a statement we take great pride in and that proves that we are on the right track to be a great place for professionals to become the best version of themselves.



"I see KPMG as a speedboat next to supertankers. We are a smaller, agile and flat organisation that empowers our people with what I like to call "liberating leadership". The proximity between leaders and employees ensures that we can truly work closer together – for better. Similarly, we strive to be close to our clients, to be able to carry out our purpose to inspire confidence and empower change.

Before we embark on our new journey, we want to send a message to all of you great KPMG people: We acknowledge and are constantly amazed by all of the great efforts and value you bring every day. Without that we are nothing. It takes you to make KPMG."

Morten Mønster,
CEO & Senior Partner

CLIENT CASE: Enabling the energy islands of Europe

One of the hottest topics on the European energy agenda is energy islands. A multitude of both national and international energy island projects are currently being developed. KPMG in Denmark has been heavily involved in the further maturation of two of the projects:

The international energy island project North Sea Wind Power Hub (driven by a consortium of Danish, Dutch and German Transmission System Operators). KPMG has helped NSWPH identify and facilitate discussions with eight leading offshore wind farm developers, and has also assisted with a large governance model study.

The Danish Energy Island project is driven by the Danish Energy Agency. KPMG assisted the assisted the Danish Energy Agency with an assessment of pros and cons of various ownership models from a commercial and financial viewpoint.

Key facts about

KPMG in Denmark

KPMG in Denmark is organised in separate legal entities that provide services through a cross-functional collaboration between KPMG P/S (licence to provide Audit and Advisory services) and KPMG Acor Tax Partnerselskab & affiliated companies.

872
Employees and partners

1,112
Combined revenue DKK million

10 %
Revenue growth rate

Our global network

KPMG is a global network of professional services firms providing audit, advisory and tax services. We operate in 145 countries and have 236,000+ people working in member firms around the world. We work closely with a broad range of clients, such as business corporations, governments and public sector agencies and not-for-profit organisations. We support them in mitigating risks and exploiting business opportunities.

145
Countries where we operate

10 %
Revenue growth rate

32
Combined revenue USD billion

236,000+
Number of employees

People: Thriving in a hybrid world

FY21 was characterised by a radical shift from the abnormal to a new normal. At the beginning of the year, we were once again plunged into a now familiar situation – working from home during another lockdown. This time around, we were able to adapt even more quickly and despite the many challenges of working remotely, we also got to know our colleagues on a more informal level. We caught glimpses into each other's homes, waved to each other's children when they interrupted our meetings and did our best to navigate through the uncertainty of the pandemic together.

The normalisation that everyone was waiting for finally came in the spring when we were able to gradually reopen our offices and physically meet again. Hybrid work was clearly here to stay, and we entered a new normal. Offering the flexibility to combine on-site and remote work has not only allowed us to accommodate our employees' different schedules and preferences but has also resulted in easier collaboration in our teams and across our offices. Once again our employees have proven fantastic by demonstrating innovation and commitment to support each other and our business with a positive mindset – together we can truly do better.

We have set up a "voice of the next generation" approach, where our executive leadership team has meetings with our young talents to get input and feedback. We take our survey results from our employees very seriously and are focused on acting on the learnings they provide.

Once again we are proud to say that 93 % of our employees took this opportunity to have their say. It is a clear goal for us to continue strengthening our employee satisfaction, and we look forward to working closely with our employees in making KPMG an even greater place to work.

At KPMG, we fully understand and respect that being part of a performance-driven culture is challenging and therefore we have intensified our focus on mental health by offering a varity of workshops, webinars and "mind gyms" – we will continue our focus on mental health in the coming years.

KPMG is an attractive workplace

We continue to focus on our growth strategy, and we are proud to say that we now have 678 talented employees at KPMG P/S – we strive to attract top talents from the local as well as the international scene, and we are thrilled about again being able to attend physical fairs and events where we can meet candidates face to face. In FY21, we received no less than 3,754 job applications which tells us that we are an attractive place to work.

Our graduate and trainee programme is a cornerstone in our talent development strategy, and in FY21 81 graduates and trainees began their careers at our offices in Denmark.

We foster strategic partnerships with universities, high schools and student groups, and we are pleased and humbled that a growing number of students are showing an interest in starting their career at KPMG. In Universum's annual list of Denmark's most attractive employers, we were named Climber of the Year among IT students, jumping up 14 spots to #33, which was the largest jump among all companies on the list.

Our rapid growth is due to the expertise and hard work of all our employees and bringing on new talent is key to how we will continue our successful journey. Throughout the year, we kept recruiting at all levels, growing existing teams and building new ones. After many months of virtual interviews, we were finally able to invite candidates to the office for in-person meetings as society opened up. We also resumed company visits and in-house events, which brought a new level of energy and enthusiasm to our employer branding efforts.

Diversity and inclusion is part of our DNA

We continue our commitment to diversity and have increased our focus on addressing and avoiding bias in recruitment through internal workshops and more inclusive job advertisements.

Gender diversity is more important to us than ever, and we are proud to say that 1,414 of the 3,754 job applications we received in FY21 came from women. Overall, 37 % of our employees are female and we continue to focus on gender equality and inclusion so that all employees feel welcome and respected.

In terms of nationality, we are now counting 31 different nationalities which shows that we are an internationally diverse group of employees.

Supporting parenthood

Having children is a an important part of an employee's life so we do our best to support those of our employees that are becoming parents. We offer customised 1:1 coaching sessions pre, during and after leave, we support by offering parental mentorships, we host "baby brunches" and we invite our new parents to participate in events offered by our partner, Inspired Beyond Babies. With these initiatives, we encourage our people to see their parental leave as an important personal development.

Continued learning and development

Our employees' continued personal and professional development is given a very high priority. With the first part of the financial year still strongly influenced by the pandemic, we were pushed to raise the bar on delivering high-quality training in an online format, ensuring that the learning output remained high. The Nordic Center of

Excellence (CoE) was off to a strong start, and through the financial year our employees have joined Nordic-hosted trainings more than 500 times. We continue to invest our time and effort in developing the learning solutions offered by Nordic CoE, so we, together with our Nordic-hosted colleagues, will be able to offer our people an even better Learning and Development suite.

The second part of the financial year was focused on finding the right and best way for L&D to approach learning in a hybrid delivery model. We need to address how to deliver the next generation of high-quality learning to our employees, and we are off to a great start.

One of the finest examples of this was the yearly onboarding programme in September, where we welcomed our 81 graduates and trainees across Audit and Advisory. We successfully and seamlessly delivered a 3-day local and physical onboarding programme followed by a 2-day online Nordic onboarding programme together with 500 other new graduates and trainees. Most notable from the onboarding week was the strong bonds and friendships created among the talents and across functions.

A strong focus area for Learning and Development through the financial year has also been to bring the L&D offering even closer to our business and people, ensuring that learning is an integral part of our way of working in KPMG. This has been achieved through a successful revitalisation of our Learning Ambassador programme, ensuring a direct link between each service line and the L&D offering. In doing this, we ensure that the L&D offering responds to learning needs in a timely manner and that our employees are fully aware of the training offered and how to access this.

Our values

Manifest

Everyone can create a good business. Big, blue and bland.
Creating a great business. Now that's a lot harder.
That's going to take you.

Because it takes you to never stop learning and improving.
Never settling for less than **excellence** because that's just how KPMG people roll.

Just as it takes you to think and act boldly.
Add curiosity to your skill set. Be open to new ideas and people, and unlearn the old ways.
Find the **courage** to chase the gold at the end of the rainbow.

But that's not enough. **It takes you to do what's right.**
That means no cheating and no shortcuts. Carry yourself – and your work – with **integrity**.

This also means **it takes you to respect others and draw strengths from our differences.**
Sounds like too much? Well, don't worry – at KPMG we do it **together**.

In the end **it takes you to do what matters.**
So let's do this. Have fun while we build a stronger future together.
Do it **for better**. For your colleagues, for the world around you – and for yourself.

It takes you to make KPMG.

Giving back to local communities

A core value for KPMG is to work for better and support our communities. We are deeply committed to making a positive impact through the work that we do and by putting actions behind our words. FY21 has been influenced by new ways of working, but through our various partnerships and donations, we have still managed to use more than 600 pro bono hours on giving back to our local communities. This includes initiatives and donations to organisations such as Mødrehjælpen, EventyrJul, and The Basiz Initiative. We have also supported Børnecancerfonden by being gold sponsors to Team Rynkeby, which is a cause that we will continue to support in the coming year. We have, however, upgraded our sponsorship by now becoming platinum sponsors.

Besides this, we have also donated more than 100 computers to Lebanese children through Thaki, which is an organisation that empowers refugees and vulnerable children by providing them tools that are necessary to their education and to unlock their potential.

Finally, we keep being involved with Velkommen Hjem by adding new high-profile mentors to the programme, and thereby helping veteran soldiers transitioning into a civilian career.

Partnering up with WorldPride

To drive our efforts on the diversity and inclusion agenda, we have our own LGBTQI+ community, QueerSpace, which is also part of the global leadership of Pride at KPMG. QueerSpace is solely driven by dedicated KPMG employees and aims to drive change by promoting equality for all and striving to create a better and more inclusive working environment.

For the past two years, we have sponsored Copenhagen Pride, and this year was no different. However, we upgraded our commitment and engagement by being an official partner of Copenhagen Pride 2021, WorldPride and EuroGames. During the ten days of Pride, we met a variety of people thanks to our booth at the 1:1 Democracy festival at Øksnehallen. Here, we also participated in a debate about pinkwashing which was led by CBS researcher Jannick Friis Christensen, who also interviewed QueerSpace as part of his research on pinkwashing. Employees also participated in a Pride walk through Copenhagen.

As part of our efforts to drive change, we believe that it is important to educate our employees on matters related to diversity and inclusion. During the Pride week, we had a flag exhibition at our office in Copenhagen, which gave employees the opportunity to learn more about the different sexualities and gender identities that exist. Furthermore, we have developed a series of videos to educate our employees. In one of them, we asked straight employees to answer questions that the LGBTQI+ community receives, which may seem innocent but can be hurtful. The video received excellent feedback, both internally and on worldwide social media.

Mentoring teenagers from vulnerable areas

The pandemic has taught all of us to think outside the box – and that also counts for our yearly Mind Your Own Business Academy, which we completed right before summer 2021. This year, it was on different terms with the majority of the sessions being held online. However, we still had seven KPMG mentors who supported three micro companies with a total of 36 teenagers participating in the Academy. The KPMG mentors are assigned to a specific micro company and help the company grow through mentoring and workshops. KPMG takes on the role as business mentor for the young boys and helps them create a strategy for their micro companies. This includes a full day goal-setting session for all micro companies hosted by KPMG as well as subsequent workshops tailored to each micro company's needs and goals. Besides the professional learnings, the entrepreneurs also receive mentoring on other aspects of life, which results in strong bonds being created among the mentors and mentees. This fall, we have just met a new group of teenagers who are ready to spend the next eight months working on their micro companies. We are very excited to follow their journey and support them in their aspirations.

Helping children stay safe online

With the digital world constantly evolving, it is important to inform the new generation of internet users about cybersecurity to ensure their safety online. Therefore, we marked the Global Cyber Security Awareness Month this fall by hosting our annual Cyber Day where we spent a day teaching young children about cybersecurity.

This year, we were visited by a class of 7th graders from N. Zahles Gymnasieskole, and during the day, a team of KPMG employees engaged with the students teaching and debating the threats and risks related to online activities and how to mitigate them. It turned out that the children already knew a lot about how to behave on the internet, but by the end of the day they still walked away with new learnings and tips for how to protect themselves online.

"Our partnership with KPMG is of great value to Mind Your Own Business as an organisation and to the boys who participate in the MYOB Academy.
The professional level is high, and the skilled consultants from KPMG always make the boys feel recognised and inspired. The boys experience a sense of safety which gives them the courage to continue their professional and personal development. And they experience a job market that wants to stay in dialogue and collaborate with them. All of this contributes to the boys being motivated to succeed with their micro businesses.
At Mind Your Own Business, we appreciate our valuable cooperation with KPMG, which is important for the young boys' positive development."

Maria Kavita Nielsen,
Director and founder of Mind Your Own Business

Unlocking the value of audit

Providing trust and confidence is the foundation of the KPMG brand and the backbone of our business. Quality remains our top priority and consistently providing exceptional quality across all our audit and assurance engagements continues to be at the heart of our commitment to our stakeholders. To build public trust and fulfil our role in society, the market and our customers requires us to get audit quality right each time. We strive to do that every day. Together – for better.

While the financial statement audit has delivered trust and confidence and will continue to do so, in today's business environment, audits can do even more. Advances in technology and an explosion of data have changed the game. Companies and investors now have access to a breadth and depth of information that was unthinkable a decade ago.

By leveraging the power of evolving technologies, not only do we deliver quality audits, but we also harness our clients' data to unlock more value from the audit that can help companies strengthen their control environments and drive efficiencies.

We want to continue to raise the bar on audit quality by analysing greater quantities of data in new and different ways and digging deeper to provide a more robust audit and actionable and value adding insights.

Looking back at a transformative year

Supporting our clients through the crisis

FY21 was a transformative year, where our people worked alongside our clients with several challenges posed by COVID-19. During the year, we continued to have a dedicated relief package team supporting our many clients with relevant advice regarding the changing regulations and the required documentation needed to apply for the relief packages. As the relief packages increased in complexity, our people played an important role in supporting our clients being compliant with the requirements.

Welcoming new clients

FY21 was also a year, where we had the pleasure of welcoming an array of new and diverse clients. To mention just a few, we are proud to have been elected as auditors for Topdanmark, Denmark's second largest insurance company; Glunz & Jensen, a world-leading supplier of innovative solutions for the global prepress industry; Sitecore, an international provider of content management software established in Denmark twenty years back; Rovsing, a supplier of testing and simulation solutions for the space industry and Podimo, a young subscription-based company with great growth potential providing podcast and short form audio services.

We would like to use this opportunity to thank all our new clients for choosing KPMG as their auditor going forward, and all our existing clients for their continuous support and valuable cooperation. We look forward to building and continuing long-lasting client relationships built on quality and trust.

"KPMG's audit – powered by D&A – enables the audit team to test the complete data populations behind the annual report and understand the business reasons behind outliers and anomalies and the enhanced insights also help us see our business from a new perspective."

Mikael Sigvardsen,
CFO at Flexa4Dreams Group

Introducing Interim Services as a new line of business

In June, we introduced Interim Services as a new line of business, helping finance organisations in covering positions from bookkeeper to chief accountant and CFO.

As of today, Interim Services already consist of 17 consultants – all with a broad range of competencies and many years of experience with accounting and financial reporting. Our consultants work as an integrated part of our clients' finance departments by supporting and developing our clients' permanent staff. So far, we are proud to have succeeded in providing services to organisations such as Novo Holding, Erhvervsstyrelsen, COOP and Telia.

We are very happy to see that clients see a need for interim solutions that help develop and maintain finance organisations and ensure that high-quality financial reporting is being provided to management so that they can make sound business decisions. We expect that our Interim Services team will grow significantly in the years to come.

New exciting assurance engagements

Today, we also see a growing need for assurance services, as businesses, investors and organisations increasingly need to rely on and place trust in each other.

For KPMG, this requires us to have dedicated and specialised teams that have the competencies and experience in delivering high-quality and value-adding assurance engagements. We especially see this in IT assurance services where companies from small tech start-ups to large mature businesses need to provide comfort to users of their services. Ultimately, the assurance reports provide these companies with a licence to operate.

In addition to our financial statement audits, our capital markets also demand assurance services. This year, Tryg's and Alm. Brand's acquisition of Codan provided us with the opportunity to carry out several assurance engagements providing comfort to the financial information included in the different prospectuses.

This year, we have also continued to develop our assurance services to foundations, providing comfort on the use of grants from for example the Novo Nordisk Foundation, Velliv Foreningen and Nordea-fonden. Our assurance services range from assurance on public grants to disputes related to complex subject matters, which create a wide range of opportunities for our people to develop and get challenged.

Meeting increased demand for ESG reporting

While most stakeholders' focus in the past has been on financial reporting, we today see that ESG reporting is an important and integrated part of companies' communication and reporting to stakeholders. Our team of experts support our clients on this journey by establishing or improving ESG reporting processes from the initial measurement over capturing, controlling and validation to an effective and value-adding presentation to internal and external stakeholders.

As such, there is an increasing demand for ESG reporting and assurance services, and we believe we are in a strong position for this, as we have extensive experience with financial reporting processes, data management and expert knowledge around ESG and sustainability frameworks.

Delivering on our strategic priorities going forward

To ensure sustainable growth, we intend to further reinvest in three core areas: attracting and developing talent, enhancing our digital capabilities and service offerings and providing our clients with even better and more value-adding services than before. By delivering on these priorities, we create the foundation for sustainable growth in the

future through having happy people and clients that see a difference in us.

These investments and increasing demands on the audit profession do not come without a cost. Consequently, we will also need to increase our fees to ensure that we grow in a sustainable way and maintain a profession that is attractive for both current and future talents.

Attracting and developing talent is at the heart of our strategy

Among the Big Four accounting firms and the wider audit industry, we are unfortunately experiencing a shortage of professionals. Consequently, we sometimes must pass up on certain opportunities, as we need more people to take on additional engagements.

Attracting new talent and being an attractive place to work is therefore of paramount importance to us. As the global economy changes and audit services continue to become ever more complex, our profession needs to adapt and ensure that we stay relevant with the knowledge, skills and capabilities relevant for the future. Therefore, we will continue to dedicate significant resources towards attracting and developing talented people and nurture an environment where talent thrives.

Our focus on talent is closely related to our focus on diversity and inclusion. In KPMG, we see the world differently, through many different perspectives and with a truly collaborative spirit. We empower our people to be themselves and respect others – it is core to our values and what we believe in.

Our diversity also translates into how we treat the individual. We know that our people have different career ambitions, private commitments and workload preferences, and so we accommodate such differences and provide space for everyone to thrive. We want all our people to have a sustainable work balance that leaves room for professional development and servicing our clients beyond their expectations. In other words, we want happy people.

Professionally, we have and will dedicate even more resources to our state authorised public accountant programme, giving our promising talents the time and space to study and work at the same time. This is how we develop the audit leaders of the future. We are therefore also proud to have achieved a pass rate of 100% this year at the final state authorised public accountant exam. Congratulations to our new state authorised public accountants.

Cementing our digital audit offerings

The widespread effects of the COVID-19 pandemic have shown us the increasing importance of investing in technological solutions. While this has always been a priority of ours, the demand and interest in technology has increased exponentially as businesses worldwide have increased their reliance upon and expectations around digital solutions.

As a global service provider and a tech-savvy audit firm, KPMG sees this change as an opportunity to display our digital competencies. Not only do digital tools minimise the possibility of human error, they also speed up manual processes significantly, allowing our professionals to focus on unlocking value from the audit to the benefit of our clients.

Keeping our clients close at heart

Delivering outstanding services to our clients is key to our future success. Going forward, we will continue to invest in our clients. Our clients expect more from us and the services we provide, and we want to live up to these expectations by not only being closer to our clients and listening to their needs, but also by moving beyond the traditional assurance role that auditing holds and continue to provide additional value that goes beyond what regulation mandates. This also include that we will continue to invest in our ESG capabilities, as ESG services are becoming more pronounced as new regulation comes into play, and businesses realise their important role in enacting social and environmental change.

Advisory: Staying ahead of the curve

Although FY21 has been challenging from an Advisory perspective with COVID-19 restrictions and difficult times that have affected many parts of business life, KPMG's focus on new technology, automation and optimisation together with our competence in relation to governance, risk and compliance have proven to generate a solid foundation for a diverse and robust business model. On a sector level the story varies, however. Engagements relating to tech, IT and risk consulting witnessed strong growth, whereas activity in other sectors slowed. Overall, our Advisory practice experienced growth in FY21.

Fortunately, the Danish economy recovered quickly after the COVID-19 restrictions, and with surprising strength, and consequently, our growth was stronger than expected.

The main drivers for advisory spending for our clients were related to transformation initiatives and implementation of new technology as we saw new technologies maturing. Another source of growth stemmed from regulatory focus and new areas within the governance, risk and compliance space.

Booming M&A market

Specific focus areas contributed particularly to the development of Advisory. Compliance in the financial sector including financial crime prevention contributed significantly to our revenue – a development that we expect to continue in the coming years. We have witnessed a booming M&A market in certain sectors driving a strong deal flow in our Deal Advisory business. Additionally, we are starting to see an increased interest in broader, integrated advice throughout the whole deal process combining traditional transaction expertise in financial and tax due diligence and structuring with ESG and IT due diligence. Besides this, we are also experiencing strong growth in areas like CFO Service.

Sharpening the energy profile

COVID-19 and the proliferation of working from home have contributed to growth in our services related to IT, cybersecurity and compliance with data protection regulations.

With the ever-growing urgency for green transformation, we decided in FY21 to exploit our strong position in the energy advisory field and dedicate a team specialising in strategic transformation of the energy sector and energy capabilities including sector analysis and physical asset management.

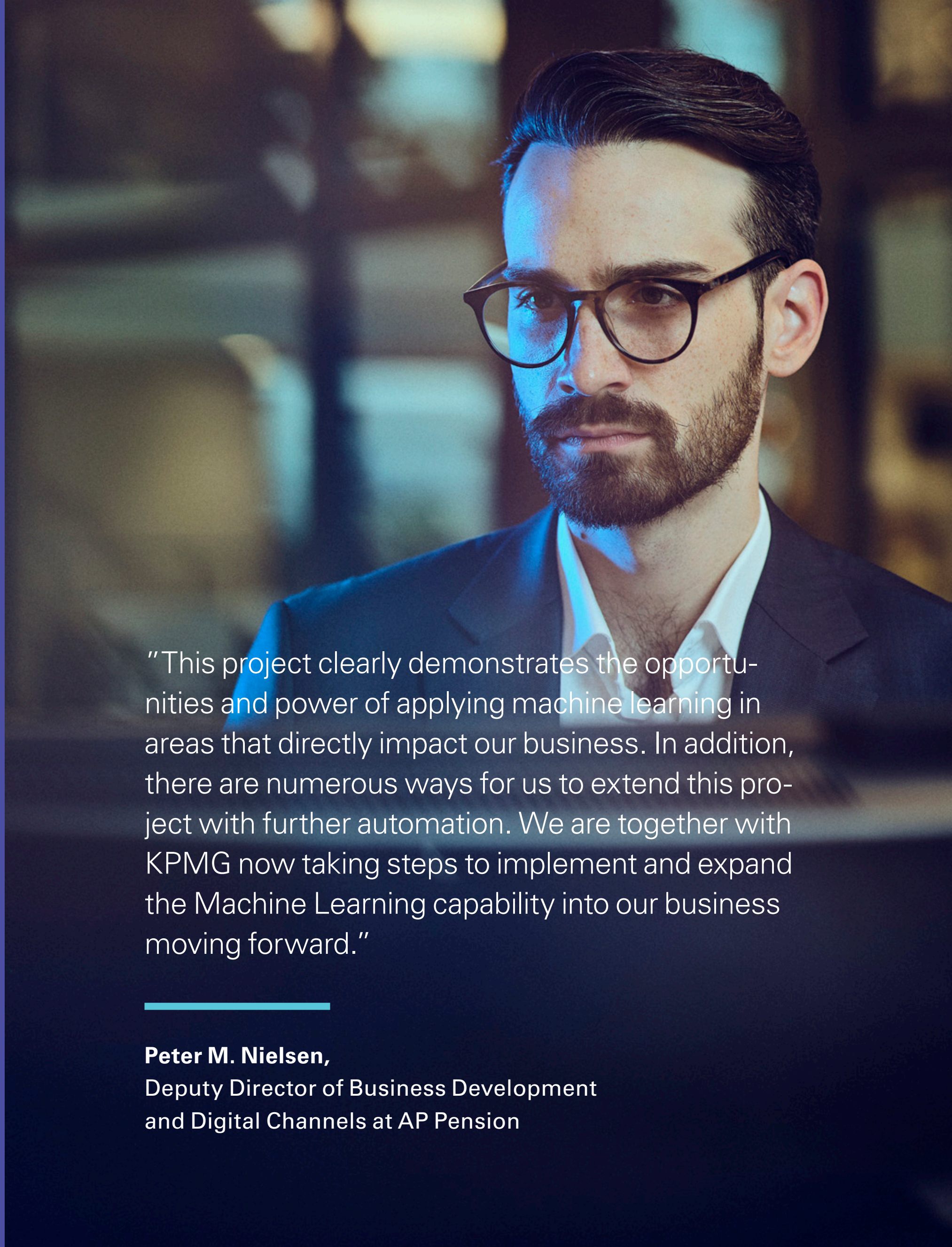
The public sector and large infrastructure clients continuously ask for our services to efficiently drive digitalisation, procurement and quality assurance. KPMG will further expand our presence in this client segment as well.

Quantum technology is here

Further, we have invested in new areas. We have created a new Enterprise Service Management team and expanded its edge on new technology, as we have been appointed KPMG's Global Quantum Hub. We also became a founding member of both the European Quantum Industry Consortium and the Danish Quantum Community. Furthermore, we have supported several KPMG member firms in delivering quantum projects, including multiple Quantum Risk Assessments and Quantum Computing Projects.

CLIENT CASE: Using Machine Learning to improve customer communication

KPMG's NewTech Advisory team has helped AP Pension to increase their customer reach with marketing initiatives. AP Pension's marketing team historically experienced click rates of around 12 % in their emails. The KPMG team developed a machine learning model that can learn customer profiles and predict the optimal time to send an e-mail in order to increase the likelihood of opening and clicking the e-mail. A live test was run for a period of 8 weeks and the machine learning model was able to increase the email opening rate by 28 % as well as increase the click rate by 50 %.



"This project clearly demonstrates the opportunities and power of applying machine learning in areas that directly impact our business. In addition, there are numerous ways for us to extend this project with further automation. We are together with KPMG now taking steps to implement and expand the Machine Learning capability into our business moving forward."

Peter M. Nielsen,
Deputy Director of Business Development and Digital Channels at AP Pension

Developing our innovative tech capabilities

In the coming year, we will continue to focus on the implementation of new technologies and new ways of conducting business. We intend to exploit the full potential of technology platforms within the KPMG network as we see a continued increase in international cooperation and knowledge sharing. This will help us accelerate the speed and efficiency with which we can deliver the best and most innovative solutions with the latest insights to our clients and enabling them to successfully execute on their global strategies.

To grow a viable business and to stay on top of the market, we will further vitalise our strategic partnerships as an implementation partner for software providers and carry out the investments needed to be on top of the latest technological development before they are sufficiently mature for implementation in business life. We are determined to stay "ahead of the curve" and build on our innovative tech capabilities.

Customer intimacy

Today, our Advisory practice serves a long list of clients from many different industries. To exploit these unique relations with our clients, we intend to build even closer relations to our clients and cooperate across our internal service lines to deliver cross-functional services on a wide range of competencies. We believe that our deep knowledge of our clients is a competitive advantage, and our ability to cooperate in cross-functional teams will enable us to increase our value and relevance to clients and to improve our value proposition even further.

When combining transaction services with cutting-edge technology, transformation services and compliance and risk competencies, KPMG will offer more compelling reasons for closer relationships and increased business volume with our most important clients.

The best performing people

A key to deliver high-quality solutions is our ability to attract, develop and maintain high-performing employees who are dedicated to executing superior solutions. Consequently, we will increase our strategic focus on enhancing our capabilities in this area.

We have seen that high performers are attracted to challenging engagements and a steep learning curve.

We are a people business, and we will put extra focus on offering our employees continuous challenges and opportunities to work with other high-performing individuals on interesting engagements. These efforts will strenghten their CV and market value, and will enable us to attract and retain great talents.

Building on our technological edge

Hopefully, we have seen the last of severe COVID-19 restrictions and lockdowns in Denmark as most of the Danish population above the age of 12 is vaccinated. We expect that the post-COVID-19 financial optimism will continue, and the economy will remain strong for FY22, but we follow the development closely and if necessary, we are ready to react if the pandemic returns.

Our organisation contains crucial knowledge and skills in areas with a significant consulting spend, and KPMG has a technological edge as well as close client relations at many levels in the organisations of our key clients, which means that we, in Advisory, are well positioned to take part in the expected market growth for consulting.

It is our ambition to continue delivering superior value to our clients and growing faster than the market, both on revenue and profitability, and we expect to increase our market share for consulting over the coming financial year.

CLIENT CASE:
Freeing up time with the Digital Caseworker Assistant

The City of Copenhagen provides a wide range of services to more than 600,000 citizens in Copenhagen. Large numbers of applications are sent to the City every day. These need to be handled in a fast and efficient manner. To increase the pace, quality and efficiency of the case handling process, The City of Copenhagen asked KPMG to help implement a digital caseworker in the service area responsible for issuing construction permits. The process is subject to a significant amount of manual administrative tasks and has a large potential for automation. KPMG was responsible for suggesting a design for parts of the future case handling process, advised the City on the use of RPA and machine learning technologies and assisted in developing and automating the case handling process. The implemented solution, ByggeBob (Bob the Builder), has proved effective in case handling processes, for example within the area of customer request registration, where the robot has freed up resources that can now be focused on more valuable tasks.

"These are good solutions and a gain for both productivity and job satisfaction. The collaboration between KPMG and The City of Copenhagen is a fine example of what digitalisation and automation can do! We look forward to using the freed up time to create even more customer value."

Michael Brand Andersen,
Head of Department, The City of Copenhagen

Shaping the future of tax

Tax leaders face new challenges as they work to meet rapidly changing compliance obligations, elevate their strategic role, contribute to the ESG agenda, and ensure they can articulate clearly the ways in which their departments can add value inside and outside of the organisation.

2021 was another year where both our existing and new clients put their trust in us as their preferred tax advisor. In the past year, we continued to service more than half of the top-listed companies in Denmark as well as the majority of the largest Danish and foreign-based multinationals with operations in Denmark. This has again resulted in a significant growth for our tax practice building on the success from previous years.

We use deep expertise, technology and tools to help our clients navigate the latest changes, stay compliant and empower their business. We seamlessly bring together our 360-degree tax services to help address the most complex issues and opportunities in the market. Most importantly, our people combine deep technical expert knowledge with a truly commercial mindset. This means a relentless focus to help our clients achieve their business goals.

Technology in everything we do

We are committed to using technology in everything we do. Throughout the past year, we have provided a large number of tax and finance leaders with a foundation for transforming their tax departments and increase their confidence in embracing technology and the benefits it can bring for managing and evolving the modern tax function.

The digital era is bringing many technological advances that are changing the way we work, and our use of and investment in technology accelerated significantly in the past year. Technology is an integrated part of our business and service offerings, which means that we are constantly focused on bridging our solid subject matter expertise across all tax disciplines with our technology skills to keep up with the constant developments in this area.

Tax compliance requirements are ever increasing, which makes format, timing and processes in relation to staying compliant essential. One of the areas that this applies to is transfer pricing, where it is now required that transfer pricing (TP) documentation needs to be submitted every year in Denmark. This requires companies to handle their TP documentation more proactively than previously. With TPAD – KPMG's own-developed transfer pricing tool – we use technology to rethink our clients' existing transfer pricing documentation process, allowing them to free up resources, while remaining compliant and efficient, undeterred by the rapid changes in the transfer pricing landscape.

Navigating tax transparency

Tax touches all of the United Nations Sustainable Development Goals and has huge potential to impact how communities thrive and prosper. Reporting on tax is not only about being transparent or about how much tax you pay, it is about the principles applied and the impact a company's tax footprint makes. It is actively demonstrating the impact a business is making on achieving sustainable and inclusive growth.

During 2021, KPMG introduced KPMG Tax Impact Reporting, which our team of tax transparency experts use to support our clients on their tax transparency journey. We help tax departments inform their stakeholders of their business' approach to tax, use data-driven methodologies to help accurately compile information on tax footprint, provide guidance for compliance with tax transparency requirements and standards, and use leading tax technology solutions to support businesses on their journey.

We also see that institutional investors are integrating ESG factors relating to tax into their stakeholder discussions and institutional policies. Governments, NGOs, investment managers and portfolio companies are rapidly developing sophisticated ESG policies, measurements and practices. Here, tax is a critical component in these developments, and we are part of that conversation as well. The direction of travel seems clear. Integration of ESG factors, also related to tax, has become a core part of the investment process, and institutional investors must stay ahead of the curve to avoid tax, reputational and other risks that might arise.

Our Tax practice continues to take a leading role in Responsible Tax, recognising that our clients and our communities want to address the role of tax within the context of a wider conversation concerning fairness, globalisation, digitisation, inequality and trust. During the past year, in line with KPMG's Global Responsible Tax Project, we have maintained our focus on participating in the public debate around responsible tax and contributing to bringing all the voices to the table for an open and relevant dialogue.

Partnership with clients through our 360 approach

We collaborate closely with organisations of all shapes and sizes across a broad range of tax solutions – whether it is to get ahead of complex compliance requirements, drive process and cash efficiencies, or rethink the way in-house functions operate to drive better value. Our objective is simple: helping our clients pay the right tax at the right time, using our expertise and continual investment in technology.

Global Compliance Management and Transformation is a strategic focus area in KPMG globally and a rapidly growing business in Denmark. Our Compliance Management and Transformation team has over the past years positioned itself as the leading compliance provider in Denmark by winning large outsourcing projects for Danish multinational companies.

The pace of today's Mergers and Acquisitions (M&A) activity demands decision-makers to make the right moves confidently to avoid missing opportunities. In 2021, we increased our presence in the market. We cooperate closely with the global KPMG network of M&A tax experts, and we mobilise tax teams tailored specifically for our clients' distinct transactions on a daily basis.

Our Tax Dispute Resolution and Controversy services are recognised as market-leading in Denmark both by our clients and according to the global tax publication International Tax Review. Whether the Danish Tax Agency (Skattestyrelsen) or a foreign tax authority raises a claim against one of our clients, our tax dispute resolution and controversy leaders are able to assist our clients to protect against, prepare for and resolve disputes with tax authorities. We help our clients take control of the dispute resolution process to get effective results both locally and globally.

Demand for talent, global digitalisation and employees' desire and need to work from anywhere require employers to rethink their future workspaces. Understanding the future of work, including its opportunities of working from anywhere and recruiting talents in locations that were not available before, underpins the need for a 360-degree perspective. Our Global Mobility team has worked closely with our clients to embrace their journey while getting all the tax aspects right.

In the Financial Services tax area, our market-leading team is helping the vast majority of large Danish clients within banking, life and non-life insurance as well as asset management. The growing need for regulatory compliance within the FS sector also implies a significant increased focus on tax handling within the sector where we have our highly specialised 360 teams service our clients.

Finally, our well-developed team serving the Automotive industry continues to build on previous years' success, further bringing new deliveries to that market and increasing 360 span of services delivered to the Automotive Industry.

Reporting on Corporate Social Responsibility

cf. section 99a of the Financial Statements Act

Business model

KPMG P/S ("KPMG") is a Danish approved state authorised public accountant firm that is operated by a limited liability partnership, owned by the Company's Danish equity partners. KPMG provides audit and advisory services to the Danish market.

KPMG provides tax services in cooperation with the independent network firm KPMG Acor Tax Partnerselskab.

KPMG does not deliver legal services. Legal services are delivered by the independent network firm KPMG Law Advokatfirma P/S.

KPMG is split into two functions: Audit and Advisory. The Audit function delivers among others statutory audit of Danish entities, audit of reporting by Danish entities to foreign groups, other assurance reports, assurance services, accounting advisory services and interim services.

The Advisory function delivers services within Management Consulting, Risk Consulting and Deal Advisory.

At KPMG, we deliver most of the services ourselves or in cooperation with other KPMG network firms. External business partners such as sub-suppliers are used to a limited extent and these are typically Danish entities. In addition, KPMG has some alliance partners which are also international KPMG alliance partners. These include among others Google, BluePrism, ServiceNow, SAS and Microsoft.

As an approved accounting firm, KPMG is subject to regulation, where EU rules, local laws and auditing standards must be complied with. KPMG is subject to external quality control from the Danish Regulator (Revisortilsynet).

Being a member of the global KPMG network, we are obliged to comply with a large number of KPMG policies and procedures. KPMG's culture and ethics have their roots in our international Code of Conduct. The essence in this is protection of the KPMG brand and the public trust, which mean our clients', potential clients', public authorities' and society's trust in KPMG. KPMG has a comprehensive quality management system to ensure this trust. For detailed description, we refer to our annual Transparency Report which is available at kpmg.dk.

The consequence of focus on public trust is that KPMG is not a company that wishes to take great risks in our business model. This include clients as well as products, supply channels, business partners and geography.

In our view, our business model does not carry special risks for negative impact on environment, social matters and employee matters, human rights, anti-corruption and bribery. The operational risk facing our business

include those we have in common with other professional services firms. These include notably a deterioration in market conditions, attracting, developing and retaining the best talent in the market, claims and reputational damage caused by either an actual or a suspected failure to deliver services of appropriate quality, or by taking on inappropriate clients or engagements.

Environmental matters, including our work reducing the climate impact of our activities

The Global KPMG network of member firms has announced its intention to become a net-zero carbon organisation by 2030.
This will see us:

- Cut greenhouse gas emissions (directly and indirectly) by 50% between 2019 and 2030 as part of a 1.5oC science-based target
- Source 100% renewable electricity by 2022 in KPMG's Global Board countries, and by 2030 for the wider global organisation (including KPMG Denmark)
- Offset any remaining emissions, which we cannot remove from our operations and supply chain, by investing in externally accredited carbon removal projects.

KPMG in Denmark is committed to supporting these goals with a rigorous approach and support from in-house experts.

To achieve this goal, we have in our facilities implemented various initiatives covering:

- Responsible consumption (e.g. less meat in canteen)
- Increased recycling (e.g. waste sorting)
- Use of clean energy (e.g. electricity from renewable electricity at most of our offices, and energy inspection performed by external party)
- Use of sustainable transportation (e.g. flight travel policy, use of electric cars, maintaining virtual meetings post the COVID-19 pandemic).

The results in the financial year 2021 (FY21) are a combination of several actions such as preferred parking for electric cars, including electric car chargers, increased use of recyclable office supplies, such as paper pens, and less meat used per employee in our canteens. We now have 100% renewable electricity in our Copenhagen, Aarhus and Aalborg offices. We have seen a major reduction in air travel due to the COVID-19 pandemic lockdown. We have upgraded our facilities with more and better digital meeting tools as well as supplying employees with working from home kits. With these upgrades, we expect to see a much reduced need for air travel and car mileage as even more meetings can be held successfully online.

In terms of recycling, our waste is separated into landfill and recyclable waste, amounting to 34.1 tonnes (FY20: 32.4 tonnes) of waste to landfill and 17.2 tonnes (FY20: 14.3 tonnes) waste recycled in FY21. From 2020 and onwards, all plastic bottles used in our premises are made of 100% recycled plastic. Last year, we introduced organic waste initiatives in our offices, whereby organic waste that otherwise would have been disposed of is separated and sent for generation of energy. In FY21, 9.4 tonnes (FY20: 7.6 tonnes) of organic waste were reused for energy generation.

As a result of our shift to more remote and virtual ways of working due to COVID-19, we saw a strong reduction in CO_2 emissions in FY21 both in absolute and relative terms. Going forward, learnings from remote and virtual working will serve as considerations for maintaining lower level of emissions, in particular from business travel.

We reduced relative carbon emissions (CO_2 per FTE) by 70% (FY20: 64%) to 0.2 (FY20: 0.6) tonnes of CO_2 per FTE. Compared to the baseline year 2016, KPMG in Denmark reduced relative carbon emissions by 93% (FY20: 75%). The significant reductions are a result of our combined efforts as described above.

Looking into the coming years' results towards 2030, we will start looking into investing in externally accredited carbon removal projects to become a net-zero carbon organisation by 2030.

Social matters, staff matters and matters concerning respect for human rights

KPMG is dedicated to continuously support and develop our talent and continue attracting and retaining top talents to KPMG.

We have a clear commitment to equality and to a culture that is free from discrimination whether based on nationality, race, ethnicity, gender, gender identity, sexual orientation, disability, age, marital status and religious beliefs. We promote an inclusive work environment and employee well-being.

Due to our commitment to KPMG International, we follow the UN Guiding Principles on Business and Human Rights. This is outlined in our International Business and Human Rights Statement. We expect all our stakeholders, including our suppliers and clients, to respect human rights and to act if a human rights risk is identified.

During FY21, we have continued to listen to our employees by asking them to speak up in dialogue with our leadership team, partners and colleagues. More formally, we asked them to speak their minds in our annual employee engagement survey.

Furthermore, we continue through our Nordic L&D training centre and local training to design, develop and deliver high-quality, innovative learning and performance support solutions for all staff across the region. We have introduced a HIPO programme, where we challenge our high-potential talent to participate in a series of live challenges with Danish corporates and organisations.

We also drive various communities such as HeadSpace promoting mental health and decreasing work-related stress, QueerSpace devoted to the LGBTQI+ agenda reminding everyone to have the courage to be yourself and embrace differences and the Balance Initiative looking at ways of attracting and developing female talent as well as helping our employees to balance their professional and private lives. The Balance Initiative committee is especially dedicated to looking at new ways of attracting and developing female talent, focusing on a balanced recruitment at all levels, retention of talent and improving work-life balance.

As a result of our actions, we are proud to say that we had an 80 % (FY20: 80 %) engagement score and an overall participation score of 93 % (FY20: 92 %). Continued high scores on important areas such as Career Growth, Trust, Well-being, Collaboration and "Values, Visions & Strategy" clearly show that we have a high degree of employee satisfaction.

We have in FY21 completed onboarding programmes, many professional developments, technical and soft skills trainings. All our Audit professionals have completed minimum 40 hours of education.

To improve the well-being of our employees, we have in FY21 upgraded our facilities to new ways of working with quiet zones, collaborative areas, etc. At the same time, we have improved our health care system, we were the main sponsor of the Copenhagen Pride week and we have held various community events like Inspired Beyond Babies.

Our whistleblower function has been and is in place where anyone can raise their hand and speak up in confidentiality, without fear of reprisals to report issues or concerns.

We encourage all those interested in applying for a job to apply regardless of age, gender, sexuality, disability, race, religion or ethnic affiliation.

In respect of gender, we have noted that 38 % (FY20: 41%) of the 3,754 (FY20: 4,471) job applications, we received in FY21 were from women. We welcomed 82 (FY20: 41) new graduates and trainees, of which 31% (FY20: 58 %) were women. By the end of FY21, we had 31 (FY20: 31) nationalities employed. By the end of FY21, we had 37 % (FY20: 34 %) women and 63 % (FY20: 66 %) men employed.

Our average age is 33 (FY20: 33) years.

On continuous basis, we are dedicated to keep strengthening our employee satisfaction, and we commit ourselves to doing so.

We will continue to focus on improving gender equality and creating an inclusive space for all our employees at KPMG.

We will work towards ensuring that all our stakeholders, including our suppliers and clients, respect human rights and we will take action if a human rights risk is identified.

Fighting anti-corruption and bribery

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG. We have zero tolerance of bribery and corruption. Therefore, we prohibit involvement in any type of bribery, even if such conduct is legal or permitted under applicable law or local practice. Neither do we tolerate bribery by third parties, including by our clients, suppliers or public officials. KPMG has formal criteria around permissible gifts, entertainment, charitable donations and sponsorships, together with a mechanism for monitoring these. Our supplier agreement and third-party agreement templates include anti-bribery clauses.

Everyone at KPMG is required to comply with the Global Code of Conduct ("Code") and to confirm compliance with the Code when joining the firm and on an annual basis thereafter. Further, everyone at KPMG is required to take regular training covering the Code. We are committed to holding ourselves accountable for behaving in a way that is consistent with the Code. KPMG personnel have been instructed to consult with our Risk Management Partner immediately for guidance if a difficult situation arises.

In FY21, we provided all new joiners and existing personnel with training in the Code including KPMG's anti-bribery policies, compliance with laws, regulations and professional standards and reporting suspected or actual non-compliance with laws, regulations, professional standards, and KPMG's policies (in FY20, we have provided similar training to all new joiners).

Further during FY21, we requested confirmation from all personnel that they have complied with their individual responsibilities under the Code, including compliance with firm policies related to gifts and entertainment (in FY20, we have requested similar confirmation from all personnel).

On an annual basis, we conduct and document an annual assessment of bribery and corruption risks facing our firm. The assessment includes an evaluation of anti-bribery and corruption risk factors, mitigation and evidence of effectiveness (in FY20, we conducted a similar assessment of bribery and corruption risks).

For all audit engagements, the mandatory Danish Checklist also addresses Non-Compliance with Laws and Regulations topics.

Our processes relating to acceptance and continuance of clients and engagements are designed to identify, evaluate and document any potential risks related to the integrity of the client management and their involvement in bribery and corruption. Additional approval procedures are in place when risks are identified.

Our finance function has established monitoring procedures and internal controls to ensure compliance with anti-bribery and corruption policies.

In FY21, all personnel completed the mandatory annual training in the Code (in FY20, all personnel completed the above training and confirmed their compliance with policies as described above).

In FY21, all personnel confirmed their compliance with anti-bribery and corruption policies as part of the annual compliance confirmation process (in FY20, all personnel completed the above training and confirmed their compliance with policies as described above).

During FY21, no incidents were identified relating to the firm or personnel as part of the annual assessment of bribery and corruption risks facing our firm. Completion of the annual assessment is monitored by our Quality and Risk Management department (in FY20, no incidents were identified relating to bribery and corruption).

All notifications from engagement teams regarding potential non-compliance with laws and regulations at a client have been dealt with by the engagement partner together with the Quality and Risk Management Partner in accordance with company procedures and to the extent needed reported to the authorities.

No instances of integrity, bribery and corruption issues were identified during FY21 Client and engagement onboarding procedures (for FY20, no instances identified as part of the client and engagement onboarding procedures).

During FY21, our Quality and Risk Management department monitored compliance with finance procedures established to ensure that KPMG Global baseline internal controls relating to anti-bribery and corruption policies were adhered to (in FY20, similar monitoring took place).

We commit to continuously improve, and this involves monitoring compliance with anti-bribery and corruption policies of our personnel, clients, third parties and suppliers and take prompt action when non-compliance is identified.

Definition of non-financial key performance indicators

Measuring employee engagement

Once every year, we send out our People survey to all employees. The survey is delivered from a recognised third-party supplier. As part of the survey, we measure what we call the Employee Engagement Score. The Engagement score is a percentage score based on different questions within three overall themes, namely 1) How engaged do you feel? 2) How enabled do you feel? and 3) How energised do you feel? The average percentage of the response to these questions result in the Employee Engagement score.

Measuring CO_2

We have designed our greenhouse gas emission measuring methodology in accordance with the GHG Protocol. This internationally recognised standard is the most prevalent and globally accepted method for calculating greenhouse gas emissions. For a description of the method, see the GHG Protocol website: *ghgprotocol.org*

Reporting on the under-represented gender

cf. section 99b of the Financial Statements Act

KPMG P/S ("KPMG") believes that diversity is a strength and is committed to develop and maintain a diverse workforce and work environment. In accordance with our values we aim to uphold a socially responsible firm that attracts, develops, promotes and retains people based on merit and in a way that supports diversity. As part of our diversity commitment, we are also working on a more equal gender representation in our firm.

At KPMG, we aim to have at least 40 % women in our Board of Directors by the end of FY26.

For other management level (Senior Managers, Directors and Partners), by the end of FY30, we aim at having at least 35 % women.

We will continue to pursue a more equal gender balance in KPMG on all levels so that at least 40 % are women.

We have taken specific action to further support the percentage of women across the Company and at all levels, and we have done so in four areas: recruitment, development, promotion and retention.

Within recruitment we have a number of initiatives with the aim to attract more female applicants, as well as hiring more female employees. All our job applications are put through a technology-enabled screening to make sure we communicate our jobs in a gender-neutral way. We conduct interview training workshops where we focus on unconscious bias, we have strategic partnerships with student groups to encourage women to apply and also reach a wider pool of candidates, among others Hypatia (Women in engineering, DTU) and Female Leadership Academy.

Within development we have processes in place where we ensure that an equal proportion of female and male employees are offered the internal and external training programmes. Within promotion cycles we have processes in place to counter bias and ensure that equal performance is treated equal, and we measure the percentage of promotions by gender and communicate the numbers internally to the responsible leaders.

We have several programmes running in order to retain and motivate female employees such as 1–1 coaching around maternity leaves, role model lunches, specific networking for coming and current new parents, partnerships with external communities such as Nordic Women in Tech, Inspired Beyond Babies and Above and Beyond. Also, we run a programme called the Balance Initiative where we run targeted activities and networking to support the well-being of our employees.

At the end of the year financial year 2021, only one out of five Board of Directors members was a woman as candidates have not yet been identified.

At year-end FY21, we were 21 % (FY20: 16 %) women and 79 % (FY20: 84 %) men at other management level. Accordingly, in FY21 we saw a movement in the desired direction.

At year-end FY21, across KPMG we were 37 % (FY20: 34 %) women and 63 % (FY20: 66 %) men. Accordingly, in FY21 we saw a movement in the desired direction.

We will continue to pursue a more equal gender balance in KPMG on all levels by dedicated focus on the four above mentioned areas in order to meet our goals.

Financial review

Development in activities and financial position

In FY21 KPMG P/S realised revenue of DKK 736 million compared to DKK 690 million in FY2020, corresponding to a growth of 7%. Profit for the year was DKK 3.5 million compared to DKK 6.2 million in FY20. Our growth in revenue exceeded our expectations, and the profit for the year is slightly lower than last year; however, in line with what was expected. In general, our results reflect our economic condition: our continued strong growth in all service lines, expanding services within assurance and advisory services and a sustainable cost base. We have incurred costs in relation to our organic growth, especially in regard to our hiring processes, attracting new talents and further investing in our facilities, tools and structures. These investments ensure the expanding delivery of high-quality services to our clients. Our cashflow was negatively impacted by deferred payments of employee-related liabilities and increased working capital financing. At year end, our total assets amounted to DKK 305 million, compared to DKK 353 million last year.

Financing & capital reserves

Our equity amounts to DKK 56 million, compared to DKK 58 million last year, following a reduction in the number of equity partners. The equity includes DKK 20 million in unpaid contributed capital. The solidity including unpaid capital reserves amounts to 18%, compared to 16% last year.

Financial outlook

We expect to keep growing in the coming year as we continue to see a material demand for our expanding services in the market. We continue to invest in our growth, attracting and retaining highly skilled people so that we are positioned to adapt to the changing market conditions. We therefore expect revenue growth to be around 10–15% in the coming financial year FY22 and a net result in line with this year's result.

Operational risk

The operational risks facing our business include those we have in common with other professional services firms. These include notably a deterioration in market conditions, attracting, developing and retaining the best talent in the market, claims and reputational damage caused by either an actual or a suspected failure to deliver services of appropriate quality, or by taking on inappropriate clients or engagements. We have implemented a system of quality control based on KPMG International's Quality Framework, and we regularly conduct enterprise risk assessments where we identify potential risks and their impact on our business. Based on that, we plan remediating actions as well as quality performance and risk compliance reviews.

Financial risk

We are exposed to credit risk through our ongoing work in progress and receivables, which is mitigated by a broad and diverse client base. The current economic situation does not possess an increased overall general credit risk, and this has been taken into account in Management's accounting policy. We do not have any material credit risk on individual debtors. We are to a minor extent exposed to fluctuations in foreign currencies, mostly USD and GBP.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the financial statements for FY21.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of KPMG P/S for the financial year 1 October 2020 – 30 September 2021. The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2021 and of the results of the Company's operations and cash flows for the financial year 1 October 2020 – 30 September 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 6 January 2022

Executive Board

Morten Mønster
CEO and Senior Partner

Board of Directors

Anja Bjørnholt Lüthcke
Chairperson and Partner

Henrik Barner Christiansen
Partner

Klaus Rytz
Partner

Danny Golan
Partner

Jakob Blicher-Hansen
Partner

Independent auditor's report

To the shareholders of KPMG P/S

Opinion

We have audited the financial statements of KPMG P/S for the financial year 1 October 2020–30 September 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, 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, liabilities and financial position at 30 September 2021 and of the results of the Company's activities and cash flows for the financial year 1 October 2020 - 30 September 2021 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

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's review

Management is responsible for the Management's review. Our opinion on the financial statements does not cover the Management's review, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the Management's review and to consider whether the Management's review 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 review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 6 January 2022

Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Anders Schelde-Mollerup Funder
State Authorised Public Accountant
mne30220

Financial statements KPMG P/S

1 October 2020 – 30 September 2021

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Financial statements

1 October 2020 – 30 September 2021

Income statement

Note	DKK'000	2020/21	2019/20
2	**Revenue**	**735,513**	**690,406**
	Other operating income	3,252	15,962
	Other external expenses	-245,600	-227,201
	Gross profit	493,165	479,167
3	Staff costs	-484,773	-466,484
5	Depreciation and amortisation of goodwill, software, equipment and leasehold improvements	-3,788	-4,904
	Operating profit	**4,604**	**7,779**
6	Financial expenses	-1,107	-1,585
7	**Profit for the year**	**3,497**	**6,194**

Balance sheet: Assets

Note	DKK'000	2020/21	2019/20
	Non-current assets		
	Intangible assets		
5	Goodwill	1,542	0
5	Software	16	199
	Total intangible assets	**1,558**	**199**
	Property, plant and equipment		
5	Equipment and leasehold improvements	6,026	4,725
	Total property, plant and equipment	**6,026**	**4,725**
	Investments		
8	Participating interest	149	0
9	Deposits	16,137	15,310
	Total investments	**16,286**	**15,310**
	Total non-current assets	**23,870**	**20,234**
	Current assets		
	Receivables		
	Trade receivables	163,755	117,281
10	Services in progress	49,639	58,585
11	Other receivables	19,629	22,013
	Receivables from partners	182	97
12	Prepayments	3,335	3,905
		236,540	**201,881**
	Cash and cash equivalents	**44,279**	**131,086**
	Total current assets	**280,819**	**332,967**
	Total assets	**304,689**	**353,201**

Balance sheet: Equity and liabilities

Note	DKK'000	2020/21	2019/20
	Equity		
13	Contributed capital	46,082	51,400
	Retained earnings	-10,038	-15,556
	Reserve for unpaid contributed capital	19,500	21,750
	Total equity	**55,544**	**57,594**
	Provisions		
14	Other provisions	7,762	0
	Total provisions	**7,762**	**0**
	Non-current liabilities other than provisions		
15	Other payables	0	21,220
	Total other payables	**0**	**21,220**
	Total non-current liabilities other than provisions	**0**	**21,220**
	Current liabilities other than provisions		
10	Services in progress	52,814	60,129
	Trade payables	47,271	32,895
	Other payables	141,298	181,363
		241,383	**274,387**
	Total liabilities other than provisions	**241,383**	**295,607**
	Total equity, provisions and liabilities	**304,689**	**353,201**
16	**Contractual obligations, contingencies, etc.**		
17	**Related party disclosures**		
18	**Events after the balance sheet date**		

Statement of changes in equity

Note	DKK'000	Contributed capital	Retained earnings	Reserve for unpaid contributed capital	Total
	Equity at 1 October 2019	49,627	-21,000	21,000	49,627
	Capital increase at par	1,773	0	0	1,773
	Reserve for unpaid contributed capital	0	-750	750	0
7	Transferred; see profit appropriation	0	6,194	0	6,194
	Equity at 1 October 2020	**51,400**	**-15,556**	**21,750**	**57,594**
	Capital decrease	-5,318	-229	0	-5,547
	Reserve for unpaid contributed capital	0	2,250	-2,250	0
7	Transferred; see profit appropriation	0	3,497	0	3,497
	Equity at 30 September 2021	46,082	-10,038	19,500	55,544

Cash flow statement

Note	DKK'000	2020/21	2019/20
	Profit for the year	3,497	6,194
	Depreciation and amortisation	3,788	4,904
19	Other adjustments	7,762	0
20	Changes in working capital	-91,133	98,320
	Cash flow from operating activities	**-76,086**	**110,418**
	Acquisition of goodwill	-1,786	0
	Acquisition of equipment and leasehold improvements	-4,662	-2,530
	Acquisition of participating interest	-149	
	Deposits (additions)	-923	-2,262
	Deposits (repayment)	96	0
	Cash flow from investing activities	**-7,424**	**-4,792**
	Contributed capital cash increase	0	1,023
	Contributed capital cash decrease	-3,297	0
	Partner finance paid out	-0	-1,000
	Cash flow from financing activities	**-3,297**	**23**
	Cash flow for the year	**-86,807**	**105,649**
	Cash and cash equivalents at the beginning of the year	131,086	25,437
	Cash and cash equivalents at year end	**44,279**	**131,086**

Notes

1. Accounting policies

The annual report of KPMG P/S for 2020/21 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used are unchanged compared to last year, and the financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue. Revenue from the sale of services is recognised in the income statement as provided. Consequently, revenue corresponds to the selling price excluding VAT of the work performed under the percentage of completion method and includes outlays on clients. Measurement at selling price presupposes that total income and costs as well as the stage of completion at the balance sheet date can be determined reliably and that it is probable that payment will be received.

Other operating income

Other operating income includes grants provided by KPMG International, gains on disposal of assets and sublease rental income.

Other external expenses

Other external expenses comprise costs related to sales, marketing, administration, office premises, training, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees and partners, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year

As a limited liability partnership, the Company is transparent for tax purposes. Income taxes are liable to the partners of the Company. Consequently, no tax on the profit for the year has been provided for in the financial statements.

Balance sheet

Goodwill

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 5 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually three years.

Gains and losses on the disposal of software are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Equipment and leasehold improvements

Equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The depreciable amount, which is calculated as cost less any estimated residual values at the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives of equipment and leasehold improvements are 3–10 years.

Gains and losses on the disposal of equipment and leasehold improvements are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively. The carrying amount of equipment and improvements is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment

Impairment tests are conducted of individual non-current assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flow from the use of the asset or the group of assets, including forecast net cash flow from the disposal of the asset or group of assets after the end of the useful life.

Particiating interests

Participating interests (including associates) are measured at cost. When cost exceeds the recoverable amount, write-down is made to this lower value. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

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.

Services in progress
Services in progress are measured in accordance with the percentage of completion method to the selling price of the work performed at the balance sheet date plus out-of-pocket expenses less progress billings. The individual services in progress are recognised in the balance sheet as receivables or liabilities depending on whether the net value, determined as the selling price less progress billings, is positive or negative.

Prepayments
Prepayments comprise prepayments of costs relating to subsequent financial years.

Dividends
Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Contributed capital
Unpaid contributed capital is recognised according to the gross method, after which the unpaid contributed capital is recognised as a receivable in the balance sheet.

An amount equal to the unpaid contributed capital is reclassified from retained earnings to reserve for unpaid contributed capital.

Other provisions
Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use.

Corporation tax and deferred tax
The Company is transparent for tax purposes. Consequently, neither current tax nor deferred tax is included in the balance sheet.

Financial and other liabilities
Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Company's cash flow from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities
Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items and changes in working capital.

Cash flow from investing activities
Cash flow from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, equipment and leasehold improvements and investments.

Cash flow from financing activities
Cash flow from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as payment of dividends to shareholders and raising and repayment of interest-bearing debt.

Cash and cash equivalents
Cash and cash equivalents comprise bank deposits.

Financial ratios

Financial ratios are calculated as follows:

Revenue growth

$$\frac{\text{Revenue current year} \\ \text{-Revenue prior year) x 100}}{\text{Revenue prior year}}$$

Solvency

$$\frac{\text{Total equity x 100}}{\text{Total assets}}$$

DKK'000	2020/21	2019/20
2: Segment information		
Revenue arises from audit and advisory services, mainly delivered in Denmark		
Audit	246,990	224,664
Advisory	488,523	465,742
	735,513	**690,406**

DKK'000	2020/21	2019/20
3: Staff costs		
Wages, salaries and partner remuneration	455,104	439,066
Pensions	25,838	24,273
Other social security costs	3,831	3,145
	484,773	**466,484**
Average number of employees, including partners	**550**	**517**

The Board of Directors did not receive remuneration for provision of board-related services in 2020/21 (2019/20: DKK 0). Staff costs include remuneration of the Company's Executive Board of DKK 3,038 thousand. Remuneration of the Executive Board comprises the share attributable to the performance of duties in the Executive Board. Pursuant to the exemption clause for reporting class C entities under section 98b(3) of the Danish Financial Statements Act, the Company has chosen to omit disclosure of executive board remuneration for 2019/20 as it would lead to disclosing the remuneration of a single person.

DKK'000	2020/21	2019/20
4: Fees to auditor appointed at the general meeting		
Statutory audit	164	157
Tax/VAT and other services	613	506
Other assurance engagements	4	13
Total fees to Redmark	**781**	**676**

DKK'000	Goodwill	Software	Equipment and leasehold improvements
5: Goodwill, software, equipment and leasehold improvements			
Cost at 1 October 2020	0	2,765	39,997
Additions	1,786	0	4,662
Disposals	0	-971	-10,613
Cost at 30 September 2021	1,786	1,794	33,075
Depreciation and impairment losses at 1 October 2020	0	-2,566	-35,272
Depreciation and amortisation	-244	-183	-3,361
Depreciation on disposals	0	971	10,613
Depreciation and impairment losses at 30 September 2021	-244	-1,778	-27,049
Carrying amount at 30 September 2021	**1,542**	**16**	**6,026**

DKK'000	2020/21	2019/20
6: Financial expenses		
Interest expense to banks, etc.	1,107	215
Net foreign exchange losses	0	1,370
	1,107	**1,585**

DKK'000	2020/21	2019/20
7: Proposed profit appropriation		
Retained earnings	3,497	6,194
	3,497	**6,194**

DKK'000	Participating interest
8: Participating interests	
Cost at 1 October 2020	0
Additions	149
Cost at 30 September 2021	149
Carrying amount at 30 September 2021	**149**

Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
KPMG Nordic Services OÜ (Associate)	Estonia	20%	DKK'000 964,8	DKK'000 219

DKK'000	Deposits
9: Deposits	
Cost at 1 October 2020	15,310
Additions	923
Repayment	-96
Cost at 30 September 2021	16,137
Carrying amount at 30 September 2021	**16,137**

DKK'000	2020/21	2019/20
10: Services in progress		
Selling price of work performed	449,347	464,829
Progress billings	-452,522	-466,373
	-3,175	-1,544
Recognised as follows:		
Contract work in progress (assets)	49,639	58,585
Contract work in progress (liabilities)	-52,814	-60,129
	-3,175	-1,544

DKK'000	2020/21	2019/20
11: Other receivables		
Contributed capital receivables	19,500	21,750
Other receivables	129	253
	19,629	**22,003**

12: Prepayments

Prepayments consist of prepaid expenses concerning IT licences, parking, rent, insurance, etc.

13: Contributed capital

Changes in contributed capital last 5 years are specified as follows:

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Balance at 1 October	51,400	49,627	627	560	560
Cash capital increase at par	0	1,773	49,000	67	0
Cash capital decrease	-5,318	0	0	0	0
	46,082	**51,400**	**49,627**	**627**	**560**
The share capital is specified as follows:					
A shares, 19,496,400 of nom. DKK 1 each	19,496				
B shares, 26,586,000 of nom. DKK 1 each	26,586				
	46,082				

All shares rank equally; however, A shares that are all owned by state authorised public accountants have a deemed majority.
The contributed capital has decreased by DKK 5,318 thousand of which DKK 3,067 thousand is paid in cash.

14: Other provisions

DKK'000	Other provisions
Other provisions at 1 October 2020	0
Provisions for the year	7,762
Other provisions at 30 September 2021	7,762
The provisions are expected to be activated as follows:	
0–1 years	900
1–5 years	1,000
>5 years	5,862
Other provisions at 30 September 2021	7,762

Provisions comprise anticipated re-establishment costs in connection with the Company's premises leases to the extent that the Company is obliged to take down an asset or re-establish premises upon lease termination. Provisions include liability cases where provisions are made to cover losses on known and possible claims for compensation.

15: Non-current liabilities

DKK 0 thousand of the non-current liability is outstanding debt after 5 years.

16: Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date amount to DKK 41,495 thousand falling due within seven years (2019/20: DKK 31,049 thousand). In 2020/21, operating lease payments incurred amounted to DKK 21,551 thousand (2019/20: DKK 21,615 thousand).

Contracted sub-lease income amounts to DKK 0 thousand (2019/20: DKK 2,220 thousand).

KPMG P/S is part in a few pending disputes, and provisions have been made for estimated costs related to these. In Management's opinion, the outcome of these disputes will not affect the Company's financial position besides what has been provisioned for at 30 September 2021.

KPMG P/S has a credit facility in place with the Company's bank. An asset pledge (virksomhedspant) of DKK 20,000 thousand has been granted to the Company's bank in relation to the bank credit facility. At the end of the year, the bank credit facility is unused.

17: Related-party disclosures

KPMG P/S' related parties comprise the following:

Control:

KPMG P/S is owned by the partners. No parties exercise control.

Other related parties:

- Leadership team and Board of Directors
- KPMG Komplementarselskab ApS
- KPMG Nordic Services OÜ (Associate)
- KPMG member firms, including KPMG Acor Tax Partnerselskab and KPMG Law Advokatfirma P/S.

Related-party transactions:

In accordance with section 98c(7) of the Danish Financial Statements Act, the Company has chosen only to disclose transactions that are not carried out on an arm's length basis. There are no such transactions.

18: Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

19: Other adjustments

DKK'000	2020/21	2019/20
Provisions recognised during the year	7,762	0
	7,762	0

20: Changes in working capital

DKK'000	2020/21	2019/20
Change in receivables	-36,909	19,917
Change in trade and other payables	-54,224	78,403
	-91,133	98,320

KPMG

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