



Courage to change

KPMG P/S ANNUAL REPORT
1 October 2018 – 30 September 2019

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.



Courage
to change

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Management's review

Company details

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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 (Chairwoman)
David Olafsson
Bo Johansen
Danny Golan
Niels Vendelbo

Executive Board

Henrik R. Mulvad

Leadership

Henrik R. Mulvad, CEO & Senior Partner
Morten Mønster, Head of Advisory
Lau Bent Baun, Head of Audit
Claus Bohn Jespersen,
Managing Partner, Acor Tax

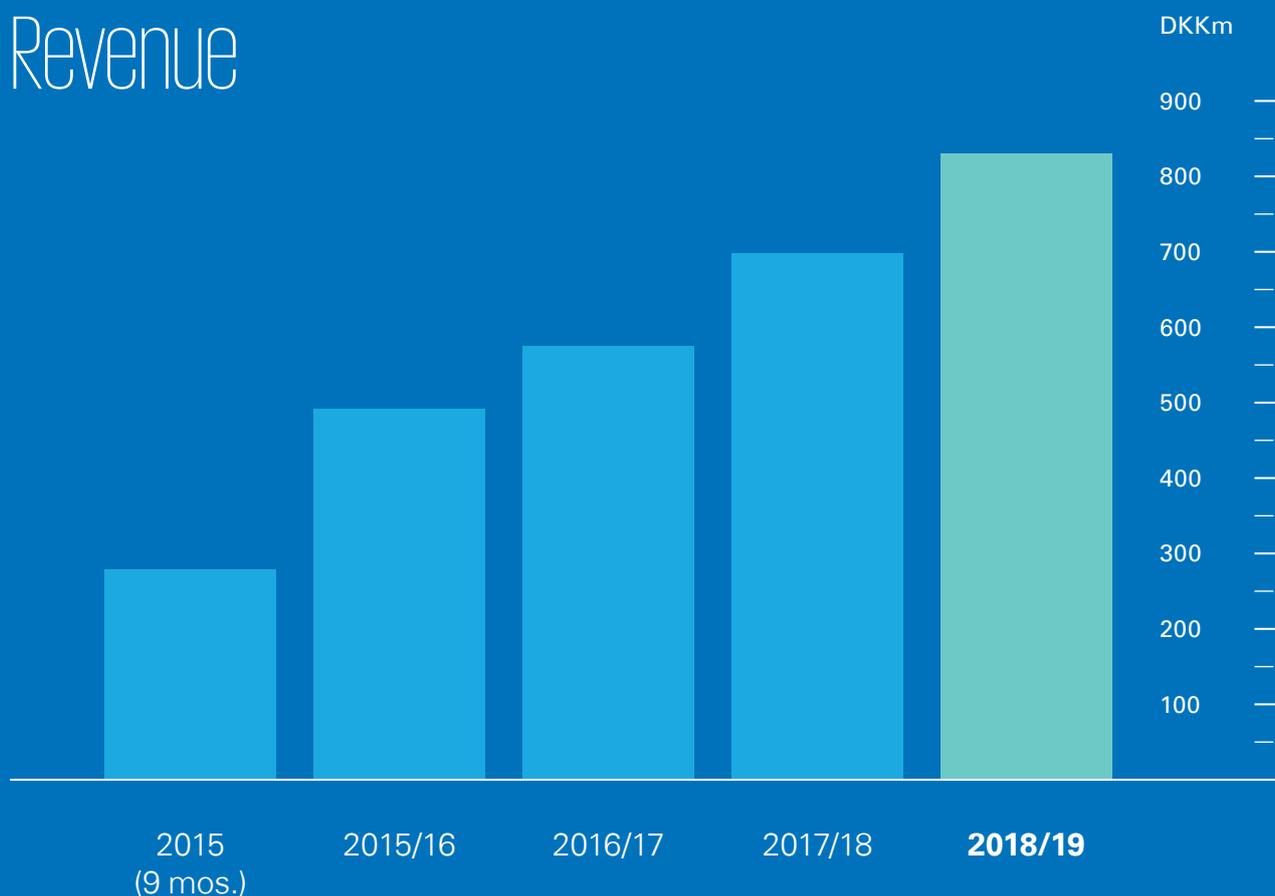
Auditor

Redmark
Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg



Financial highlights

Revenue



Total assets



DKK'000	2018/19	2017/18	2016/17	2015/16	2015 (9 mos.)
KPMG in Denmark Revenue*	829,331	697,144	575,358	491,377	279,056
Revenue KPMG P/S	578,113	507,568	424,003	368,832	205,451
Profit/loss from financial income and expenses	240	-707	993	759	-2,480
Profit for the year	0	0	0	0	0
Total assets	266,831	202,208	239,026	257,703	275,567
Investments in property, plant and equipment	3,201	5,880	2,052	13,964	15,649
Equity	49,627	627	560	560	560
Cash flow from operating activities	13,947	30,706	-12,388	42,677	-21,633
Cash flow from investing activities	-3,311	-7,353	-3,363	-13,990	-20,996
Cash flow from financing activities	8,625	-25,798	-649	-5,614	19,128
Total cash flow	19,261	-2,446	-16,400	23,073	-23,501
Operating margin	-0,04%	0.1%	-0.2%	-0.2%	1.2%
Current ratio	113%	89.3%	92.1%	92.2%	88.6%
Return on equity	0,0%	0.0%	0.0%	0.0%	0.0%

*KPMG P/S and KPMG Acor Tax

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios". For terms and definitions, please see the accounting policies.

Our results for the financial year reflect our economic condition: our continued strong growth and the decreased need for provision of financial support by KPMG International. We have incurred costs in relation to our organic and continued growth, especially in regard to our hiring processes, attracting new talents and further investing in our tools and structures. These investments ensure the expanding delivery of high-quality services to our clients. This year's revenue is in line with our goals, and our net result is as expected given the support we receive from KPMG International.

Courage to change

2019 was a successful year for KPMG in Denmark reaching a total revenue growth of 19% across Audit, Advisory and Tax. Overall revenue increased from DKK 697 million in 2017/18 to DKK 829 million in 2018/19. KPMG experienced growth across all business areas with Audit accounting for 17.1%, Advisory 12.2% and Tax 32.5%. We are proud and grateful for the trust our clients place in us and that our services make a significant and positive impact. The solid result reflects our ability to work as one firm with a strong Nordic collaborative approach.

The need for courage to change

The world is facing unprecedented challenges as a result of climate change and geopolitical uncertainty. In parallel, the proliferation of artificial intelligence, automation and a range of innovative technologies can drive positive and radical change in society; however, we need a sustainable and inclusive approach to technology – empowering people. In KPMG, we believe courage and the ability to change are essential in providing the right answers and solutions for both clients and future generations. Proudly, we call ourselves a company with courage. A company with the courage to take the leap, break boundaries within our fields and make a positive impact.

Employee satisfaction at an all-time high

Growing from a handful of people and one coffee machine to more than 700 employees in just six years

is a testament to our capabilities and our entrepreneurial culture. We are therefore pleased to see an increase from 76% to 84% in our Engagement Index in this year's people survey. We have also seen scores substantially increase when it comes to being proud of working for KPMG, establishing an innovative climate, a good work-life balance and, not least, satisfaction with access to learning and development opportunities.

With a record-breaking 3,360 job applications received in the financial year, of which 6% of these resulted in hires, our efforts are being noticed in the job market. Ranking #8 on Graduate Land's list of most attractive places to apply as a graduate, we are ahead of our direct competitors and clearly top of mind for young professionals seeking to kick-start their career and make an impact.

The need for NewPractice and sustainable artificial intelligence (AI)

Incremental improvements are not enough if you want to fully leverage the potential of AI-based solutions. This is why KPMG introduced our NewPractice framework a year ago, and we are happy to see that a growing number of visionary and bold clients understand why they need a fundamentally different approach to take their use of new technologies to the next level. We have for instance helped Nets develop a cutting-edge, fraud-fighting, AI-based solution which has already reduced fraud on credit card transactions by approximately 25%.



While our NewPractice framework is maturing among our clients, we are helping both the public sector and private businesses of all sizes to apply technologies that are relevant for their specific purpose. Robotic process automation continues to be relevant, while machine learning is gaining momentum in a wide range of business functions such as churn, customer segmentation, next best offer, automatic text generation used to generate emails and improve data quality, just to name a few. More and more organisations have also made significant advances in the use of chatbots and voicebots. Going forward, we are investing heavily in 5G technology capabilities as well as applied quantum services, and we are proud to establish a European KPMG quantum hub in Denmark in the beginning of 2020.

The Danish AI Pledge

Being a leader within AI and automation, KPMG has a great responsibility to ensure a sustainable, inclusive and transparent use of technology. In 2019, we took the initiative in collaboration with DTU Compute, Tech BBQ and other organisations to develop the Danish AI Pledge to promote AI-based solutions that are created with the best interest of society in mind. We need sustainable, inclusive and transparent AI, and Danish companies should take the lead on this.

Innovating audit and assurance services

Innovation is not a concept traditionally associated with audit. But it is at the heart of our strategy in responding to the unprecedented challenges and opportunities we face as auditors.

In FY19, we started the deployment of the KPMG Clara Workflow that incorporates our leading data and analytics (D&A) capabilities, innovative technologies and new audit methodology. This will enable us to give our clients a quality audit and value-adding insights that, for example, can help identify risks, control weaknesses and recognise opportunities to make processes more efficient and reduce working capital. Consequently, our clients will receive greater and more actionable insights from our audits.

FY19 was a strong year for our audit business. A significant part of the growth was realised through providing

assurance services to a number of new clients. We served a wide range of businesses ranging from start-ups to large listed companies.

During FY19, KPMG achieved significant audit wins. In the large clients segment, we won the audit of SAS Airline, KMD and Unifeeder. We expect the trend to continue in FY20 due to the EU audit reform which will trigger a number of audit tenders in the coming years.

In FY20, we will continue to build on our growth from previous years by hiring more people and developing our service offerings in close collaboration with service lines in Advisory and Tax so that we can continue to provide value to current and future clients.

Responsible tax

As individual tax professionals and as a tax advisory firm, we embrace the discussion and debate surrounding the need for responsible tax, transparency and the future of taxation in an increasingly digitised world. Together with our innovative use of technology, this approach has made us the go-to adviser for the majority of the largest Danish and foreign-based multinationals with operations in Denmark.

We have a market-leading tax dispute resolution and controversy team, and as compliance is changing the fabric of the tax function, we are continuing our efforts to become a market leader in compliance technology, processes and advisory. We expect further growth within this area.

Building a future-fit public sector

Society expects the public sector to deliver high-quality services, while keeping tax-financed costs under control. Therefore, our clients in the public sector have a clear purpose and strong commitment to create a better society for Danish citizens and businesses. Combining our strengths within technology, business transformation, strategy and operations, we are proud to help public sector clients like Energinet, Sund & Bælt, Skatteforvaltningen, Erhvervsstyrelsen, Danmarks Nationalbank, Energistyrelsen, Banedanmark, Vejdirektoratet, Metroselskabet and Københavns Kommune obtain their goal by unlocking the potential of new technologies.

Driving sustainability for a better tomorrow

KPMG works closely with our clients in the financial, energy, pharmaceutical and industrial production industries. We have enlarged our team of sustainability advisers in 2019 to offer even more diverse and deep expertise to our clients including sustainable finance, sustainability reporting, climate change and monetising socioeconomic impact using the KPMG True Value methodology. Over the last year, we have seen promising progress as sustainability continues to escalate within our clients' organisations, and sustainability is now a board-level issue among executives across the C-suite.

A trusted alliance partner

Over the last couple of years, KPMG has built up powerful alliances in Denmark with leading providers like Microsoft, SAP and recently Salesforce. To expand our Microsoft alliance, KPMG expects to invest USD 5 billion during the next five years in solutions based on Azure, Dynamics 365 and Microsoft 365.

By implementing cutting-edge software platforms, we help rationalise, simplify and automate businesses through Enterprise Resource Planning (ERP), Digital HR, Customer Relationship Management (CRM) and Business Intelligence & Analytics. We drive further digital enablement of AI, Internet of Things (IoT) and cloud services like Microsoft Azure, Amazon Web Services and Google Cloud that transform businesses into agile, responsive and technology-savvy organisations.

As a Coupa Global Elite implementation partner, we are helping clients such as ISS and Lego navigate the pressure to reduce costs and increase control over spend by setting up efficient Source-2-Pay (S2P) software solutions.

The go-to adviser for the Danish tech start-up scene

KPMG finds it imperative to offer our advice to the bright minds who have the courage to transform their innovative ideas into scalable start-up businesses. During the past six years, we have focused on developing the most relevant and useful advisory practice for the Danish tech start-up scene. We are present and offer our services pro bono to all major innovation hubs at the

Danish universities, and we keep acting as advisers to Danish Tech Challenge, arranged by the Danish Industry Foundation (Industriens Fond), Greentech Challenge, a competition for start-ups with environmental impact technologies, as well as being active at Tech BBQ, which is the biggest start-up event in the Nordics.

Upholding the highest standards of quality and trust

Quality and trust are at the core of everything we do, and we know that we must uphold the highest possible standards in order to build and maintain public trust. We ensure that every single KPMG employee understands why it is essential to uphold these values each and every day, and the role they individually play to earn and sustain public trust.

Rigorous processes are set in place to ensure that every level of our business fulfils its duty and meets our strict quality objectives. Trust needs to be earned every day, and the continued growth in both our business and the number of job applications are a testament to the trust we have earned in the market and from people.

The Danish Business Authority (Erhvervsstyrelsen) also published their report on quality control inspection performed at KPMG in 2019 regarding their 2018 inspection without any critical comments or improvement areas for our quality control system. Our Transparency Report issued on 31 January 2020 discloses more information about our quality control system.

Pushing for inclusion and diversity

We continuously strive to ensure equal opportunities for all our employees and pride ourselves on having a diverse workforce. Our Balance Initiative is increasing the number of women employed, and today 37% of all our employees are women. 34% of all of our promotions were women, which is an increase of 9% achieved in the last fiscal year. 31% of our leadership team are women. We are proud to have Partner Anja Bjørnholt Lüthcke as Chairwoman of the Board of Directors and Ria Falk as Partner and member of leadership in Acor Tax.

KPMG in Denmark is an international business counting 28 different nationalities with an average age of 34.

With our QueerSpace community, we are supporting the LGBT+ movement and everyone's right to stand by who they are and who they like. Our parental coaching and an all-encompassing support package ensure that all new parents have the opportunity to spend those priceless first months with their new-born baby in peace.

Improving our local communities

In KPMG, we pride ourselves on doing something to improve the communities we are all a part of and strive to make a difference for people in need. In 2020, Senior KPMG employees, among others our CEO, Henrik R. Mulvad, will be acting as mentors for former military veterans helping them with their transition into civilian life.

With 18 KPMG mentors, we are proud to continue helping young boys from vulnerable areas to get started with their own micro businesses through Mind Your Own Business. We are also keeping up our engagement with the KPMG Global Cyber Security Day teaching at schools as we find it essential to help shaping secure cyber behaviour for future generations. For the third year in a row, we are proud to be gold sponsor of Team Rynkeby supporting Børnecancerfonden.

United Nations Global Compact and renewable energy for KPMG

Since 2002, KPMG has been a signatory to the United Nations Global Compact (UNGC), which means we monitor our impact on and work to create positive

contributions within human rights, labour rights, the environment and anti-corruption. This year, KPMG in Denmark saw a steady reduction in CO₂ emissions, both in absolute and relative terms. We reduced relative carbon emissions (CO₂ per FTE) by 24% compared to 2018 to 1.52 tonnes of CO₂ per FTE. We have ensured a sustainable energy solution with Ørsted so that all electricity used in KPMG's offices across Denmark will be delivered by offshore wind turbines in the beginning of January 2020.

Growth going forward

In the past six years, a strong platform has been built, and we will aim for continued sustainable growth. As part of our strategy going forward, we focus on both market and organisation. We aim to be the best within selected areas such as AI and automation as well as sustainability analysis and reporting – hereby helping our clients transform their businesses in a competitive landscape shaped by data, new technologies and increasing regulations. Agility is a competitive strength, and we wish to have the right size of organisation, which is not a question of becoming the biggest, but the smartest and most qualified. Secondly, we have an entrepreneurial spirit and we will use this foundation to build a culture of courage that will both strengthen our employees, attract the right talent and provide value to our clients. A third priority will be to mature our ability to work as one firm and meet our clients' demands for superior account management. In addition, we are strengthening our regional offices in Aarhus, Aalborg and Kolding with additional partners to keep up with the market demand.

“In KPMG, we believe courage and the ability to change are essential in providing the right answers and solutions for both clients and future generations. Proudly, we call ourselves a company with courage.”

Henrik R. Mulvad,
CEO & Senior Partner, KPMG

Principal activities and financial position

Principal activities of the Company

Our principal activities are the provision of professional services to Danish and foreign businesses within the technical expertise areas of audit and advisory services. We do this across a wide and growing range of services, including the audit of financial statements, other assurance engagements, management consulting, risk consulting, deal advisory and tax services.

Operational risk

The operational risks facing our business include those we have in common with other professional services firms. These risks are a notable deterioration in market conditions to attract, develop and retain 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. Our Transparency Report, issued on 31 January 2019, describes the key elements of our quality control system. We are committed to consistently achieving the highest standard of quality, ethics and integrity in our day-to-day activities as a responsibility we bear to our clients, regulators, communities and capital markets. Find the Transparency Report on our website, www.kpmg.dk

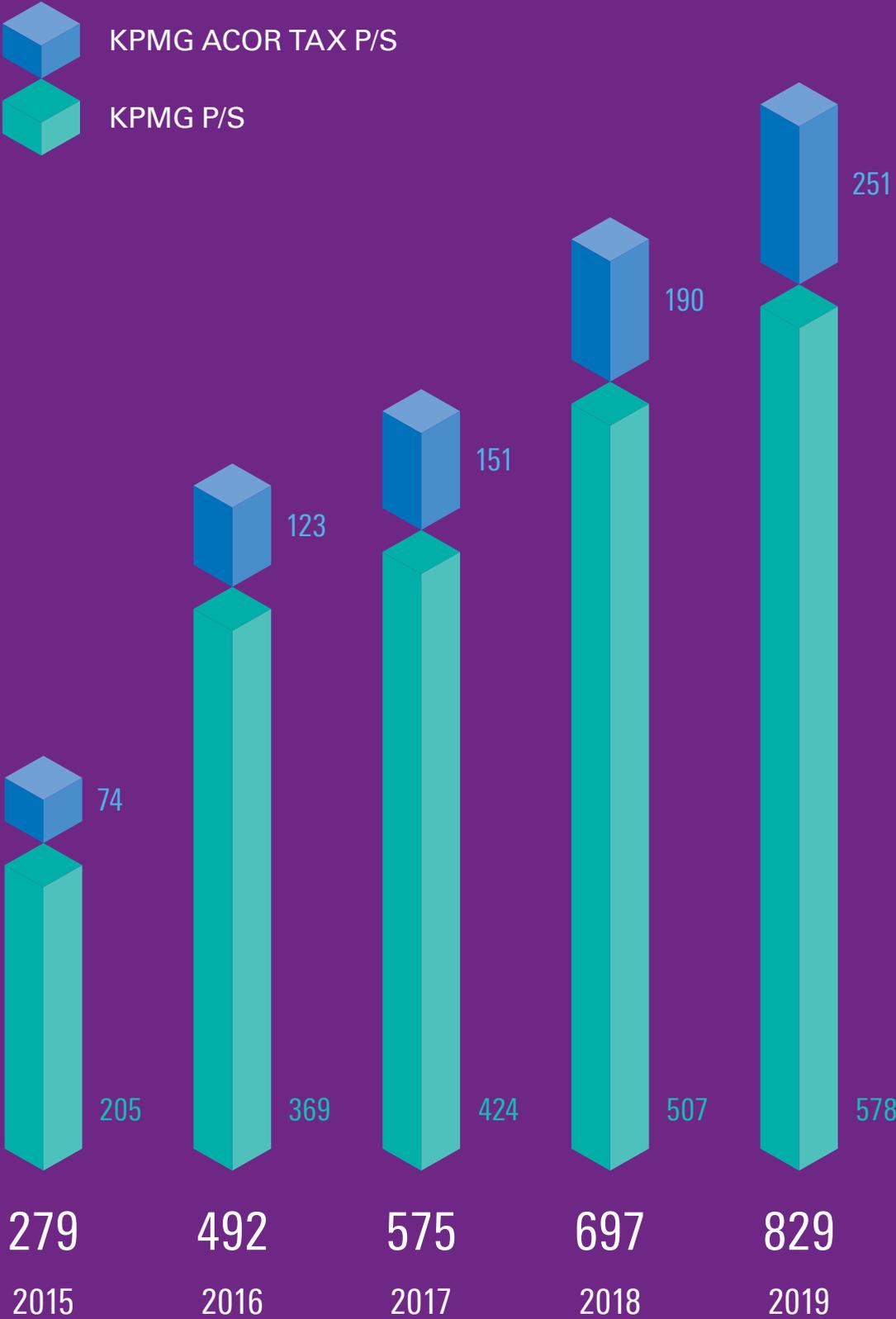
Financial risk

We are exposed to credit risk although 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.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the financial statements for 2018/19.

Increase in revenue



Combined revenue of KPMG P/S and KPMG Acor Tax P/S, DKK million

Our global network

KPMG is a global network of professional services firms providing audit, advisory and tax services. We operate in 147 countries and have 200,000+ 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.

147

Countries
where we
operate

6.2%

Revenue
growth rate

30

Combined
revenue
USD billion

219,000

Number
of employees



About KPMG in Denmark

In Denmark, KPMG is organised in two 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 P/S (licence to provide tax services).

713

Employees
and partners

829

Combined
revenue
DKK million

19%

Revenue
growth rate

229

Employees
and partners
onboarded



Empowering our people

In KPMG, we want to ensure that our staff is empowered to bring to the table all of their brilliant ideas and turn them into reality – an ambitious target but one that we are confident we will exceed, as we are standing on the shoulders of some significant achievements in FY19.

We are firmly focused on ensuring that we not only attract, develop and support our colleagues in the best way possible, but that we deliver on what our staff tells us is important to them. This was also clearly demonstrated in our employee engagement survey, where we saw an increase from 76% to 84% in our Engagement Index in this year's people survey. This year, we increased our scores substantially going from 78% to 90% stating that they are proud of working for KPMG, establishing an innovative climate, a good work-life balance and, not least, satisfaction with access to learning and development opportunities.

Having the courage to listen and act on what people are telling us means that during the past 12 months we have developed and rolled out an exciting talent development strategy, launched our High Potential programme and, on the initiative of our own graduates, founded The Graduate Network.

A KPMG position is highly attractive

The number of job applications we received in 2019 suggests to us that our strategy is working. During FY19, we received a staggering total of 3,360 applications from people wanting to join KPMG, and we are delighted to confirm that almost one third of these came from female applicants. The recruitment team worked tirelessly to ensure that we had over 200 new colleagues joining the firm over the past 12 months.

At a time when everyone is focused on analytics, we are proud to see that data speaks for itself: KPMG ranked as the 8th most attractive place to apply as a graduate according to Graduate Land – ahead of our direct competitors. This place our firm top of mind for young professionals seeking to kick-start their career and make an impact.

Inclusion and diversity

For KPMG, diversity is not an end goal but a means to a more inclusive, more just and more effective workplace. We strive to create a work environment where everyone's ideas and voices are heard, and everyone feels that they can flourish and be on their A-game.

As an example, we want to enable our staff to balance being a great parent with having a meaningful career with the firm, which is why we offer parental coaching and an all-encompassing support package for new parents. We actively focus on ways to improve the emotional well-being of our employees and tackling stress in a healthy way through our mental health and well-being community. To support the LGBT+ agenda, we have founded QueerSpace, a community ensuring that all employees feel welcome at work and that no one should feel that they have to cover up who they are or who they like.

Promoting gender equality

This year has seen KPMG internally raise the bar with its quest to lead by example in driving its inclusion and diversity agenda. We have launched a number of employee-led communities each with a specific inclusion and diversity focus, thus bringing to life our commitment to ensuring equal opportunities for all our people and having a diverse workforce. One of our communities called the "Balance Initiative" is leading the way to ensure greater gender diversity. Thanks to their ongoing activities, 37% of all our employees are women, 34% of all of our promotions were women, which is an increase of 9% achieved in the last fiscal year, and 31% of our leadership team are women. We strive to continuously improve our diversity targets in Management and target a gender balance ranging between 40-60% in Management levels below the Board of Directors (i.e. Leadership Team and other leaders reporting directly to the CEO). Partner Anette Harritz has been Chairwoman of the Board of Directors for the past 4 years at KPMG P/S. In FY19, Partner Anja Bjørnholt Lüthcke took over as new Chairwoman.



***courage
to be you***

To be true to yourself, take chances and not be afraid to fail or go against the majority is something Julie lives by every day.

Julie Aabo,
KPMG

“The majority of soldiers return from wars unharmed, only 'scarred' with experiences. However, prejudices often block the way and soldiers end up perceiving themselves as less qualified for a civilian job than when they left. We are therefore grateful to KPMG for becoming part of our network.”

Helene Djursø,
CEO, Velkommen Hjem

Improving our local communities

A core value at KPMG is to improve our communities. But it takes courage to put action behind words and make a tangible difference for the local communities that our business is part of. In FY19, we deepened our commitment to our local communities by contributing more than 800 pro bono hours as part of our various partnerships. We are gold sponsors of Team Rynkeby supporting Børnecancerfonden for the third year in a row, while also donating and fundraising to organisations such as Julemærkefonden, EventyrJul and Støt Brysterne.

Supporting veterans in their transition to civilian life

Formerly deployed veterans are often wrongly perceived as being vulnerable, scarred for life and unable to function in civilian life. This is far from the truth, and KPMG is therefore proud to have joined a new partnership with Velkommen Hjem (Welcome Home) in 2019. Velkommen Hjem supports formerly deployed veterans in easing their transition to the civilian workforce by focusing on how their unique military competences and experience can be transferred to the civilian workforce. The goal is to support the veterans in this transition by uncovering their qualifications and matching them with a mentor from a private company. At KPMG, eight of our most senior colleagues have volunteered to become

mentors, and we are excited to be part of the journey of eight veterans as part of the Velkommen Hjem partnership.

“Several of our mentors know from personal experience as a soldier that it takes more than the courage from the battlefield to change profession and transition back to a civilian life. That is why we are proud to collaborate with Velkommen Hjem and hopefully do our part in shaping the future for some of our veterans.”

Henrik R. Mulvad,
CEO & Senior Partner, KPMG

Countering prejudices

Just as formerly deployed veterans are often met with unfair prejudices, so are teenage boys of ethnic minorities from vulnerable areas. Since 2016, when KPMG helped establish the Mind Your Own Business Academy, we have done our part to counter these prejudices and give at-risk boys a chance to experience personal success. In FY19, our employees once again demonstrated their strong commitment to the course as 18

KPMG mentors supported five micro companies on the Academy. During a period of eight months, the KPMG mentors helped a group of boys develop and grow their own micro company. Through a full-day goal-setting session and subsequent workshops tailored to each micro company's needs and aspirations, the KPMG mentors helped the boys build a business strategy. Finally, and most importantly, the teenage boys and mentors often build strong bonds, since the programme allows for mentoring on other aspects of life besides those related exclusively to the micro companies.

Shaping secure cyber behaviour for future generations

Children of today are digital natives born with constant global connectivity and an online life as tangible and important as the physical life outside of cyberspace. But in order to navigate the nooks and crannies of the internet securely, even the digitally advanced generations need guidelines and best practices on how to behave and use the endless possibilities without putting themselves and others in unnecessary harmful situations. In FY19, we therefore once again participated in the KPMG Global Cyber Day, an initiative to reach out to pupils across the world and empower them to navigate online in a safe and informed way. Globally, 51 countries participated, and in Denmark, a team of six dedicated KPMG employees visited several 5th and 6th grade classes, reaching more than 200 pupils. The topics ranged from how to generate secure passwords, handle personal information online, what phishing attempts look like and how to navigate social media and digital platforms more safely.

"Kids today already know so much about online life so it is fantastic to see them critically reflect on both their own and others' behaviour in relation to cybersecurity in everyday life."

Morten Østergaard Gade,
IT Consultant, KPMG

Steady reduction in CO₂ emissions

This year, KPMG in Denmark continued with steady reductions in CO₂ emissions, both in absolute and relative terms. We reduced relative carbon emissions (CO₂ per FTE) by 24% compared to 2018, to 1.52 tonnes of CO₂ per FTE. This is mostly due to a decrease in air travel and electricity consumption per FTE. While pleased with an overall reduction of absolute and relative CO₂, we saw an increase in emissions from car mileage in 2019. Compared to the baseline year of 2016, KPMG in Denmark reduced relative carbon emissions by 33%. Scope 1 emissions include electricity consumption from our Copenhagen headquarters, as well as our offices in Aarhus, Kolding and Aalborg. Also included in our CO₂ emissions are Scope 2 emissions from air travel for business purposes booked through our travel portal and registered car mileage.

Globally, KPMG pledges to further reduce net emissions per FTE by 10% against a baseline year of 2016 and aims to increase the share of purchased electricity from renewable energy sources to 60% by 2020. KPMG in Denmark's CO₂ emissions reductions targets are aligned with the global targets. We commit to increasing our share of purchased electricity from renewable sources to at least 60% by the end of FY20. Since 2016, we have steadily reduced relative emissions by 33%. As we have surpassed 10% reductions of CO₂ per FTE, in 2020 we will further explore increasing the ambition level of emissions targets for KPMG in Denmark. From January 2020, all electricity used in KPMG's offices across Denmark will be delivered by offshore wind turbines run by Ørsted.

"As business mentors, KPMG employees serve in the role as sounding board and as a source of inspiration. Looking at the boys, it is very clear that they undergo a significant development on both a professional and a personal level through the mentorship."

Maria Kavita Nielsen,
CEO, Mind Your Own Business



courage to explore

Through her military career, Louise got the courage to explore the unknown. By constantly pushing her limits, she learned how to strengthen herself.

Louise Smith Jensen,
KPMG





The power of music

Music is a catalyst for forming new bonds and relationships. This is experienced no better place in Denmark than at music festivals like Roskilde Festival and Smukfest at Skanderborg, which KPMG sponsors.

Providing trust through people and technology

Companies, shareholders and society in general generate vast amounts of data and information that is used for making a large number of different decisions. There has never been more information available to make decisions.

Due to the rapid change that organisations and society are exposed to, it has become increasingly complex to make sound judgements and decisions.

One of the main challenges decision-makers face is to evaluate what information and data they should base their decisions on and whether the available information and data can be trusted or not.

We believe that we have a vital role of being a trusted intermediary between the providers of business information and the users of that information. We strive to be a trusted adviser who can help make sound business decisions in an effective way.

We are investing heavily in technology and capabilities to handle and analyse information and data enabling us

to provide better advice and enhance the quality of the trust we provide to information.

Our purpose is to provide confidence and trust in information and data used by businesses, shareholders and other stakeholders and by this empowering change that will benefit society as a whole. KPMG audit professionals are committed to this purpose acknowledging the responsibility we have as auditors to society and users of financial information.

“Our basis of existence has always been to build trust. New data-driven technologies like KPMG Clara enable us to create insights into large amounts of data in any organisation, providing value in new ways, while ensuring trust in this massive flow of data.”

Lau Bent Baun,
Head of Audit, KPMG

courage to challenge

If you fall, you learn to get up again and become better. There she was a former ski instructor before joining KPMG as a proud auditor.

Therese Frandsen,
KPMG





Innovating audit and assurance services

Innovation is not a concept traditionally associated with audit. But it is at the heart of our strategy in responding to the unprecedented challenges and opportunities we face as auditors.

As auditors, we seek to challenge assumptions and unlock valuable insights based on a thorough understanding of an organisation's business and industry, and innovative audit methodologies and approaches.

We are constantly exploring and investing in capabilities and technologies that can continue to improve quality and strengthen our audit approach. These capabilities will be used in our audits as they become available.

In FY19, we started the limited deployment of our KPMG Clara Workflow that incorporates our leading D&A capabilities, innovative technologies and new audit methodology. This will enable us to give our clients a quality audit and value-adding insights that for example can help identify risks, control weaknesses and recognise opportunities to make processes more efficient and reduce working capital. Consequently, our clients will receive greater and more actionable insights from our audits.

Building on the launch of KPMG Clara in 2017, the new workflow marks an important milestone in our journey to innovate, digitise and transform our audits and the value that they give to our clients and society as a whole. It also represents a significant achievement in KPMG's collective commitment to improving audit quality and global consistency. KPMG Clara is the beginning of a new era for audit — a gateway into the digital future.

Significant audit wins

FY19 was a strong year for our audit business, which grew 17.1%. A significant part of the growth was realised through providing assurance services to a number of new clients. In FY19, we served a wide range of businesses ranging from start-ups to large listed companies.

During FY19, KPMG achieved significant audit wins. In the large clients segment, we won the audit of SAS Airline, KMD and Unifeeder. We expect the trend to continue in FY20 due to the EU audit reform, which will trigger a number of audit tenders in the coming years.

"KPMG has successfully transitioned into the role of auditor for Total E&P Denmark, demonstrating its team's strengths in the Oil & Gas sector."

Viestarts Rutenbergs,
CFO, Total E&P Denmark

In FY20, we will continue to build on our growth from previous years by hiring more people and developing our service offerings in close collaboration with service lines in Advisory and Tax so that we can continue to provide value to current and future clients.

KPMG Clara



Focus on the risk areas

KPMG Clara makes use of intelligent automation and non-biased algorithms that let our people focus on the higher risk areas of the audit.



Focus on data

KPMG Clara puts D&A at the heart of the audit approach.



Extensive evidence

KPMG Clara enables us to analyse 100% of a data population, providing more extensive audit evidence.



Advanced insights

KPMG Clara gives enhanced business insights enabling teams to pose more meaningful questions to our clients.

Share powerful insights and audit updates with your clients in real time.

Courage to express yourself

We love passion and people with talent, which is why we are proud sponsors of some of the young dancers contesting for the title at FloorWars – the world's biggest breakdance competition.



Reducing complexity in a rapidly changing world

In a rapidly changing world, we are experiencing an increasing demand from businesses, organisations and executives for information enabling them to take decisions on a clear, informed and assured basis, just as communities' demands for accountability and transparency are rising. Drawing on our globally founded expertise in International Financial Reporting Standards (IFRS), compliance and assurance, we build trust in businesses and organisations and help them with creating clear reporting in complex matters, building better financial and non-financial reporting, implementing new standards and assuring financial information.

Evidence shows that annual reports are the most important source of information for external stakeholders and that the group of users is broadening from primary investors to potential customers, employees and society. We help clients utilise the potential of this once-in-a-year opportunity to showcase performance, financially and non-financially, and ensure a strong position in the global competition for financing, employees, customers, etc.

During 2019, KPMG's assurance specialists assisted several of Denmark's largest businesses and organisations such as Ørsted, Muuto and Landbrugsstyrelsen throughout different industries and sectors.

Supporting courts

In 2019, we also delivered valuable input in several legal cases and supported courts and lawyers with thorough expert input in lawsuits and disputes as well as supporting restructuring and bankruptcy processes. We have supported with assessment of Initial Public Offering readiness and related services including conversion to International Financial Reporting Standards, etc. With a promising client base, we go into 2020 with increasing expectations of providing the market with our expertise and expert input to keep building trust in Danish businesses and organisations.

"The collaboration with KPMG helped us with a significant and detailed analysis of our assets. Providing valuable insights and input helped us take crucial decisions in our financial statements preparation process."

Gert Liengard Madsen,
Chief Accountant, DR

Bringing trust back to the financial sector

Being under increased scrutiny for financial crimes and the costs related to it, the financial industry has to pay careful attention not only to be compliant but also on how to keep costs under control by looking into new tools and digitalisation.

Adding to the complexity, demographic changes, new regulation aimed at improving transparency and the rise of technology force financial services organisations to become increasingly customer-centric. Customers expect to receive tailored products, while being assured that their personal data is well protected. Improved D&A makes this possible, and more people than ever have access to financial products.

KPMG has extensive experience in helping our clients operate in this complex setting. Both locally and globally, we are helping our clients within compliance, transforming the agenda and also enabling the client centricity through cutting-edge technology. To facilitate the emerging agendas, KPMG merged financial risk services and management consulting and has already been able to deliver value for our clients on, for instance, the transformation of the financial crime agenda.

“KPMG assisted SDC with our IFRS 9 assurance statement. During the entire process, KPMG delivered solid collaboration and results.”

Lars Rasmussen,
Area Director, Digital Channels,
BI & Decision Support, SDC A/S

Strong presence in the Nordic financial sector

We are one of the most experienced and most specialised advisers of financial institutions, having extensive

experience in conducting audits of financial statements, as well as providing other assurance and advisory services for a large range of financial institutions operating in Denmark and in the Nordics.

Financial services audit is a highly technical and specialised activity which requires detailed knowledge and expertise of a wide range of evolving regulatory and financial reporting requirements such as the recent implementation of IFRS 9 for banking clients and IFRS 17 for insurance clients.

“Our collaboration with KPMG helps us remain an efficient and compliant organisation that adheres to the relevant financial regulation. KPMG is our preferred compliance partner, as they have a proactive and value-creating approach, thereby ensuring that our members get the best possible results.”

Lars Wallberg,
CEO, Velliv Foreningen

We are auditing and acting as trusted advisers for a large range of the biggest players in the Nordics such as Codan/Trygg-Hansa, If, Skandia, Danske Bank, Nordea and Gjensidige.

Our growth within Financial Services has been particularly strong over the past two years, driven by our unique service offerings and the accelerating pace of regulatory change and growth in the financial services sector, along with the introduction of mandatory audit rotation for Public Interest Entities (PIEs).





***courage
to believe***

Nicolaj strives to challenge the status quo. He believes new and innovative technologies can help to build a better world.

Nicolaj Dalby Knudsen,
KPMG

Executing sustainability strategies for a better tomorrow

In our rapidly changing world, topics ranging from climate change and human rights to sustainable finance and development are sparking calls for action from civil society, political leaders, regulators and investors. Companies and business leaders are increasingly held accountable for the social and environmental impacts throughout their value chain, both positive and negative. At the same time, opportunities arise as the private sector is viewed as a lever of positive change.

KPMG works closely with our clients in the financial, energy, pharmaceutical and industrial production industries. We have enlarged our team of sustainability advisers in 2019 to offer even more diverse and deep expertise to our clients including sustainable finance, sustainability reporting, climate change and monetising socioeconomic impact using the KPMG True Value methodology with a keen focus on integration of sustainability into specific organisational cultures and business models.

Over the last year, we have seen promising progress as sustainability continues to escalate within our clients' organisations, and sustainability is now a board-level issue among executives across the C-suite. While proud of what has been achieved to date, there is more to be done to truly integrate sustainability.

AI improves sustainability reporting

As the sustainability agenda continues to grow and capture more attention in the realms of politics, business and civil society, it is our responsibility as a team of advisers at KPMG to stay grounded in the foundational and guiding principles of sustainability and to ensure the continued excellence of sustainability services.

Going forward, we will continue to work together with our global network of more than 600 sustainability professionals around the world and with our colleagues in other service lines at KPMG. This model enables us to tap into deep regional and subject matter expertise across our network, as well as provide integrated sustainability services to our clients. For instance, working together with our KPMG colleagues in NewTech, we will build on our learnings from our AI sustainability report analysis tool that we presented at a joint event with the UN Global Compact Network Denmark. We will continue to explore opportunities to deploy new technologies such as artificial intelligence and machine learning for sustainability.

KPMG Services in Denmark



KPMG Advisory

Financial Services

CFO Advisory

Technology Enablement

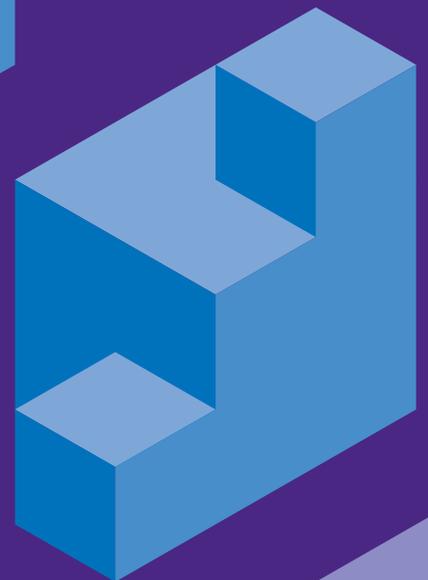
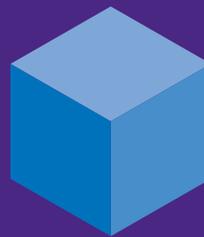
Deal Advisory

NewTech Advisory

IGH Advisory (Infrastructure, Government and Healthcare)

DGO Advisory (Digital, Governance and Operations)

Operations Advisory





KPMG ACOR TAX

Mergers & Acquisitions

Financial Services

Global Mobility and People Services

International Tax

Corporate Tax

Transfer Pricing

Indirect Taxes

Tax Technology

Automotive



KPMG Audit and Assurance

Financial statements
– audit/reviews

Assurance Services

Special purpose
– audit/assurance

Accounting Services



courage to be bold

Former professional guitarist and composer. He toured Denmark with his band, and now he tours the world with KPMG.

Thomas Holt Christensen,
KPMG



The preferred tech start-up adviser in Denmark

Denmark is teeming with innovative and bold minds doing start-ups that are going to bring us the solutions to the challenges of tomorrow. Be it ways to counter air pollution in urban areas (Leapcraft), innovative approaches to heal bone fractures (Straxfix.Technology) or streamlining trade in the pharma industry (Acumex) – the solutions are out there. These are just a few examples of the start-ups KPMG has helped to a good start. During the past six years, we have developed a leading competence in the Danish tech scene and built a solid team of specialised auditors and advisers to assist tech start-ups from the early stage.

From our hands-on experience, it is evident to us that most value is created by ensuring that founders receive the right advice from the very onset, to ensure a correct corporate and legal structure and that tax matters are thought through.

Bright people who have the courage to start a business and journey into the unknown deserve applause and support. This is why we are engaged in pro bono education of the Danish start-up scene and host a number of free events with and at innovation hubs to ensure that as many founders and investors as possible make the right decisions based on best practice.

We have formal pro bono agreements with more than 10 university hubs at universities, and again this year we were advisers to Danish Tech Challenge, arranged by the Danish Industry Foundation (Industriens Fond), Greentech Challenge, a competition for start-ups with environmental impact technologies, as well as being active at Tech BBQ, the biggest start-up event in the Nordics.

KPMG now has Denmark's most effective service for scalable tech start-ups and is looking forward to further expanding our reach in 2020 establishing a presence on all major university start-up hubs.

“The collaboration with KPMG works flawlessly and very professionally. We receive proactive advice which is very timely.”

Frode Lundsteen Hansen,
Chairman of the Board,
Straxfix.Technology ApS

courage to be confident

The rhythm of life is a powerful beat. Morten picked up the drumsticks after moving to the big city, challenging himself and shaping his own beat.

Morten Gravesen,
KPMG



A strategic partner for growth-oriented mid-size companies

KPMG has built a solid presence in the mid-market representing a broad range of the many interesting mid-size companies that make up the private sector in Denmark. In FY19, we won exciting clients with ambitious growth strategies such as LiqTech International, Dafa Group and Kraftvaerk.

We believe we are winning these kind of clients because we prove that we have the courage to explore new ways of auditing and bringing value to our clients. This is why we are constantly striving to strengthen our offerings into the mid-market, with a strong focus on being a dynamic and digital auditor who can help companies realise their growth ambitions both in Denmark and internationally.

“As trusted advisers, KPMG is not afraid to challenge the status quo and come up with new ideas on how to evolve our business and help us stay innovative.”

Otto Andersen,
Founder and CEO, Kraftvaerk

We are thrilled to bring a new client experience to the Danish mid-market, being not just the financial auditor, but also a strategic partner for leveraging growth in mid-size companies. We efficiently customise solutions for the mid-market clients that previously have not had access to strategic advice based on real-time D&A of their whole business. We are aiming to be the most dynamic auditor in the Danish mid-market helping clients drive international growth, digital transformation, D&A, strategic growth and position companies for change of ownership.

We are looking forward to engaging actively in the Danish market on these agendas in 2020 and are always prepared to meet any interested companies that would like a check-up of their current audit offering.

“KPMG offers a local touch with a global reach and understands what it takes for us to be a successful international family-owned group.”

Steen Bødtker,
Group CEO, Dafa Group A/S



Challenging the ordinary

At KPMG, we want to challenge our industry and clients by questioning the ordinary and doing things differently. With our broad portfolio of advisory offerings, we experienced a solid growth of 12.2%, working shoulder to shoulder with our clients mainly within digital transformation.

We are proud to see that our approach has secured us highly interesting clients like Ørsted, Lego, ISS and TDC in 2019. We are well underway to become the leading digital transformation adviser for large and mid-size corporations and the public sector, as well as offering the most innovative and digitally pioneering Deal Advisory practice in Denmark.

In FY19, we established a KPMG Lighthouse in Denmark to accelerate our innovative capabilities, and we will soon be launching a Northern

European Quantum Hub in Copenhagen. These initiatives enable us to provide unique value to our clients, while simultaneously being an attractive workplace for the new generation of digitally savvy business advisers.

“Our clients set the bar high and need a trusted adviser that can work shoulder to shoulder with them in transforming their businesses. They value our ability to navigate uncertainty and our innovative approach in an ever more digital business environment.”

Morten Mønster,
Head of Advisory, KPMG



Leading the technology race with NewPractice

Looking at the development in new technologies such as artificial intelligence, machine learning, robotic process automation (RPA) and even quantum computing, it is evident that the competition is fierce wherever you look. Countries like China and the US are battling it out on a macro level, and on a more tangible everyday use level, modern and forward-looking companies and organisations are scouring the market for solutions that not only help them automate and streamline repetitive processes carried out by humans, but empower their employees to deliver more value-creating work.

The introduction of our NewPractice framework has simultaneously helped our clients to re-engineer their work processes using the full spectrum of AI solutions and positioned KPMG as a leader in the technology advisory space. We are experiencing a growing understanding among the most forward-thinking of our clients that incremental improvements are not enough if you want to stay ahead in the game and fully leverage the potential of the plethora of solutions offered by new technologies. They understand that in order to completely rethink the way work is done, you need to engage on transformative projects where entire departments are transformed or completely new services are created. A great example of the NewPractice approach is the Nets Fraud Ensemble algorithm that we have created for Nets. It consists of multiple models working together to analyse each individual credit card transaction within ten milliseconds. The solution learns from the results

of its analysis and adjusts accordingly. This means that the longer it is operational, the more fraudulent transactions are blocked, and the fewer false positives are granted. With this solution, we helped Nets to reduce fraud on credit card transactions by approximately 25%. We believe so strongly in the potential of our collective solution that we in partnership with Nets released a white paper in September to inspire the rest of the industry on how to put this new technology into play.

AI is coming of age

While our NewPractice methodology is gaining momentum, we still work steadily to identify the latest technologies across the globe and bring cutting-edge tech knowledge, solutions and new output-based models to our clients primarily in the Nordics and in Europe.

Over the past year, we have seen an accelerating pace of innovation in the best-selling AI-based technologies we are developing. RPA continues to be relevant for companies of all sizes and industries, and machine learning is coming of age, enabling us to deliver value effectively in a wide range of areas including churn, customer segmentation, next best offer, automatic text generation used to generate emails and improve data quality, just to name a few. In addition, chatbots and voicebots are now also ready for prime time. As a result, we are seeing an explosion in the number of use cases



ranging from bots created for wider functions taking the initial dialogue with the customer to bots with a more narrow focus that go into depth and complete an entire process. Furthermore, we have seen a market pull for value-based deals with companies increasingly looking for value and real output linked to technology projects. During the past year, we have made a number of innovative deals based on the value we provide and our clients, such as TDC, AP Pension and Lederne, are a testament to the value of our work.

“KPMG has helped us accelerate our digital push throughout our business. They have delivered robust collaboration and are always focused on how digital solutions can benefit AP Pension.”

Jørgen Nygaard Nielsen,
CIO, AP Pension

Developing AI for the good of society

As AI-based technologies get more and more advanced and are able to forecast and shape all sorts of work processes and human activities, it is crucial to understand and act on the ethical dimensions of the development. To ensure that society gets the most out of

these advanced technologies and steer clear of hazards such as unintentional bias in algorithms, manipulative systems and lack of transparency in decision-making, we believe it is necessary to establish guidelines that individuals, businesses and public organisations should follow. On our initiative, we have developed the Danish AI Pledge together with leading AI companies and organisations in Denmark, and we encourage everyone working with AI technologies to support the pledge (for details, go to aipledge.dk).

By upholding the values of the pledge, we believe it is possible to ensure that AI-based solutions are created with the best interest of society in mind.

“Nets Fraud Ensemble takes our use of AI to the next level. We look forward to our continued collaboration with KPMG to stay ahead of the curve and prevent fraud throughout the value chain.”

Sune Gabelgård,
Head of Digital Fraud, Intelligence & Research, Nets

Soul Machines™ has the flexibility and expertise to develop hyper-real Digital Humans which allow the creation of new experiences, brands, business models and products in significantly less time and with unparalleled quality and impact.

KPMG is collaborating with Soul Machines.



Ava is a virtual customer assistant developed by Soul Machines.

Digitalisation is mainstream - but not everyone moves at an equal pace

Many organisations today are caught between a rock and a hard place when it comes to truly utilising the potential of modern digital technology. On one hand, most recognise the need for constant innovation, increased agility and close customer engagement. But they are, on the other hand, often downed by legacy IT, outdated operating models and constantly accruing technical debt. No one really argues over what is needed, but precious few understand, accept and act on how fundamental these changes need to be. Where do you begin when you essentially need to start over or need to completely re-invent the way you run your key IT business processes? How do you reskill your teams and engage with your customers in the post-YouTube world?

In KPMG Denmark's Technology Enablement team, we profoundly believe in empowering businesses through technology. We help organisations adopt modern software, by providing the insights and capabilities needed to truly transform their operating models. From defining the strategy to plotting a safe course through

digital deep space and subsequently implementing cutting-edge digital solutions that make a difference. In doing so, we recognise that this journey is about far more than just the technology part and a lot more about enabling the empowerment and realising the potential hiding behind traditional operating models. We help organisations define precisely how to move from where they are today to where they deserve to be.

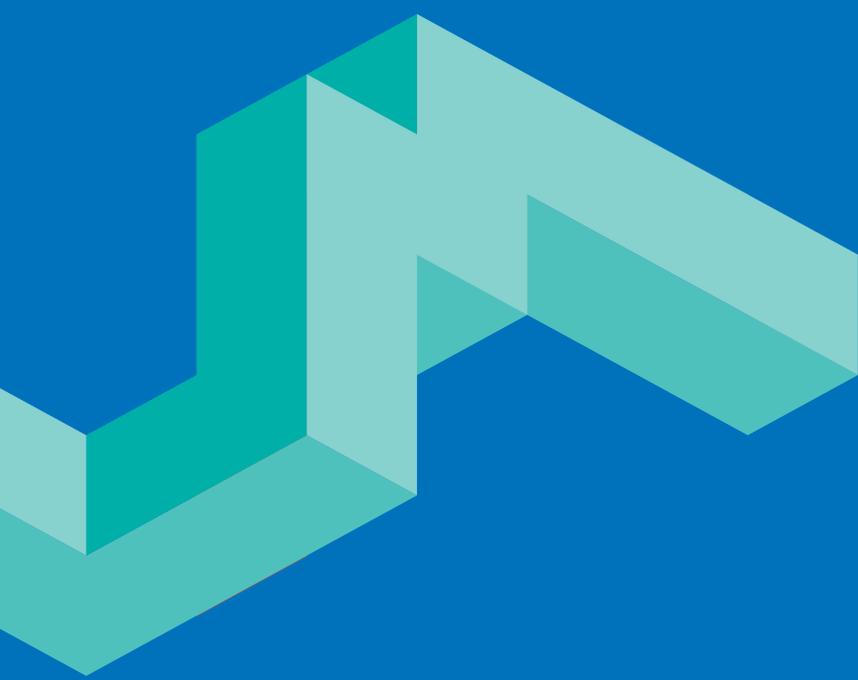
Legacy IT and technical debt kill strategic targets

The old adage that change is the only constant certainly holds true for enterprise technology as well. Just a year ago, AI was on its way to becoming embedded in ERP and CRM systems, and voicebots and chatbots were an out-of-the-box functionality at the tip of taking off. ERP and CRM systems are now cloud mature, and even large enterprises are migrating to the platforms that were deemed to lack in functionality, performance or

“We are currently on a digitalisation journey and KPMG has been vital for the system enablement of our customer-facing processes and internal knowledge sharing.”

Charlotte Dreyer,
CFO, Gorrissen Federspiel





“Being able to provide insights and guidance in the machine room as well as showing directions on the bridge is a space where KPMG delivers maximum client value through intimate knowledge of IT delivery models, the understanding of modern IT organisations and cutting-edge technology.”

Kerny Ustrup,
IT Strategy Lead, Semler Gruppen



security. AI is becoming pervasive, intelligent automation is being embedded into almost every core business platform, and the ability to process and interpret vast amounts of data is simply de-facto in almost every strategic business plan.

The discrepancy between what the consumers want and what the business organisations are capable of delivering are hampered by an IT operating model that was relevant 10-15 years ago but is now becoming increasingly detrimental to delivering customer and shareholder value.

There is almost no strategic business plan that does not rely on modern technology to deliver on customer insights, predictive analytics or increased speed-to-market. However, a growing gap between the need for value creation and the old technology still humming along in most basements today is creating a legacy bubble that could burst the intentions of the strategic business plans.

Modernising the organisation

Through the last year, our projects have therefore been a lot more geared towards helping organisations get in control of what they have and define how to move forward, than really pushing the very latest technology into play. Most organisations that KPMG works with are acutely aware of the digital potential but naturally focus on making solid plans, business cases and controlled transformations to help bring their legacy IT and traditional operating models up to speed.

Approximately 90% of our engagements last year either focused on implementing specific technology platforms in a place where no – or very fragmented – platforms existed before, or defining, supervising and driving complex modernisation programmes that needed deep expertise in technology, programme and organisational change management.

Our clients' goals have centred around defining strategy, setting up realistic target pictures and then executing projects and programmes that help reposition their organisation so they can truly take advantage of a modernisation of their digital platforms. New core platforms like ERP, Digital HR and CRM have been centre pillars,

but to master data management and advanced analytics continually plays a central role in getting in control. Embedding organisational change management into almost every complex engagement has been instrumental to driving and achieving the ROI needed to secure the buy-in of relevant stakeholders at our clients. To help our clients around the world become more agile in an increasingly complex business environment, we are expanding our Microsoft alliance. KPMG expects to invest USD 5 billion during the next five years in solutions based on Azure, Dynamics 365 and Microsoft 365, bringing the best of both organisations together.

In 2019, Technology Enablement supported a large company in the Danish manufacturing industry in implementing a global e-commerce platform. The global company is on a journey to digitise their customer engagement channels, and a part of this journey is the introduction of an efficient and state-of-the-art e-commerce platform for digital trade. By combining technical capabilities and business acumen, KPMG has demonstrated the ability to bridge the gap between technology, people and processes during the implementation and roll-out of the new e-commerce platform.

Helping NGOs develop the non-profits of tomorrow

These days, people have short attention spans and a finite amount of resources to spend on improving the world we live in. To stand out, NGOs need to leverage new technologies if they want to prove to people why their mission is important and why people should support it. Technologies facilitate all of that, which is why KPMG continues to inspire and make a positive difference in the NGO space. We create exciting and inspiring seminars for NGO representatives in partnership with for example Microsoft Dynamics. We create a forum for NGO representatives to find inspiration for new improvements and understand how to use machine learning, customer experience and CRM systems to gain a 360-degree view of members, contributors and other interested parties.

Empowering organisations through IT outsourcing

What is needed in many of today's IT organisations is adoption of new IT operating models, breaking down the traditional technology silos and acquiring new skills to keep up with the insatiable demand for new digital capabilities from the business stakeholders.

Our engagement with Danmarks Nationalbank to optimise the role as service integrator and improve IT deliveries towards the business is a great example of how KPMG goes about facilitating adjustments to IT Operating Models transforming IT to meet business goals.

Recognised IT outsourcing leader

With numerous IT vendors across the public sector and private industry, KPMG has developed a market-leading practice in regard to IT outsourcing. The successful journey continued throughout 2019, with KPMG successfully guiding Ørsted, the largest power producer in Denmark, through the outsourcing of IT infrastructure operations to an external service provider. Furthermore, KPMG supported ISS Group, a leading global facility services provider, on their IT outsourcing journey as well as assisted Falck in their transition and transformation activities following our outsourcing project in 2018. Currently, KPMG is busy supporting Energinet in their billion-kroner IT infrastructure outsourcing project.

Procurement partner per excellence

Global businesses are under more pressure than ever to reduce costs and improve control over spend. Some of the challenges that our clients are facing relate to complicated manual procurement processes, lengthy management approvals, and a general lack of integration with other business processes and systems, resulting in high transaction costs.

As a Coupa Global Elite implementation partner, KPMG has more than 500 certified professionals across the member firm network helping our customers achieve significant cost savings and improve effectiveness through Source-2-Pay (S2P) software implementations.

In FY19, KPMG carried out major implementation projects in large global companies. Currently, KPMG supports ISS Group in its vision to become the world's greatest service organisation by improving the S2P processes and thereby increasing the delivery capabilities for the essential operations teams.

Furthermore, KPMG brings best practice to the table in the LEGO Group enabling standardised global procurement processes to increase efficiency.

Building on the successful S2P implementation project in 2018, KPMG helped one of Denmark's largest retail

companies implementing Coupa Expense Management software that increases visibility and decreases hassles, establishing a comprehensive overview of company expenses, increasing compliance and ease of use.

Driving a revolution in performance through digitalisation

The old procurement archetype of cost reduction and cost efficiency is coming to an end. New tools and innovative models are developing in the digital transformation. In KPMG, we strive to help our clients answer the big question: "How can organisations harness technology to improve procurement performance and all aspects of the operating model?" That is why we proactively develop blueprints for how procurement organisations can turn the disruptors into opportunities for competitive advantage and growth.

"KPMG was one of Coupa's first Alliance Partners, and they have continued to invest heavily in building excellent Coupa capabilities globally. They bring a structured methodology, collaborative approach, robust set of accelerators and a strong set of skilled and certified resources which have worked on many of Coupa's most complex implementations."

Roger Goulart,
Vice President of Business,
Development & Alliances, Coupa Software

Are you ready for procurement?

KPMG's Procurement Maturity Assessment provides clear insight across organisations and identifies procurement performance gaps compared to peer groups. The assessment helps our clients change procurement from passive processes coordination to empowering value-adding, strategic activities.

Supporting Danish Regions in their ambition to deliver best-in-class procurement services, KPMG developed a report providing insights into the procurement organisation's maturity level.

The report included recommendations as to how Danish Regions could close the gap between its current maturity level and the best-in-class benchmarks. Further, a tangible roadmap was developed to obtain the desired maturity level based on the identified levers to increase savings and efficiency – and how to drive even more value to the organisation.



Enabling a better society for everyone

The public sector is constantly facing increasing demands from citizens and businesses to improve the quality of its services, while under ever-tighter budget constraints. However, these past years, new digital and technological opportunities have arisen that hold immense potential to change the public sector as we know it – unlocking new and improved services and delivery models that can meet the expectations of our digital society. Unlocking this potential requires public sector leaders with strong courage since it is a journey filled with change and transformation – and obvious pitfalls to be avoided.

With strong public sector expertise and in-depth skill sets within technology, business transformation, strategy and management operations, KPMG has a multi-disciplinary team ready to meet the demands of a public sector undergoing modernisation.

We know what society expects of our public sector clients and therefore work with a clear purpose and strong commitment to enable them to create a better society for Danish citizens and businesses. Over the past year, we have served clients across all government levels – be it ministries, municipalities, regions or other public

entities – helping them unlocking the potential of new technology. Our clients include some of the key public sector institutions in the country, including Energinet, Sund & Bælt, Skatteforvaltningen, Erhvervsstyrelsen, Danmarks Nationalbank, Energistyrelsen, Banedanmark, Vejdirektoratet, Metroselskabet and Københavns Kommune.

“By choosing KPMG, we knew we would get the strongest advisory team with a strong dedication to taking us to the next level.”

Elsebeth Søndergaard Krone,
Director, Energistyrelsen



Transforming infrastructure services with data-driven solutions

As key responsible for the operation and new expansion of the Copenhagen Metro, the aim of Metroselskabet I/S is to increase ridership, safe operations and efficiency to keep finances strong. In 2019, KPMG supported Metroselskabet I/S in two elements of their digitalisation strategy. Firstly, we helped laying the foundation for the implementation of a 'Building Information Model environment' giving access to 3D digital visualisations of metro constructions that will transform data flows, transactions, communication and collaboration with contractors and advisers. Secondly, we helped define the future asset management system to be used for both daily operations and maintenance as well as long-term decision-making.

Seizing the potentials of digitalisation in the City of Copenhagen

The City of Copenhagen has high ambitions for the future use of robotics and automation in service delivery, case management and back-office operations with

the aim to deliver higher quality-services to citizens and businesses and cost efficiencies. This past year, KPMG carried out an extensive review across the City's seven departments identifying and mapping processes, workflows, transactions and interactions that can be heavily improved or optimised by using automation technology. The analysis is a first step in an extensive transformation of the City's administrative and service functions.

"Copenhagen is growing rapidly. Each year, 10,000 new citizens join our city and expect to be met by great schools and institutions, great care facilities and a high level of service in general. This positive challenge forces us to be innovative and find new ways of delivering high-quality services more efficiently. KPMG has been a strong partner outlining a path for unlocking the potentials of new technology and digitalisation across the City's seven departments."

Mads Grønvall,
CFO, City of Copenhagen



Michael B. Jensen,
NewTech Lead,
KPMG

Kaspar Colling Nielsen,
Author

Louise Lerche-Gredal,
CEO,
Plastic Change



Do Androids Dream of Electric Sheep?

With a reference to Philip K. Dick, KPMG hosted a panel debate and a dinner at Folkemødet in 2019 inviting AI artists, authors, CEOs, successful start-ups as well as NGOs. We believe in diversity and inclusion when discussing how we can tackle climate change and ensure a future with sustainable AI.

Henrik R. Mulvad,
CEO & Senior Partner,
KPMG

Maja Brix,
Sustainable
fashion designer



Providing visionary CFOs with data-driven insights

Digitalisation remains the top priority for Finance. Increased access to data and application of robotics and AI will pave the way for algorithms and advanced analytics enabling the bold and visionary CFO to provide new data-driven insights and support the business in making better decisions.

The future of finance implies a much simpler and more streamlined organisation with significant changes to what, how, where and who will perform the work.

It is not only the transactional activities that will be automated. Also, more tactical processes like planning, budgeting and forecasting will undergo automation. Instead of involving many finance and business stakeholders in a time-consuming, bottom-up process, forecasts can be generated intelligently from algorithms. Finance and business stakeholders then only need to validate the data-driven forecasts. This also reduces the lead time and allows for much faster application of the forecast and actions based on the numbers.

Releasing the full potential of Finance

Finance already spans the entire value chain, often housing analytical competencies and already acts as a business partner to the business. The new technologies empower finance to fully utilise this unique position as a central player with access to data from across the business.

Digitalisation will require new skills and capabilities to leverage the full potential. It is not enough to be a world-

class finance professional and have a good business understanding. Going forward, finance needs to master data modelling and analytics qualifications to take advantage of the digital opportunities and convert them into business value.

A year of strategic transformations

In FY19, KPMG assisted finance functions with a wide range of strategic and digital projects.

We assisted with economic modelling and analysis for large customers building complex business cases, cost transparency models and facilitating the subsequent decision-making process.

We supported customers with design and digitalisation of their future planning processes, integrating financial and business planning into the same plan and implementing a digital solution for the process. Furthermore, we assisted with advising on how to build dynamic and automated data-driven forecasts.

We are assisting our customers with digital finance operating model transformation. In these projects, we advise on how to transform the 'old' finance operating model into a model fit for the digital age. This includes designing governance, roles and responsibilities and positioning people and the organisation to take advantage of and incorporating the changes from new digital tools like robots, algorithms, AI and analytics.

courage to lead

Rugby gives you strength and the confidence to tackle challenges head on. Katrine has played rugby on a high level for years and came all the way from Canada to join the KPMG office in Copenhagen.

Katrine Lightstone,
KPMG



"All the way through, I felt I was in safe hands. By designing a flexible process, KPMG was able to accommodate the final buyer and limit the strain on the company. Also in the final negotiations, they kept a cool head and were able to find a transaction structure that accommodated both the buyer's and my objectives and negotiate a price that exceeded my expectations."

Peter Durup,
CEO and Founder, Netteam A/S

A holistic Deal Advisory in Corporate Finance

KPMG takes a 360-degree approach to advising our clients no matter if we are assigned to do an M&A, due diligence, valuation or financial modelling task. We put their objectives at the core and design and manage the optimal transaction process to meet these objectives. We bring together all relevant expertise from sector teams, tax, IT and financial specialists from Corporate Finance ensuring we can advise our clients on all aspects of the transaction at deal speed. Additionally, we are able to leverage our global network and their knowledge and expertise to effectively link up buyers and sellers.

This approach has enabled us to grow our business rapidly. We assisted with, among others, the acquisitions of Baum und Pferdgarten, Go Dream and APCOA Parking and the sale of BTX, Netteam and GSV's pavilion business. In addition, we assisted with fairness opinions in regard to CEGO and Glunz & Jensen, among others. We are grateful for the trust our clients show us.

The sale of Netteam is a good example of how we are able to bring the different skills together to provide the optimal solution for our clients. Besides certain price

expectations, the key decision criteria was that the new owner would be able to provide a good home for Netteam and its employees disqualifying certain obvious potential buyers.

After screening a broad list of potential buyers together with our client, we approached a select group of potential buyers leveraging our local contacts. As the data room was well prepared based on guidance from our due diligence experts, we had no surprises and were able to keep momentum during the due diligence phase. Finally, during the negotiations our M&A specialists that had advised the client throughout the process were able to bridge the gap between the buyer and our client by setting up a transaction structure that addressed the key concerns of both parties.

Going forward, we will continue our focus on providing 360-degree advice leveraging our global network and all the latest data analytics tools such as Advanced Analytics, Strategic profitability insights and Benchmarking Plus.



Unleashing the power of the Digital Business

“Every business is a software business”, said Watts S. Humphrey almost two decades ago. Standing in the middle of the digital transformation, any modern organisation must realise that Humphrey was right. Digitalisation and IT operations are the backbone of any business or organisation today.

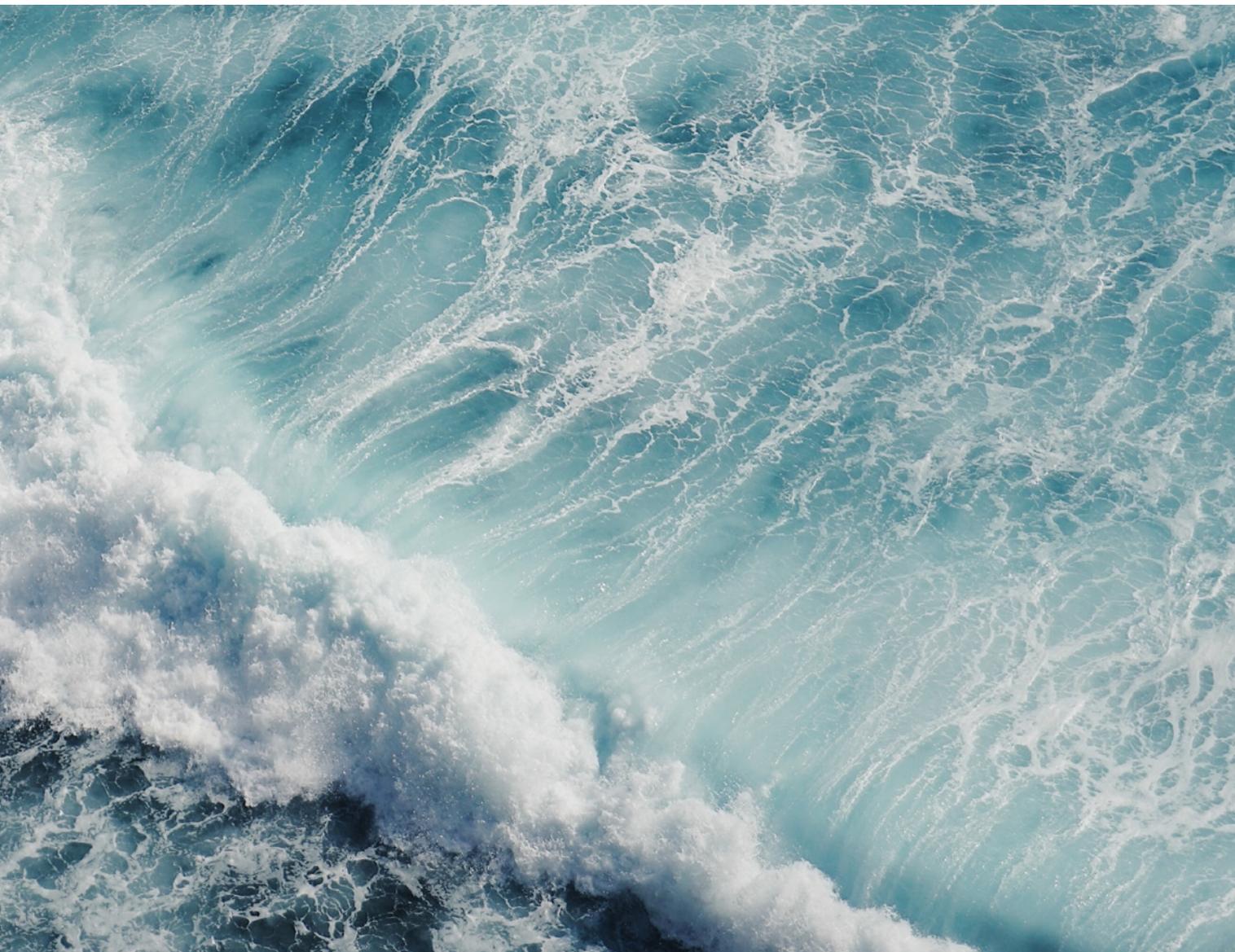
Given this reality, KPMG took the bold step to merge our former IT and CIO Advisory services into a new unit called DGO Advisory (Digital, Governance & Operations) in FY19. We strive to make digital solutions a low-risk endeavour and a true enabler for the modern business, to unleash the power of the digital business.

Our journey has taken us far already. Instead of focusing on the different technical solutions, we are now more focused on the effect of our consulting. In an area where this approach has found less traction than in many other areas of consulting, we have basically taken

a management consulting approach and applied it to IT consulting, while maintaining our deep technical skills.

We have found that by combining these two worlds, we are able to provide our clients with solutions that are unique and drive more value than the traditional approaches.

This also means that our focus has gone from assisting management with operation problems to be more holistically focused on transforming our clients' businesses. For example, instead of offering penetration testing, we have helped setting up automated security test for agile businesses with daily releases. And instead of reviewing access rights, we have automated the assignment of access rights to retail employees and thereby lowered overall risk and made a lot of shop assistants' lives easier. This has allowed us to make a real impact enabling our clients to utilise digital solutions in a more efficient,



compliant and secure way. This journey is not over, and we will continue to provide more value to our clients.

A bulwark against cyber criminals

Hacker attacks and privacy incidents are bound to happen for any organisation no matter how well protected they are. A well-functioning cyber defence is mandatory for any modern organisation, and in FY19 KPMG assisted a number of large public and private organisations in improving their cyber defence and business continuity plans, both by simulating attacks and by training them in how to act when an incident occurs.

To tackle the complexity of building an efficient cyber defence, we have built an increasingly international delivery model. This allows us to focus locally on understanding the client's needs, focus on remediation and

implementing real change, which is why some penetration testing, red teaming and the like are performed by near-sourced competent KPMG colleagues.

"KPMG helped us develop the Cyber and Information Security Strategy for the Danish Telecom Sector and facilitated implementation of one of the key initiatives. KPMG showed they had both the technical and political knowledge to carry out the tasks."

Jakob Willer,
Director, Teleindustrien



**Bringing the world of e-sports
to our clients**

We entertain and challenge both colleagues and clients in CS:GO – one of the world's most popular computer games. This year, we also experienced the world elite at BLAST Pro Series in Royal Arena.



Embracing demands for responsible tax

Attitudes to tax are changing. Organisations of all sizes are ever more exposed to new trends in tax regulation, not just locally but globally. We believe that – as individual tax professionals and as tax advisers – we have a duty to engage in and advance the discussion and debate surrounding responsible tax, increased calls for transparency and the future of taxation in an increasingly globalised, digitised world. KPMG works shoulder to shoulder with our clients to define and build their ideal target operating model, enabling their tax departments to adapt to regulatory change, improve compliance processes and add more value to the business and beyond.

With a strong international network of experts, KPMG's Tax Team has become the go-to adviser for the majority of the largest Danish and foreign-based multinationals with operations in Denmark, and we service more than half of the top-listed companies in Denmark. The combination of a strong international network and profound insight into Danish and Nordic affairs enables us to pursue impactful business results for our clients.

Developer of tax technologies

A whirlwind of international tax change has swept the globe in the past year also affecting tax executives in the Danish market. From broader requirements for tax transparency through more stringent transfer pricing policies to greater scrutiny of business substance, every country and every multinational company is feeling the impact. With the latest initiative from OECD 'BEPS 2.0', global tax leaders and organisations face potentially new challenges in the global tax landscape, as 100 years of

international tax consensus is about to change into a new scheme, which may include unilateral measures, minimum taxation and high risk of double taxation. KPMG has taken the lead to help our clients understand and communicate their specific global footprint using a new technology – KPMG BEPS 2.0 Model – to help with scenario planning for clients and provide them with visualisations of outcomes and key recommendations supporting their current and future actions.

Challenging tax controversy standards

Our tax dispute resolution and controversy services are recognised as market-leading in Denmark. Whether it is Skattestyrelsen or a foreign tax authority that raises a claim against one of our clients, our tax dispute resolution and controversy leaders assist our clients to protect against, prepare for and resolve disputes with tax authorities. In FY19, the Supreme Court in Denmark ruled in favour of the taxpayer in the first landmark transfer pricing case in Denmark. The issue in the case before the Supreme Court was whether the taxpayer (the Danish company of a U.S.-based multinational corporate group) had received the proper amount of remuneration for the sales and marketing activities as performed by it for the corporate group. During the judicial proceedings, certain procedural allegations were raised, including a question as to whether the taxpayer had timely prepared sufficient and adequate documentation for its intercompany transactions. The Danish KPMG team of tax experts assisted the client in the proceedings over the past ten years. The case positions KPMG as true challengers with the highest professional standards.

Compliance is changing the fabric of the tax function

In today's complex and rapidly evolving landscape, multinational companies are faced with more compliance burdens – and more financial and reputational risk – than ever before. By developing and executing a strategy for managing compliance, we help our clients reduce the overall cost of compliance whilst enhancing quality and increasing the value obtained from their compliance activities. KPMG brings together established methods, processes and cutting-edge technologies to develop the framework and foundation for a continuously improving compliance function that is tailored to help our clients meet their business goals. Because we know our clients' organisation and data, we are able to deliver real value-driven actionable insights.

As a result of large investments on a global scale, KPMG offers leading compliance technology, processes and advice in the market. Our clients' increasing focus on the outsourcing of tax compliance and reporting is expected to further contribute to our growth.

“We are partnering with KPMG because they bring strong tax expertise and a deep understanding of technology and they continuously inspire us on how to future-proof our global tax compliance processes.”

Christer T. Bell,
VP Tax, The LEGO® Group

Technology ties the world of tax

Tax technology is emerging as one of the most important enablers of effective tax department design and delivery. At KPMG, we embrace technology in all our services and deliverables, and we have invested heavily in developing the tax technology area to secure our leading position. We were the creators of the first fully paperless personal tax preparation software in existence in Denmark, which completely transformed the way we prepare personal tax returns. Our service palette includes top-of-class data analysis tools that enable us to perform a wide variety of fact-based analysis on VAT, transfer pricing and customs. Furthermore, we have embraced RPA technology with robots making up 2% of all our employees and have also pioneered in incorporating artificial intelligence and machine learning within internal controls and VAT analysis.

Looking ahead, we expect growth across all our tax advisory services, including M&A, financial services, automotive and tax controversy.



Financial statements

KPMG P/S

1 October 2018 — 30 September 2019



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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 2018 – 30 September 2019.

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 2019 and of the

results of the Company's operations for the financial year 1 October 2018 – 30 September 2019.

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, 18 December 2019.

Executive Board



Henrik R. Mulvad
CEO and Senior Partner

Board of Directors



Anja Bjørnholt Lüthcke
Chairwoman and Partner



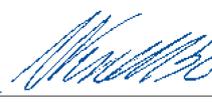
David Olafsson
Partner



Bo Johansen
Partner



Danny Golan
Partner



Niels Vendelbo
Partner





Claus Bohn Jespersen,
Managing Partner,
KPMG Acor Tax

Lau Bent Baun,
Head of Audit,
KPMG P/S

Henrik Mulvad,
CEO and Senior Partner,
KPMG P/S

Morten Mønster,
Head of Advisory,
KPMG P/S

Independent auditor's report

To the shareholders of KPMG P/S
Independent auditor's report on the financial statements.

Opinion

We have audited the financial statements of KPMG P/S for the financial year 1 October 2018 – 30 September 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and accounting policies used. The financial statements are 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 2019 and of the results of the Company's operations and cash flows for the financial year 1 October 2018 – 30 September 2019 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 below section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the financial statements, unless Management either intends to liquidate the Company or to cease operations, or if it 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 may arise due to fraud or error and may

be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users.

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 by Management and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's preparation of the financial statements being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 the disclosures in the notes, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and 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 do not express any kind of assurance opinion on the Management's review.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and in that connection consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act. Based on the work we have performed, we believe that the Management's review is in accordance with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the Management's review.

Copenhagen, 18 December 2019

Redmark
Statsautoriseret Revisionspartnerselskab
CVR no. 29442789

Anders Schelde-Møllerup Funder
State Authorised Public Accountant
mne30220

Income statement

Note	DKK'000	2018/19	2017/18
2	Revenue	578,113	507,568
	Other operating income	14,918	32,062
	Other external expenses	-192,588	-178,146
	Gross profit	400,443	361,484
3	Staff costs	-395,717	-356,598
5	Depreciation, amortisation and impairment losses on software, equipment and leasehold improvements	-4,966	-4,179
	Operating profit	-240	707
6	Financial income	909	0
7	Financial expenses	-669	-707
8	Profit for the year	0	0

Balance sheet

Assets

Note	DKK'000	2018/19	2017/18
Non-current assets			
5	Software	683	1,170
5	Equipment and leasehold improvements	6,615	7,695
9	Deposits	13,048	13,136
Total non-current assets		20,346	22,001
Current assets			
Receivables			
	Trade receivables	146,555	109,095
	Receivables from related companies	66	36
10	Services in progress	38,050	30,425
11	Other receivables	33,515	32,328
12	Prepayments	2,862	2,147
		221,048	174,031
Cash at bank and in hand		25,437	6,176
Total current assets		246,485	180,207
Total assets		266,831	202,208

Balance sheet

Equity and liabilities

Note	DKK'000	2018/19	2017/18
	Equity		
13	Contributed capital	49,627	627
	Retained earnings	-21,000	0
	Reserve for unpaid contributed capital	21,000	0
	Total equity	49,627	627
	Non-current liabilities		
	Other payables	2,574	0
	Total non-current liabilities other than provisions	2,574	0
	Current liabilities other than provisions		
10	Services in progress	64,243	47,403
	Trade payables	30,652	15,655
	Other payables	118,426	117,982
	Debt to partners	1,309	20,541
		214,630	201,581
	Total liabilities other than provisions	217,204	201,581
	Total equity and liabilities	266,831	202,208
14	Contractual obligations, contingencies, etc.		
15	Related party disclosures		
16	Disclosure of events after the balance sheet date		

Statement of changes in equity

Note	DKK'000	Contributed capital	Reserve for unpaid contributed capital	Retained earnings	Total
	Equity at 1 October 2017	627	0	0	627
	Equity at 30 September 2018	627	0	0	627
	Equity at 1 October 2018				
	Capital increase at par	49,000	0	0	49,000
	Reserve for unpaid contributed capital	0	21,000	-21,000	0
8	Transferred; see profit appropriation	0	0	0	0
	Equity at 30 September 2019	49,627	21,000	-21,000	49,627

Cash flow statement

Note	DKK'000	2018/19	2017/18
	Profit for the year	0	0
	Depreciation, amortisation and impairment losses	4,966	4,179
17	Changes in working capital	8,981	26,526
	Cash flow from operating activities	13,947	30,706
	Acquisition of software	-198	-970
	Acquisition of equipment and leasehold improvements	-3,201	-5,880
	Deposits (net additions)	88	-504
	Cash flow from investing activities	-3,311	-7,353
	External financing:		
	Net increase in financing	0	-32,207
	Shareholders:		
	Contributed capital cash increase	8,625	67
	Partner finance	0	6,341
	Partner finance paid out	-750	0
	Partner finance paid in	750	0
	Cash flow from financing activities	8,625	-25,798
	Cash flow for the year	19,261	-2,446
	Cash and cash equivalents at the beginning of the year	6,176	8,622
	Cash and cash equivalents at year end	25,437	6,176

Notes to the financial statements

1: Accounting policies

The annual report of KPMG P/S for 2018/19 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

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

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the estimated useful life. 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 leasehold improvements is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual 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.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses when there is an objective indication that a receivable has been impaired. Write-down is made on an individual basis.

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.

Equity

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 transferred result to reserve for unpaid contributed capital.

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 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 contributed 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 in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations & Ratios".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin

$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Current ratio

$$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$$

Return on equity

$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

DKK'000	2018/19	2017/18
2: Segment information		
Revenue arising from audit and advisory services, mainly delivered in Denmark		
Audit	205,855	175,725
Advisory	372,258	331,843
	578,113	507,568
3: Staff costs		
Wages, salaries and partner remuneration	371,260	334,845
Pensions	21,448	19,342
Other social security costs	3,009	2,411
The Board of Directors do not receive directors' remuneration. Staff costs include remuneration of the Company's Executive Board of DKK,5,338. Remuneration of the Executive Board comprises the share attributable to the performance of duties in the Executive Board.	395,717	356,598
Average number of employees, including partners	469	410
4: Fees to auditor appointed at the general meeting		
Statutory audit	152	140
Tax/VAT advisory services	511	389
Other	16	34
Total fees to Redmark	679	563

DKK'000	Software	Equipment and leasehold improvements
5: Equipment and leasehold improvements		
Cost at 1 October 2018	2,567	42,615
Additions	198	3,201
Cost at 30 September 2019	2,765	45,816
Depreciation and impairment losses at 1 October 2018	-1,397	-34,920
Depreciation	-685	-4,281
Depreciation and impairment losses at 30 September 2019	-2,082	-39,201
Carrying amount at 30 September 2019	683	6,615

DKK'000	2018/19	2017/18
6: Financial income		
Net foreign exchange gains	909	0
	909	0
7: Financial expenses		
Interest expense to banks, etc.	669	632
Net foreign exchange losses	0	75
	669	707

DKK'000	2018/19	2017/18
8: Proposed profit appropriation		
Retained earnings	0	0
	0	0

DKK'000	Deposits
9: Deposits	
Cost at 1 October 2018	13,136
Additions	1,501
Disposals	-1,589
Cost at 30 September 2019	13,048
Carrying amount at 30 September 2019	13,048

DKK'000	2018/19	2017/18
10: Services in progress		
Selling price of work performed	374,893	265,294
Progress billings	-401,086	-282,272
	-26,193	-16,978
Recognised as follows:		
Contract work in progress (assets)	38,050	30,425
Contract work in progress (liabilities)	-64,243	-47,403
	-26,193	-16,978

DKK'000	2018/19	2017/18
11: Other receivables		
Contributed capital receivables	21,000	0
Other receivables	12,515	32,328
	33,515	32,328

12: Prepayments

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

13: Contributed capital

Changes in contributed capital since the Company's establishment are specified as follows:

DKK'000	2018/19	2017/18	2016/17	2015/16	2015 (9 mos.)
Balance at 1 October	627	560	560	560	500
Cash capital increase at par	49,000	67	0	0	60
	49,627	627	560	560	560
The contributed capital is specified as follows:					
A shares, 23,041,200 of nom. DKK 1 each	23,041				
B shares, 26,586,000 of nom. DKK 1 each	26,586				
	49,627				

All shares rank equally; however, A shares that are all owned by state authorised public accountants have a deemed majority. The contributed capital is increased by DKK 49,000, of which DKK 21,000 is converted debt.

14: Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date amount to DKK 26,813 thousand within five years (2017/18: DKK 38,954 thousand). In 2018/19, operating lease payments incurred amounted to DKK 18,464 thousand (2017/18: DKK 16,442 thousand).

Contracted sub-lease income amounts to DKK 2,591 thousand, which falls due within one year (2017/18: DKK 2,591 thousand).

A company charge of DKK 20 million has been granted to the Company's bank. At the end of the year, the bank facility is unused.

15: Related-party disclosures

KPMG P/S' related parties comprise the following:

Information on controlling parties

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 member firms including KPMG Acor Tax Partnerselskab.

Related-party transactions

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

16: Disclosure of events after the balance sheet date

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

DKK'000	2018/19	2017/18
17: Changes in working capital		
Change in receivables	-26,017	-1,824
Change in trade and other payables	34,998	28,351
	8,981	26,527



Courage

['kʌrɪdʒ]

Noun

The quality of mind or spirit that enables a person to face difficulty, danger, pain, etc., without fear; bravery. The root of the word 'courage' is 'cor' – the latin word for heart; the source of our emotions.

