



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.



Courage to shape

KPMG P/S ANNUAL REPORT
1 October 2019 – 30 September 2020

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

The annual report was presented
and adopted at the Company's
annual general meeting on 28 January 2021

Courage
to shape

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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 (Chairperson)
Bo Johansen
Danny Golan
David Olafsson
Niels Vendelbo

Executive Board

Henrik R. Mulvad

Leadership

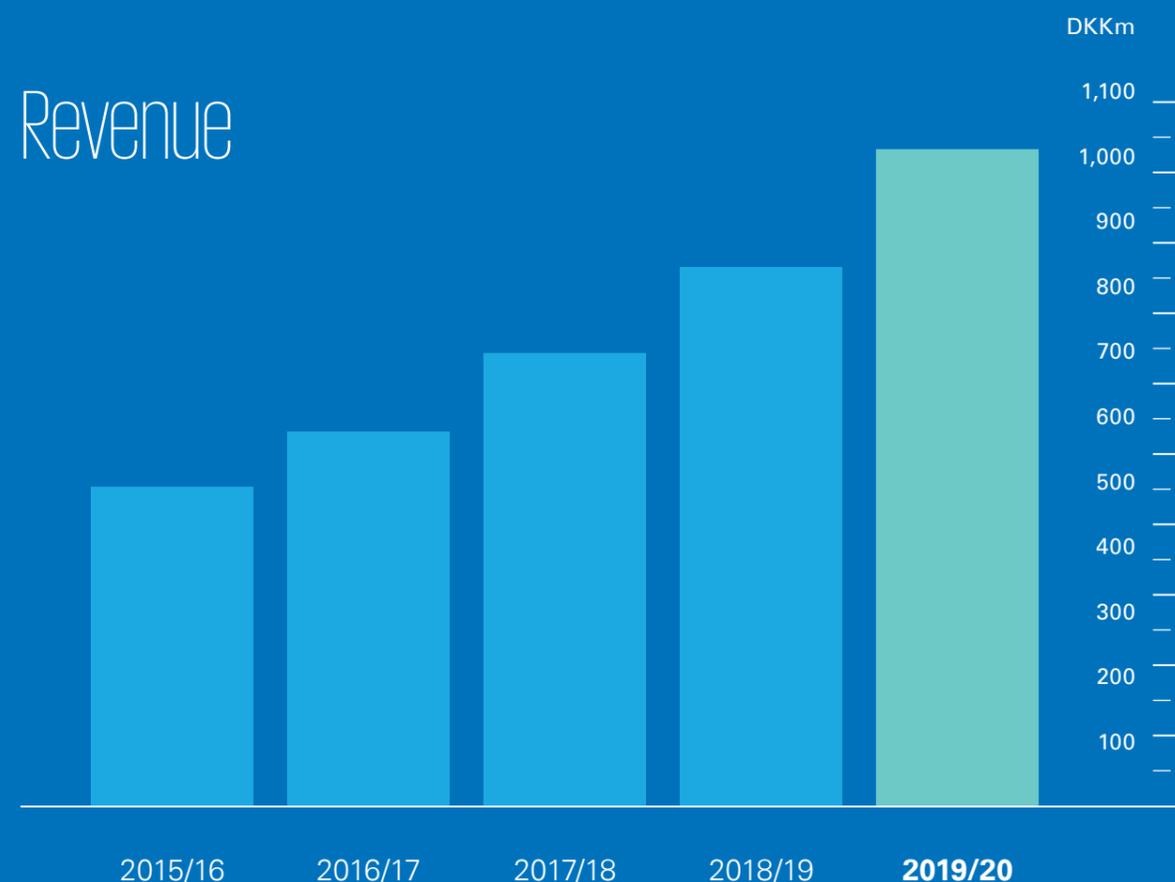
Henrik R. Mulvad, CEO & Senior Partner
Morten Mønster, Head of Advisory
Lau Bent Baun, Head of Audit
Claus Bohn Jespersen,
Managing Partner, Acor Tax

Auditor

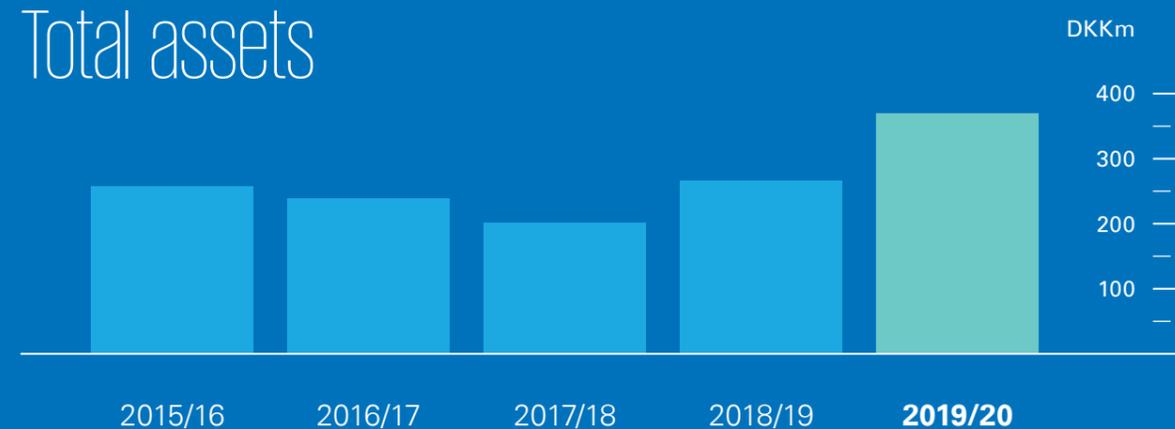
Redmark
Statsautoriseret Revisionspartnerselskab
Dirch Passers Allé 76
2000 Frederiksberg

Financial highlights

Revenue



Total assets



| DKK'000 | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|--|------------------|----------------|----------------|----------------|----------------|
| KPMG in Denmark Revenue* | 1,009,737 | 829,331 | 697,144 | 575,358 | 491,377 |
| Revenue KPMG P/S | 690,406 | 578,113 | 507,568 | 424,003 | 368,832 |
| Operating profit/loss | 7,779 | -240 | 707 | -993 | -759 |
| Profit/loss from financial income and expenses | -1,585 | 240 | -707 | 993 | 759 |
| Profit for the year | 6,194 | 0 | 0 | 0 | 0 |
| Total assets | 353,201 | 266,831 | 202,208 | 239,026 | 257,703 |
| Investments in property, plant and equipment | 2,530 | 3,201 | 5,880 | 2,052 | 13,964 |
| Equity | 57,594 | 49,627 | 627 | 560 | 560 |
| Cash flow from operating activities | 110,418 | 13,947 | 30,706 | -12,388 | 42,677 |
| Cash flow from investing activities | -4,792 | -3,311 | -7,353 | -3,363 | -13,990 |
| Cash flow from financing activities | 23 | 8,625 | -25,798 | -649 | -5,614 |
| Total cash flow | 105,649 | 19,261 | -2,446 | -16,400 | 23,073 |
| Operating margin | 1.12% | -0.04% | 0.1% | -0.2% | -0.2% |
| Current ratio | 121.3% | 113% | 89.3% | 92.1% | 92.2% |
| Return on equity | 11.6% | 0.0% | 0.0% | 0.0% | 0.0% |

*KPMG P/S, KPMG Acor Tax P/S and affiliates combined as KPMG in Denmark
Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios". For terms and definitions, please see the accounting policies.

Courage to shape

2020 was a successful year for KPMG in Denmark reaching a total revenue growth of 22% across Audit, Advisory and Tax. Overall revenue increased from DKK 829 million in 2018/19 to DKK 1,010 million in 2019/20. KPMG in Denmark experienced industry-leading organic growth across all business areas with Audit accounting for 9%, Advisory 25% and Tax 27%. We are proud to have performed so well during such unprecedented and challenging times. Achieving DKK 1 billion in revenue is a milestone for KPMG in Denmark – a reflection of our fast growth and our position as a leading professional services firm. We take the solid result as a testament to our courage to shape the future, think bold, deliver and develop relevant client-centric solutions.

Shaping the new normal

As if climate change and geopolitical uncertainty were not enough, COVID-19 taught us a profound lesson in 2020 on how vulnerable our interconnected global society is. At KPMG, we were able to rapidly adapt to the new normal both for our clients and ourselves. Around 800 workplaces were moved from our offices to our homes during the first-wave lockdown, and now we are adapting to a seamless flexible work-from-anywhere solution during the second wave and beyond. Our people have shown a tremendous effort in adapting to a new way of working and are simultaneously shaping

the new tomorrow for and with our clients. We have thrust ourselves into developing new relevant solutions for our clients and are happy to have witnessed first-hand how the proliferation of artificial intelligence, the use of automation and a range of innovative technologies got speeded up as a consequence of the pandemic. This is a positive outcome because we believe that these new technologies have the potential to drive us forward and deliver radical change in society to help us overcome global challenges. However, we need a sustainable, democratic and inclusive approach to not only technology – but also fundamentally to what it means to be a human being. In these times, it is important to have a culture where people at all levels have the courage to speak up and lead. These are virtues we need when shaping the new normal into something positive and providing the right answers and solutions for both clients and future generations.

Our people are our most important asset

These virtues are clearly evident when looking at our most important asset: our people. They have demonstrated their strength, flexibility and commitment to support our business with a positive mindset. We are dedicated to continuously support and develop



our young talent and experienced leaders all the way to partner level. It is important to us not to get stuck in outdated notions of what it means to be a good leader but constantly challenge ourselves and add to our skills as people leaders. We do that by developing tailor-made leadership programmes, but most importantly by listening to our employees and asking them to speak up in dialogue with the leadership team, partners and colleagues. More formally, we ask them to speak their minds in our annual employee engagement survey where we are proud to say that we had an impressive 80% engagement score and an overall participation score of 92%. Continued high scores on important areas such as Innovation, Trust, Well-being, Collaboration and "Values, Visions & Strategy" clearly show that we have a high degree of employee satisfaction.

KPMG in Denmark has grown at a staggering pace – now employing 759 employees – and we continue to embody an entrepreneurial spirit that dates back to our beginnings. Despite the sudden cancellation of career fairs and events and the inability to meet candidates in person, we have still managed to make meaningful connections through virtual fairs, chat events and online workshops. In total, we received a formidable number of 4,471 job applications during FY20.

Diversity is a way of living

To KPMG, diversity will never be an end goal. It is a way of living, a way of doing business and a way of achieving a more inclusive, more just and more effective workplace. With a diverse workplace, we get all perspectives and ensure that we give our clients the best advice. We have made a clear commitment to equality and to a culture that is free from discrimination whether based on race, ethnicity, gender, gender identity, sexual orientation, disability, age, marital status or religious beliefs. A work environment that is free from all kinds of harassment, including sexual harassment, is simply imperative.

We are therefore happy to see that 41% of the 4,471 job applications we received in FY20 were from women. We also welcomed 41 new graduates and trainees of whom 58% were women (50% in Audit and 67% in Advisory). These numbers mark a significant improvement from previous years, and we will continue to focus on improving gender equality and creating an inclusive space for all of our employees at KPMG. Overall, 38% of our employees are female and 24% of the leadership team are currently women. On the diversity agenda in terms of nationality, we are now counting 31 different nationalities which means that we are proud to say that we have a truly internationally diverse group of employees.

The real heroes that make sure we live up to our high standards are our dedicated employees. They drive various communities such as HeadSpace promoting mental health and decreasing work-related stress; QueerSpace devoted to the LGBT+ agenda reminding everyone to have the courage to be yourself and embrace differences and the Balance Initiative looking at ways of attracting and developing female talent, as well as helping our employees to balance their professional and private lives.

Initiatives like these reflect the values of integrity and respect that we live by in KPMG.

Trust is our licence to operate

Our independent auditors perform the valuable role of being a trusted intermediary between the providers of business information and the users of that information. In the wake of the economic crises and scandals of the past few years, independent auditors are on the cusp of a transformative change. Stakeholders are demanding more transparency, and we are responding: changing how we operate, being proactive in listening to our stakeholders and embracing Data & Analytics (D&A) and new processes that are enabling us to make audit more relevant and continue to raise the bar on quality and trust. Applying LEAN methodologies to the audit

process is one example of how we are enhancing audit quality to the benefit of the organisations we serve. FY20 was a strong year for our audit business. A significant part of the FY20 growth was realised through providing audit and assurance services to our existing clients and a large number of new mid-size companies. In the Top 500 segment, we also experienced an increasing win rate within both audit and audit-related services.

Going into FY21, we expect to continue our well-defined audit strategy focusing on both large-cap and mid-size companies and scalable start-ups offering a strong audit practice with a solid palette of related services.

A state of hyper automation

KPMG in Denmark has carved a strong foothold in the consulting market with our market-leading technology approach advising big clients in both the private and public sector. When we introduced our NewPractice framework two years ago, we wanted to offer our clients a ground-breaking way of looking at the potential of new emerging technologies. This approach has matured, and we are now moving from a state of intelligent automation to hyper automation. We bundle technologies together with an end-to-end perspective and design processes to technologies, not vice versa. By discarding the notion that automation technologies are made with the sole purpose to automate human tasks, we have developed an operational framework for delivering digital transformation by re-engineering business processes and utilising the full spectrum of artificial intelligence (AI) and machine learning. This enables automation on a substantially greater scale than ever before. Hyper automation is the core of what we call NewPractice.

While our NewPractice framework is maturing among our clients, we are breaking new ground as KPMG in Denmark has been appointed to host KPMG's global hub for quantum technology. Standing on the shoul-

ders of Danish quantum physicist Niels Bohr, we are certain that the next great technology leaps will be centred around quantum computing. Already now, we see our most forward-thinking clients investing in quantum technologies, particularly within security, trading and risk handling. This will continue to be an exciting area and focus for further investment for us going forward.

Leaders in an evolving tax landscape

The rate of regulatory change has never been greater. We see an increased demand for professional assistance, which requires more than just a standard tax adviser. In response to that, our services continue to evolve to meet the modern complexities and challenges that our clients face with a strong focus on multidisciplinary, technology-driven and collaborative approaches. Covering all areas of tax disciplines, our tax team works shoulder to shoulder with more than half of the top-listed companies in Denmark and the majority of the largest Danish and foreign-based multinational enterprises with operations in Denmark.

We also continue to take a leading role in Responsible Tax, recognising that our clients and our communities want to address the role of tax within the context of a wider conversation concerning fairness, globalisation, digitalisation, inequality and trust.

Driving sustainability for a better tomorrow

Climate change has climbed to the top of the societal and private sector agenda over the past decades. Similarly, systemic issues, such as ecosystem health and human rights, increasingly call for private sector participation in the solution. KPMG's Sustainability & ESG Services team helps our clients prepare for the challenges that define our generation, and the ever-evolving environmental, social and governance

expectations from investors, customers, policymakers and societal stakeholders.

An important part of our work at KPMG is to constantly push important sustainability agendas forward. In FY20, we partnered with FSR – danske revisorer to conduct a pioneering study on climate reporting using AI to show that less than 20% of the largest Danish companies report their carbon emissions against the global standard, the Greenhouse Gas Protocol.

Making a difference in our local communities

At KPMG, both in Denmark and globally, one of our core values is to improve our communities, and we are deeply committed to achieving this by making a positive impact in our communities and the environment through the work we do. In 2020, senior KPMG employees acted as mentors for former military veterans helping them with their transition into civilian life – one of them is now a KPMG colleague.

We continued helping young boys from vulnerable areas to get started with their own micro businesses through Mind Your Own Business. As part of our focus on citizenship and contribution to society, we also supported the Ronald McDonald Foundation in their important cause of providing homely housing for families with seriously ill children.

Showing courage today to build a better tomorrow

At KPMG, we help our clients build a better, more sustainable and prosperous world. This ambition goes hand in hand with our successful growth journey which we plan to continue by both enlarging our portfolio of services and relentlessly focusing on staying the best in selected areas such as AI and automation. We keep adding to the synergies of services we deliver across Advisory, Audit and Tax, which is why we have started a law firm that will keep expanding in the years to come. We will keep developing innovative tech-based sustainability analyses and reporting to help our clients transform their businesses in a competitive landscape shaped by data, new technologies and increasing regulations. Secondly, it is our ambition to develop and nurture the skills of our already highly talented people. Their entrepreneurial spirit has proven itself outstanding through the last tumultuous year, and we want to keep building on that while still attracting new talents in order to grow our business. A third priority will be to drive cross-functional key account management as well as strengthening our regional presence through our offices in Aarhus, Aalborg and Kolding. Paraphrasing an old Robert F. Kennedy quote sums up the essence of our way of thinking in KPMG: "Some people see things as they are and ask why? We want to dream about things that never were and ask why not?"

"While technology and the world we live in are constantly changing, certain values stay the same over time. Education is not enough – we need human beings shaped by real-life experiences and cultural understanding to deliver extraordinary results."

Henrik R. Mulvad,
CEO & Senior Partner, KPMG

About KPMG

KPMG in Denmark

KPMG in Denmark is organised in separate legal entities that provide services through a cross-functional collaboration between KPMG P/S

(license to provide Audit and Advisory services) and KPMG Acor Tax P/S & affiliated companies.



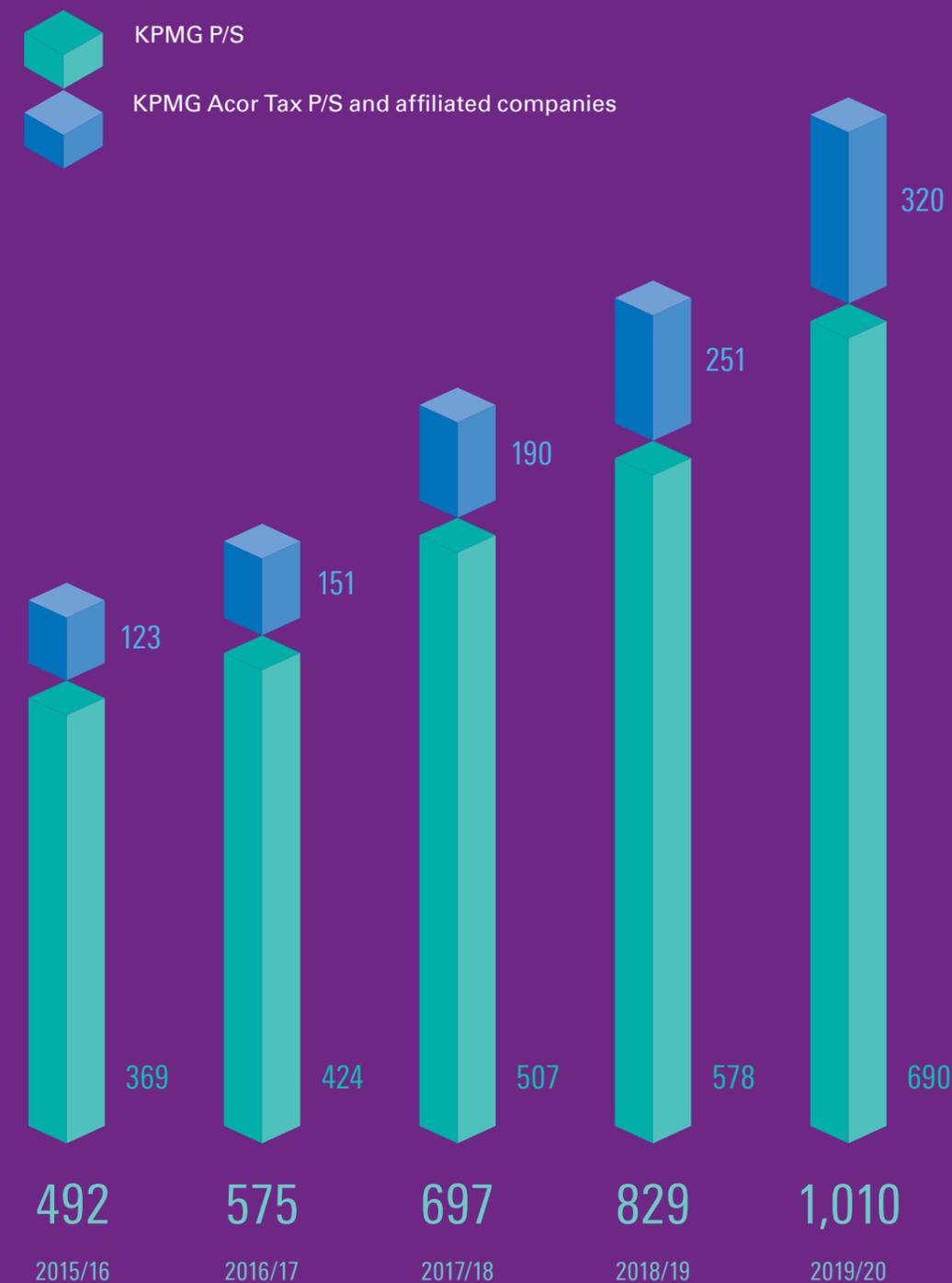
Our global network

KPMG is a global network of professional services firms providing audit, advisory and tax services. We operate in 146 countries and have 220,000+ 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.



Increase in revenue



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

Principal activities and financial position

Principal activities of the Company

The principal activities of KPMG P/S are offering 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 and deal advisory. KPMG P/S is a Danish limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited.

Operational risk

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

Acting with integrity

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence. 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.

At all levels, we act in a way that exemplifies what we expect of each other and our clients. Our employees go through annual training in independence, and KPMG does not tolerate corruption or bribery in any form or shape.

Rigorous processes and policies are set in place to ensure that every level of our business fulfils its duty and meets our strict quality objectives. We have a whistleblower function in place, and this year we have run a campaign where all can raise their hand and speak up in confidentiality if they experience something that is against our values. We are satisfied with the results of this and continue our work. Trust needs to be earned every day, and the continued growth in both our business and the number of job applications is a testament to the trust we have earned in the market and from people.

Our Transparency Report, which will be issued on 1 February 2021, 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 through our ongoing work in progress and receivables, which is mitigated by a broad and diverse client base. The current economic situation during COVID-19 has increased the overall general credit risk, and this has been reflected in Management's accounting policies. 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 2019/20.

Development in activities and financial position in 2019/20

KPMG P/S realised revenue of DKK 690 million in the financial year 2019/20 compared to DKK 578 million in 2018/19, and a net result of DKK 6.2 million. Our revenue for the year is in line with our expectations on continued growth compared to our forecasts, and the net profit for the year is slightly better than expected due to savings incurred in particular due to less spent on travel and events during the unusual circumstances under the COVID-19 pandemic. In general, our results reflect our economic condition: our continued strong growth in all service lines, expanding services within assurance and advisory services and the decreased need for financial support from KPMG International. We have incurred costs in relation to our organic growth, especially in regard to our hiring processes, attracting new talents and further investing in our tools and structures. These investments ensure the expanding delivery of high-quality services to our clients.

Financial outlook 2020/21

We expect to keep growing in the coming year as we continue to see a material demand for our expanding services in the market. However, due to the impact of COVID-19 on the economic situation, we have lowered our growth forecast. We continue to invest in our growth, attracting and retaining highly skilled people so that we are positioned to adapt to the changing market conditions. We therefore expect revenue growth to be around 5% in the coming financial year 2020/21 and a net result in line with this year's result.

Intellectual capital

Our people are our most important asset. We continuously support and develop the skills of our employees all the way to partner level. We do that by developing tailor-made training and leadership programmes. We joined efforts with our Nordic and Baltic sister firms to create a Centre of Excellence (CoE) responsible for designing, developing and delivering high-quality and innovative learning and performance support solutions for all staff across the region. Most important is listening to our employees and asking them to speak up in dialogue with the leadership team, partners and colleagues. Our latest people survey results show an employee engagement rate of 80%.

We have a market-leading approach to the use of new technologies and are investing in developing new solutions within artificial intelligence, machine learning, data & analytics, robotic process automation and quantum technologies. Moreover, KPMG in Denmark has been chosen by KPMG International to be a hub for the research and development of quantum technology solutions to our clients around the globe.

Goals and policies for the underrepresented gender

In our Board of Directors, we are currently five members, one of whom is a female – our Chairperson, Anja Bjørnholt Lüthcke. We have set ourselves a target to improve this imbalance in the gender composition of our Board of Directors, and therefore we aim to have at least one more woman to join the Board of Directors within the coming 3-4 years. We believe that our Balance Initiative, described later in the report, is a good way to strengthen the pipeline of senior female leaders and make up for the lack of qualified candidates we have been unable to find. Overall, 38% of our employees are female and 24% of the leadership team are currently women.

Climate change and corporate social responsibility

Substantial reduction in CO₂ emissions

As a result of our shift to more remote and virtual ways of working due to COVID-19, we saw a strong reduction in CO₂ emissions in FY20, both in absolute and relative terms. Going forward, learnings from remote and virtual working could serve as considerations for maintaining lower level of emissions in particular from business travel.

In FY20, we reduced relative carbon emissions (CO₂ per FTE) by 64% compared to 2019 to 0.62 tonnes of CO₂ per FTE. Compared to the baseline year of 2016, KPMG in Denmark reduced relative carbon emissions by 75%. The significant reductions are a result of reduced business travel and, more importantly, fulfilling our ambition to source 100% renewable electricity for our office in Copenhagen, starting in January 2020. While pleased with this reduction, we know that we have an even bigger task ahead of us in the coming years.

In continuation hereof, the Global KPMG network of member companies has announced its intention to become a net-zero carbon organisation by 2030. To underpin this goal, the global organisation has signed up to a series of new climate actions, including a Science-Based Target with an ambition level of keeping global warming below 1.5°C by reducing KPMG's direct and indirect greenhouse gas (GHG) emissions by 50% by 2030.

Committed to doing our part

In 2020, the COVID-19 pandemic posed unexpected global challenges to our society but also created a momentum for change and for future-proofing of businesses in all sectors. In the midst of such global challenges, increased focus on topics such as climate change, environmental matters, and human rights are sparking calls for actions from civil society, political leaders, regulators and investors to be responsible and set ambitious targets.

As a strong proponent of this crucial development, KPMG remains committed to delivering growth in a sustainable way. Since 2002, KPMG International has been a signatory of the United Nations Global Compact (UNGC), upholding the UNGC's principles throughout our global network. At KPMG, we support and respect the protection of human and labour rights (read more in the section: Diversity is a way of living), have zero tolerance to corruption and bribery in any of its forms (read more in the section: Acting with integrity), and work towards reducing our environmental footprint.

As a professional services firm, our impact on climate is by far the most material environmental topic (read more in the section: Substantial reduction in CO₂ emissions). Still, we are taking steps to reduce the environmental impact of our daily operations. Our waste is separated into landfill and recyclable waste, amounting to 32.41 tonnes of waste to landfill and 14.27 tonnes waste recycled in 2019-20. From 2020

onwards, all plastic bottles used on our premises are made of 100% recycled plastic. This year, we have introduced organic waste initiatives in our offices, whereby organic waste that would have otherwise been disposed of is separated, and sent for generation of energy. 7.56 tonnes of organic waste have been reused for energy generation in 2019-20.

Nurturing tomorrow's business talents

We have completed our yearly Mind Your Own Business (MYOB) Academy before summer where 18 KPMG mentors supported 4 micro companies with a total of 38 boys participating in the Academy. The KPMG mentors are assigned to a specific micro company for a period of eight months and help the company grow through mentoring and workshops. KPMG takes on the role as business mentor for the young boys and help them build a strategy for their micro company. This includes a full-day goal-setting session for all micro companies hosted by KPMG, as well as subsequent workshops tailored to each micro company's needs and aspirations. Finally, and most importantly, the initiative allows for mentoring on other aspects of life besides those related exclusively to the micro companies, and the teenage boys and mentors often build strong bonds. This fall, we have just started the next MYOB Academy and are excited to continue supporting new micro companies and aspirations of tomorrow's business talents.

"Mentoring is a fun way to practice specific skills in a new context, but it is also an 'out of the ordinary' opportunity to get to know a group of curious and ambitious boys. To me, this relationship is what makes it really special – their spirit and courage is both inspiring and contagious."

Cornelia Bergholt,
KPMG

In FY20, KPMG's contribution to our local communities included more than 900 pro bono hours as part of our various partnerships in addition to donations and fundraising to organisations such as Julemærkefonden, EventyrJul and Red Barnet.

As part of our focus on citizenship and contribution to society, we also partnered up with the Ronald McDonald Foundation to provide services and advice regarding financial and tax matters. Our contribution includes a significant number of non-chargeable hours to support the foundation's important cause of providing homely housing for families with seriously ill children admitted to Rigshospitalet and enabling related research projects and activities.

"KPMG's contributions help ensuring that our resources can be used to focus on supporting the seriously ill children and their families."

Flemming Meyendorff,
Chairman of the Ronald McDonald Foundation

Matching military competencies with civilian workforce

In FY20, we continued our rewarding partnership with Velkommen Hjem (eng: Welcome Home). Velkommen Hjem supports formerly deployed veterans in their transition to the civilian workforce, focusing on how their unique military competencies and experience can be transitioned to the civilian workforce. The goal is to support the veterans in this transition by uncovering their competencies and matching them with a mentor from a private company. At KPMG, eight of our most senior colleagues were mentors in FY20 working closely with their mentees to help them on their journey. Despite COVID-19, the mentors continued their mentoring via virtual channels thereby creating a new structure for the programme that allows even more possibilities of mentoring throughout the country. One of the mentorships even resulted in KPMG hiring one of the veterans.

"The veterans are 'taking one for the team'. I have been given a golden opportunity to give something back to these courageous people through my mentorships with Velkommen Hjem. It has been a very rewarding experience."

Brian Lyng,
Director, KPMG

Veterans in new clothes

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. Offering mentors for the organisation Velkommen Hjem, we help veterans realise how their military skills and experience can be brought into play in the civilian business world. Brian Lyng, Director in KPMG in Denmark, helped Kenneth Nørgaard realise his potential and he is now one of our new colleagues.



Values we believe in

Integrity

We do what is right

Integrity means we are honest, fair and consistent in our words, actions and decisions – both inside and outside work. We take responsibility and accountability for our day-to-day behaviour, and we hold ourselves to the highest moral and ethical standards at all times – even when under pressure. We keep our promises and set an example for others to follow.

Excellence

We never stop learning and improving

Excellence means relentlessly delivering quality work to the highest professional standards. We do this by staying curious and taking personal responsibility for our learning. We constantly look to improve our work through data and insight and are open to new challenges and feedback because that is how we develop and improve.

Courage

We think and act boldly

Courage is about being open to new ideas and being honest about the limits of our own knowledge and experience. It is about applying professional scepticism to what we see and asking questions where we have doubts. We speak up if we see something we believe is wrong, and we support those who have the courage to speak up themselves. Courage is being bold enough to step outside of your comfort zone to do what is right and meaningful for all our stakeholders.

Together

We respect each other and draw strength from our differences

We do our best work when we do it together: in teams, across teams and by working with others outside our organisation. Working together is important because we know it is collaboration that shapes opinions and drives creativity. We embrace people with diverse backgrounds, skills, perspectives and life experiences and ensure that different voices are heard. We show care and consideration for others and strive to create an inclusive environment where everyone feels they belong.

For Better

We do what matters

For better means we take a long-term view, even in our day-to-day choices, because we want to build a stronger KPMG for the future. We never lose sight of the importance of our role in building trust in the capital markets and in businesses. We make sustainable, positive changes in our local communities and in society at large, striving to make the world a better place.

Employee-rooted change for all our people



In FY20, we all had to adjust to new ways of working as did the rest of the world. We applied new virtual platforms and connective tools empowering us to stay connected and able to develop and learn new skills – even when we were at a distance. It was challenging, but it has also proven that we have fantastic employees who truly have the courage to adapt. They have demonstrated strength, flexibility and commitment to support our business with a positive mindset.

We are dedicated to continuously support and develop our talent and continue attracting and retaining top talents to KPMG. We do that by listening to our employees and by asking them to speak up in dialogue with the leadership team, partners and colleagues. More formally, we ask them to speak their minds in our annual employee engagement survey where we are proud to say that we had an impressive 80% engagement score and an overall participation score of 92%. Continued high scores on important areas such as Innovation, Trust, Well-being, Collaboration and "Values, Visions & Strategy" clearly show that we have a high degree of employee satisfaction. However, we are dedicated to keep strengthening our employee satisfaction, and we commit ourselves to doing so.

KPMG is a popular workplace

KPMG in Denmark has grown at a staggering pace since 2014 – now employing 759 employees – and we continue to embody an entrepreneurial spirit that dates back to our beginnings.

Set against the backdrop of COVID-19, our talent acquisition team was – like everyone – forced to think in new ways. The sudden cancellation of fairs and events meant that we no longer had the opportunity to meet candidates in person, but we could still make meaningful connections through virtual fairs, chat events and online workshops. In total, we received an amazing 4,471 job applications during FY20.

Diversity is a way of living

To KPMG, diversity will never be an end goal. It is a way of living, a way of doing business and a way of achieving a more inclusive, more just and more effective workplace. At KPMG, inclusion and diversity means that we strive to create a work environment where everyone's ideas and voices are heard, where everyone feel they can flourish and be the best version of themselves.

On the diversity agenda in terms of nationality, we are now counting 31 different nationalities which means that we are proud to say that we have a truly internationally diverse group of employees.

Gender diversity is extremely important for us as we thrive with a more balanced workforce. 41% of the 4,471 job applications we received in FY20 were from women. We also welcomed 41 new graduates and trainees, of whom 58% were women (50% in Audit and 67% in Advisory). These numbers mark a significant improvement from previous years, and we will continue to focus on improving gender equality and creating an inclusive space for all of our employees at KPMG. Overall, 38% of our employees are female and 24% of the leadership team is currently women.

They drive various communities, such as HeadSpace promoting mental health and decreasing work-related stress. QueerSpace is devoted to the LGBT+ agenda reminding everyone to have the courage to be yourself and embrace differences. The Balance Initiative is focusing on initiatives helping our employees to balance their professional and their private lives. The committee is especially dedicated to looking at ways

of attracting and developing female talent, focusing on a balanced recruitment at all levels, retention of talent and improving work-life balance.

Learning for the future

In FY20, the world faced significant challenges, and at KPMG P/S, we saw this as an opportunity to look at new ways to raise the bar to develop our people. We pride ourselves in embodying a pioneering spirit, and we have used this to strive for higher development standards and seek new ways to build the skill sets of our people. Ranging from investing in new digital learning platforms, to challenging our high-potential talent to participate in a series of live challenges in partnership with the Danish Design Centre.

One of the biggest highlights of FY20 was that we joined efforts with our Nordic and Baltic sister firms to create a Centre of Excellence (CoE) responsible for designing, developing and delivering high-quality and innovative learning and performance support solutions for all staff across the region.



***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

***courage
to never
compromise***

Never compromise your own beliefs, always challenge the existing, but don't ever lose yourself, are core values for Lasse.

Lasse-Erik Bønsøe Larsen,
KPMG

Trust is our licence to operate

Independent auditors perform the valuable role of being a trusted intermediary between the providers of business information and the users of that information. In the wake of the economic crises and scandals of the past few years, independent auditors are on the cusp of a transformative change. Stakeholders are demanding more transparency, and we are responding: changing how we operate, being proactive in listening to our stakeholders and embracing Data & Analytics and new processes that are enabling us to make audit more relevant and continue to raise the bar on quality and trust. Applying LEAN methodologies to the audit process is one example of how we are enhancing audit quality to the benefit of the organisations we serve.

Innovation is at the heart of our audit strategy. Without innovation, we cannot fulfil the responsibility we have as auditors to society and the capital markets. As experienced professionals, 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.

A winner in the large-cap segment

The former perception of KPMG as being less relevant as trusted auditors and advisers within the Top 500 segment is history. We have a well-defined audit strategy focused on both the large-cap and mid-size segments as well as selected industry segments. With a growth of 9%, FY20 was yet another strong year for our audit business.

A significant part of the FY20 growth was realised through providing audit and assurance services to our existing clients and a large number of new mid-size companies. In the Top 500 segment, we also experienced an increasing win rate within both audit and audit-related services.

FY20 was an exciting year as the expected journey towards building even more credentials within the large-cap segment continued. The EU audit reform triggered a number of audit tenders in the past year, but it also opened up for an increased competition in relation to audit-related services and led to delivering a large range of exciting services to the Top 500 seg-

ment. This included amongst others assistance with IFRS 17 and IFRS 9 implementation projects to some of the largest insurance companies in Denmark, a large number of process optimisation projects, assistance to internal audit functions and a wide scale of different accounting and advisory services.

Going into FY21, we expect the journey towards building even more credentials within our audit practice to continue. A large number of clients, including in the Top 100 segment, must rotate their audit, which means we will be able to continue showcasing our skills and underline the fact that KPMG in Denmark is again a relevant player within the large-cap segment, with a strong audit practice and a solid palette of related services.

While audit methodologies may be comparable among the Big Four, the clear differentiator in the large-cap audits is the experience, competencies and understanding that the team brings and how easily they work together as one integrated unit. Ultimately, it is

all about trust and personal commitment. We will use our cutting-edge technology and our Data & Analytics tools to deliver insights and the continued high audit quality that KPMG stands for.

"During the unpredictable and uncertain times we are in now, KPMG has been a strong and trusted adviser for us. Especially during our application for the various relief packages."

Jørgen Nielsen,
CEO, Copenhagen Zoo

courage to act

As a musician, Sona masters classical piano. As a developer, she has coded a machine-learning algorithm that prevents credit card fraud. As a competitive gamer, she beats all the boys in DOTA and Counter-Strike.

Sona Pakhchanyan,
KPMG

“We acknowledge the responsibility we have as auditors to society and the capital markets. High-quality, independent financial statement audits are essential to maintaining investor confidence, which is why we must keep pushing the bar and innovate our practice.”

Lau Bent Baun,
Head of Audit, KPMG



Deriving value from financial reporting

In KPMG's Accounting Advisory & Assurance Services team, we are experts in deriving value from the financial reporting processes, whether it is as cost savings, reduced errors, faster reporting or a strengthened insight and business understanding. Oftentimes, we see that improvements go hand in hand – the overall goal is after all the same: to build trust.

Drawing on our globally founded expertise, we analyse the current processes to get an understanding of inputs, data processing, controlling, output and related systems and stakeholders. This helps us assess the potential for improvements, and in FY20 this has been the basis for an open discussion around ambitions, possibilities and solutions.

The financial processes are derived by the demand for timely and accurate information and to some extent regulated by standards and law. To deliver the best service in the market, we bring all our experts together for the specific engagement often

including both accounting specialists, process experts and consultants focusing on digitalisation and robotics.

Our results show great possibilities and unharvested potential. We found efficiencies for more than half of the financial reporting processes in respect of time and continue to improve the information and validity, and we have digitalised processes and implemented robots, effectively reducing the need for human involvement. The potential exists in both small organisations and large listed groups.

But without effective communication, even the best financial processes are worthless to both management and external stakeholders. We help building new management reporting models and strengthen annual reports. In our experience, an investment in this will result in a high return for companies looking into future growth, recruitments and listings, and it is in general of public interest.

Building resilience in our clients' businesses through sustainability

Climate change has climbed to the top of the societal and private sector agenda over the past decades. Similarly, systemic issues such as ecosystem, health and human rights increasingly call for private sector participation in the solution. KPMG's Sustainability & ESG Services team helps our clients prepare for the challenges that define our generation and the ever-evolving environmental, social and governance expectations from investors, customers, policy-makers, and societal stakeholders.

In 2020, the COVID-19 pandemic highlighted the need to build more resilience into societies, economies and re-shaping of business models. As the global community rebuilds, we continue to provide our clients with the expert knowledge and toolbox to understand and take action on sustainability topics such as climate change and human rights. Our purpose is guided by supporting our clients in anticipating the future, by applying social and environmental lenses to future-proof strategies and business models.

Sustainable finance: A fundamental reshaping of global finance

In 2020, the European Union adopted the EU taxonomy for sustainable activities, a cornerstone of the EU sustainable finance action plan, which aims to:

1. re-orient capital flows towards more sustainable technologies and businesses
2. finance sustainable growth over the long term
3. contribute to a low-carbon, climate-resilient and circular economy.

Clients in focus

This year, KPMG continued to support our clients with sustainability strategy, ESG, sustainable finance, reporting and impact from the transport industry to further expanding our depth of expertise, breadth of client base and expertise in the financial sector. Notably, we supported HusCompagniet in scaling up sustainability reporting and ESG disclosures in alignment with for instance the FSB's (Financial Stability Board) Task Force on Climate-related Financial Disclosures (TCFD) Recommendations. Based on HusCompagniet's leadership ambitions on sustainability, the company has set targets to build less carbon-intensive homes and achieving carbon neutrality in their operations by 2030.

"We engaged KPMG to help us progress further on the ESG agenda and to serve in the role as sounding board. KPMG did a great job in helping us integrate sustainability into HusCompagniet's long-term strategic priorities and demonstrate transparency in our ESG reporting."

Mads Dehlsen Winther,
Group CFO, HusCompagniet

Applying AI to climate change

An important part of our work at KPMG is to constantly push important sustainability agendas forward, through research and thought leadership. Bringing together cutting-edge technology and sustainability expertise, KPMG partnered with our national industry association, FSR – danske revisorer, to conduct a pioneering study on climate reporting using artificial intelligence.

The study used OCR (Optical Character Recognition) and a neural network, which is a machine learning algorithm, to 'read' over 2,000 financial statements to assess companies' CO₂ reporting. The research showed that less than 20% of the largest Danish companies report their carbon emissions against the global standard, the Greenhouse Gas Protocol. These findings highlight the room for Danish companies to improve carbon reporting as a basis for further emissions reductions.

Alongside these policy developments, market-based solutions to climate and ecosystems' challenges are rapidly developing, driven by demand from consumers, investors, regulators and visionary private and financial leaders. These include financial products that attract capital to sustainable ends, such as green- and sustainability-linked bonds and credit facilities, and ESG/impact funds. At KPMG, we advise our clients through the rapidly-changing landscape of sustainability expectations and regulations, ESG disclosure requirements and a converging set of global standards.



Committing to Real Change

In partnership with Above & Beyond, KPMG hosted and joined a gathering of 19 top CEOs who in the presence of Minister for Equal Opportunities, Mogens Jensen, signed a CEO Pledge outlining our commitment to diversity and inclusion through three key leverage points: ACT inclusively, BUILD a balanced talent pipeline and COMMIT to flexibility.

Cutting through complexity in the financial sector



The strategic agenda for the Financial Services industry is still dominated by evolving regulation aimed at improving transparency and ethical behaviour, while demographic changes and the rise of disruptive technology are paving the way for new competition from non-traditional financial entrants.

In a digital world, customers expect to receive tailored products and services and access them in the way they want. This development opens up new opportunities and challenges within insurance and banking.

For our clients to adapt and meet these demands, digital transformation is high on the agenda. KPMG aims to provide customised solutions and embrace technology that can radically improve our clients' internal processes and customer services, while having a stringent risk management and compliance set-up.

The COVID-19 pandemic has added further complexity and uncertainty to the industry, but in KPMG we have seen good client responses and have been able to deliver value despite the challenges for the society and the industry.

KPMG's financial services team counts specialised and experienced auditors and advisers, working cross-functionally between audit, actuarial services, management consulting, transformation, risk management, valuation of investments, compliance and tax.

Strong demand for innovative banking services

KPMG's banking team supports both Danish, Nordic and international banks and various financial institutions implementing regulatory requirements and Management Consulting, covering both digital transformation, anti-money laundering and general compliance issues, such as IFRS17, modelling, risk management and tax. We experienced a high demand for our services in FY20, especially within AML, compliance and digital transformation.

The need to address regulatory challenges in the financial services sector through innovative technology is significant, and we expect considerable growth in this area in FY21. Our financial services team is working closely together with cutting-edge technology solutions servicing our clients and driving both efficiency and value. We are working with projects that combine technology and anti-money laundering on a new level using technology which substantially increases the efficiency, level of accuracy and trust. In addition, we will continue to enhance our Nordic banking networks within all regulatory aspects to ensure the best competence hub across the Nordic region and provide the best outcome for our clients.

Transparency and digital transformation

As mentioned, the financial services sector is rapidly changing with customers expecting more than traditional financial services. During FY20, KPMG guided and supported our clients and potential clients in manoeuvring their organisations to adapt to these increasing demands. Delivering services that create credibility and trust to our clients' deliveries and market information.

In FY20, KPMG's Financial Services team continued supporting Danish life and non-life insurance companies with audit services, implementing regulatory and accounting changes, IT transformation projects and tax services, to name but a few. We continued our cooperation with our Nordic financial services teams leveraging our competencies across the Nordic region offering unparalleled integrated services across borders and service lines, putting the client at the centre.

FY20 was also the year when KPMG helped a number of large Nordic insurance companies assess and evaluate the impact of the "new" accounting standard for insurance contracts and helped plan for implementation. In a world with increasing demands for compliance, complex models, longer life expectancy and capital requirements, we have built a solid actuarial team that is market leading across the Nordics. We are proud that more than ten companies within the life and non-life sector have outsourced their actuarial, risk management, compliance and internal audit functions to us.

We also increased client interest in Data & Analytics and our capabilities within process mining opened up for a pilot and transformation project within Internal Audit at one of the bigger banks in Denmark.

We will continue our strategic focus and investment in the insurance and banking sector and expect to continue strengthening our Financial Services Team.



Continued solid presence in the mid-market

In FY20, KPMG kept building a solid presence in the mid-market and continued to win exciting clients with ambitious growth strategies such as Yggdrasil Commodities.

We believe we are winning these kind of clients because we truly understand our clients' businesses. Whether our clients are entrepreneurs looking to get started and innovate, fast-growing companies or established companies looking for an exit strategy, we understand what is important to them and can help them navigate their challenges.

We are still 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.

Creating clarity in uncertain times

As a consequence of the COVID-19 outbreak, a unanimous government and parliament agreed to the adoption of extensive relief packages to save Danish companies and jobs.

In spring 2020, KPMG introduced a dedicated COVID-19 relief package team in order to:

1. be able to advise companies and clients about the relevant law and regulations as well as the

required documentation needed to apply for the relief packages.

2. provide our audit teams with specialist knowledge during the required audit involvement to ensure that the work was conducted with the highest quality and lowest cost for our clients during these challenging times.

KPMG also developed a simple and clear web-based tool – www.kompensationsberegner.dk (eng: 'compensation calculator') – shortly after the lockdown in March 2020 and in parallel with the introduction of the various relief packages.

By inputting a few details about the specific business and company, the tool calculates the possible compensation to receive under the different relief packages. During March to June 2020, the 'compensation calculator' had more than 30,000 visitors, and more than 40,000 preliminary calculations were performed. We also advised both existing and potential clients in understanding and interpreting the various relief packages.

Overall, the dedicated team succeeded in ensuring that clients and audit teams were provided with the best knowledge and support. The team was in close contact with the Danish Business Authorities ensuring that questions and issues were solved quickly and correctly.

“KPMG has supported us in our business journey from "seed to speed" and the KPMG team – including their tax specialists – understands what it takes for us to be successful in both the starting and growing phase.”

Søren Agersbæk Jensen,
Co-founder and CEO, Yggdrasil Commodities ApS

KPMG Services in Denmark

KPMG Advisory

Financial Services

CFO Advisory

Technology Enablement

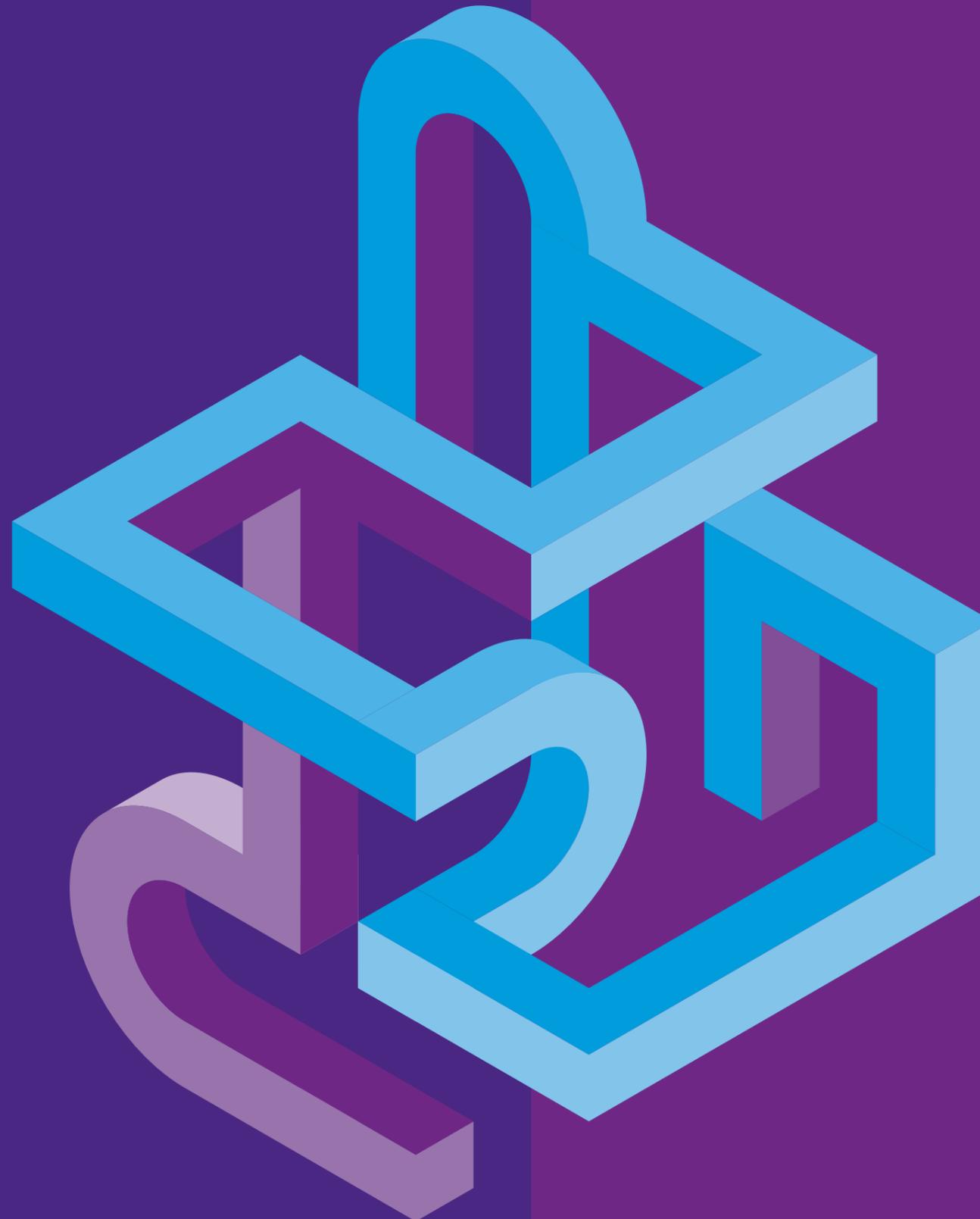
Deal Advisory

NewTech Advisory

IGE Advisory (Infrastructure, Government and Energy)

DGO Advisory (Digital, Governance and Operations)

Operations Advisory



KPMG Acor Tax

Mergers & Acquisitions Tax

Financial Services Tax

Global Mobility and People Services

International Tax

Corporate Tax

Transfer Pricing

Tax Dispute Resolution & Controversy

Global Compliance Management Services

Tax Transformation

Indirect Taxes

Tax Technology

Automotive

KPMG Audit

Financial statements – audit/reviews

Assurance Services

ESG and Sustainability Services

Accounting Advisory Services

courage to continue

Troels finds great joy in riding his motorcycle, feeling the acceleration and force of the engine. It requires a continuous sharp focus on the interaction between man, machine and the environment.

Troels Leth Petersen,
KPMG



Helping start-ups reach their full potential

The Danish start-up scene has been growing at a rapid pace over the past years, and KPMG's specialised start-up team has expanded accordingly to support both early-stage start-ups, and larger scale-ups in their international growth. COVID-19 has not made life for start-ups easier – but through our good collaboration with Innovationsfonden and Vækstfonden, we strive to help start-ups see the opportunities that are available in these challenging times.

We are heavily involved with many important emerging companies that are all striving to create healthy businesses, while many at the same time contribute with new solutions to some of our global challenges within areas such as energy, CleanTech and MedTech.

During the past six years, we have developed a leading competence in the Danish tech scene, built on a solid team of specialised auditors and advisers. After six years, we are happy to conclude that we have reached our initial objectives, but we continue to strive in developing Denmark's leading offering to assist tech start-ups from the early stage.

When advising start-ups, it is clear that we create most value when we ensure that founders receive the right advice from the earliest stage, to get the correct corporate and legal structure in place from the very onset and think tax matters through.

We are heavily engaged in pro bono education of the Danish start-up scene because we believe that bright

people who have the courage to start a business deserve all the support and encouragement they can get. We 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 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 the 2020 virtual edition of TechBBQ, the biggest start-up event in the Nordics.

KPMG now has Denmark's most effective service for scalable tech start-ups and we are looking forward to further expanding our reach in 2021 building a presence on all major university start-up hubs and establishing an even stronger footprint across Denmark.

"KPMG has been an important partner on our journey over the past year. They really understand the dynamics of a start-up and have been proactive and very professional. "

Torkel Elgh,
Chairman of the Board, Hymeth ApS



A catalyst for sustainable growth

While COVID-19 has swept across the globe in 2020, most of our clients are still facing the same challenges as before the pandemic. A global technology race is still ramping up speed with significant ramifications for individuals, industries and society at large. The winners in the coming years are the companies that are able to shape the new digital opportunities for the good of their business and the greater good of society. Understanding the implications of the exponential growth of data and the proliferation of artificial intelligence and automation is crucial to succeed for the individual organisation, but also for society as a whole if we want to succeed in battling global challenges like climate change and the aftermath of COVID-19.

We believe this approach combined with our deep business expertise and use of cutting-edge technologies is what sets us apart in the market and has contributed to our Advisory services growing

25% in FY20. We have yet again ensured that our clients have made successful endeavours in solving their most critical business challenges.

“In Advisory, we want to constantly push the boundaries of what is possible with new technologies. But the rapid pace of technology also gives rise to distrust of science and technology, which is why we need to ensure that the new technologies are used for the good of society and that people experience a positive change using new technologies.”

Morten Mønster,
Head of Advisory, KPMG in Denmark

“Technology is the starting point for our strategic ambition to put customers first and innovation at the centre at Alm. Brand. KPMG has been a key partner in our work to identify potential and create solutions within AI, Machine Learning and Robotics.”

Kristian Hjort-Madsen,
Group EVP, CCO & CDO, Alm. Brand

Global disruption is accelerating digital maturity

Disruption is an overused buzzword, but it is truly the best way to describe 2020. With a pandemic rattling the world, businesses have been shaken at their core and their ability to act in an agile manner has been critically tested. With companies forced into a high-paced digital transformation, the need for re-engineering work processes to accommodate this has been inevitable and pressing.

Industries have experienced innovation at a drastically high pace forcing companies to explore how new technologies can minimise their losses. Already before COVID-19, we were seeing a positive trend amongst companies' digitalisation journeys. What has changed this year is a tremendously accelerated development, where companies are making decisions faster and show even greater agility in terms of acting on them.

Moving from intelligent automation to hyper automation

Our NewPractice framework has matured and is now more relevant than ever. We are moving from intelligent automation to a state of hyper automation. This means bundling technologies together with an end-to-end perspective and designing processes to technologies, not vice versa. By discarding the notion that automation technologies are made with the sole

purpose to automate human tasks, we have developed an operational framework for delivering digital transformation by re-engineering business processes and utilising the full spectrum of AI and machine learning. This enables automation on a substantially greater scale than ever before. Hyper automation is the core of what we call NewPractice.

A great example of this is our collaboration with TDC. It was initially a project aimed at a limited part of the organisation, focusing merely on task automation. Together with TDC, we have now expanded it company-wide and brought automation to entire functions. As an example, we have automated 100% of an outsourced financial function.

“KPMG has in close collaboration with us accelerated our intelligent automation efforts. They have the perfect combination of in-depth understanding of our business and technical AI expertise. This has enabled KPMG to challenge our current processes and suggest complete re-design through end-to-end automation.”

Erik Halskov,
Senior Vice President, Head of Accounting,
TDC Group

When doing this kind of hyper automation, a range of different technologies is applied and the interplay amongst them needs to be understood. With an increase in completely unattended automated processes, more interaction is also happening between humans and technologies, for example through chatbots or voice assistants. This interaction, conversational AI, is growing in use, and so does companies' need to also understand this interplay. Organisations need to develop capabilities regarding the interactions between humans and artificial intelligence.

Finally, the maturity of machine learning is also evolving rapidly, continuously enabling better end-to-end automation. We are reaching a new level of predictions with greater options of explanations. Our team reached new heights solving complex problems for our clients regarding pricing and distribution as well as improving our anti-fraud solution further on an ongoing basis.

"KPMG brought strong competency in AI to complement our team on our journey to deliver the best possible customer service. Together, we have built tools that empower our customer to customise their fraud strategies and tactics, instead of only applying one predefined set of anti-fraud measures. The consultants from KPMG know what they are doing and are easy to work with both at team and executive level. "

Jeppé Folling,
Vice President, Risk Management Services, Nets

Game-changing technologies are gaining speed

2020 proved that emerging technologies are gaining momentum in Denmark. This was also supported by the recent appointment of KPMG P/S to host KPMG's global hub for quantum technology due to our skills and investment in the area. Already, we see our most forward-thinking clients investing in quantum technologies, particularly within security, trading and risk handling, as well as education in quantum computing.

In line with all mentioned above, our NewTech service line grew significantly over the last year and continues to do so. New cells are continuously emerging and being added to our organisation, allowing us to keep working aggressively on developing new solutions to improve processes, business models and society, whilst in parallel achieving growth.

"If we can convert the Danish stronghold in quantum research to a growth platform for Danish business, we may have laid the foundation for the next commercial export adventure. Building upon KPMG's understanding and experience of quantum technology and their ability to make a complex topic accessible, KPMG has carried out an interesting mapping of the quantum area which provides us with some of the answers on how to proceed. "

Malene Stidsen,
Project Lead, Industriens Fond

Celebrating female role models in Tech

As more and more women embark on a journey in the tech industry, we want to salute these pioneers taking the path less travelled and do what we can to make way for the newer generations to follow. Women like these show exactly the kind of courage we applaud at KPMG. Monica Kristoffersen and Mie Holmbo Hansen from KPMG's NewTech team served as judges for the 2020 Nordic Women in Tech Awards. Through our sponsorship, we make sure to put the female tech role models in the spotlight, broaden the talent pool and enhance the chance for more creative solutions and new perspectives.



Digitalisation capabilities put to the test

When an unforeseen all-encompassing event such as COVID-19 strikes, and millions of consumers and companies suddenly want your company to perform exclusively online, it puts enormous pressure on the organisations which are not fully end-to-end digitalised. In 2020, supply chain, manufacturing, warehouse management and customer engagement platforms suddenly experienced a massive 'live-test' of their capacity and capability to service a surge of new customers, demanding real-time updates and information. On top of this, cybercrime increased dramatically targeting the exponential rise in less-than-secure conference platforms, further stressing IT and business organisations across industries, bringing about the perfect storm of expected controlled digitalisation.

The companies handling this the best were the ones with plans already in motion to further digitalise, while those still doing their business without a coherent digital infrastructure felt the brunt of the crisis the most.

Doing Digital versus Being Digital

In KPMG in Denmark's Technology Enablement team, we aim to empower businesses through technology. But technology only takes you so far, if your IT operating model is not aligned to a digital world and your technology platforms are still burdened by outdated hardware, software and data models. In the previous years, we saw a resurgence of modernisation programmes, attacking years of under-investment of back-office and core enterprise platforms, now evident by the demands of new, modern customer engagement digitalisation initiatives asking for real-time data

and processing capabilities to serve the demands of the online consumer.

To a large extent, 2020 further exacerbated the difference between 'doing digital' and 'being digital' as companies now have hands-on experience of how they perform when faced with drastically increased online demands from both consumers and employees. Traditional IT organisations, which focused on control and stability, now suddenly had to act with a pace many were not geared to, as well as profoundly challenging ways of working.

The good news is that the CIO has less challenges presenting a potential modernisation roadmap, based on the experience from the past eight months. Although some sectors are hit significantly harder than others, the general indications in the market are a broad acceptance of pace and investments needed across both traditional IT and emergent technologies. At KPMG, we assist clients with defining clear roadmaps to support both risk reduction, cost optimisation and concise business growth potential. Furthermore, we have geared our clients to successfully execute these changes in a programmatic, controlled fashion, with explicit focus on organisational change management and transparent governance.

Nothing is ever simple

Our clients face massive challenges with driving down legacy IT risk and at the same time enabling new modern platforms to support their critical strategic targets. The needed parallelism across multiple IT and business

disciplines seriously challenge organisations not used to driving transformative programmes. This is where KPMG assists our clients in defining simple 'execution engines' that drive transformations across multiple tracks at the same time, enabling IT and business organisations to untangle complex legacy IT, while bridging and building to new strategic platforms.

We base our programme design on our in-depth analysis of a client's point-of-origin and link these to specific tactical and strategic targets. Leveraging IT strategy, assessments, roadmaps and hands-on implementation experience across CRM, ERP and advanced Analytics, the Technology Enablement team ensures a clear direction, an established proven method of execution and a world-class team to support our clients in reaching their goal of becoming truly digital.

Streamlining customer engagement for Danish Crown Foods

Danish Crown Foods focuses on a more consumer-oriented Sales and Marketing strategy due to consumers' shifting focus towards environmental awareness and alternative lifestyle choices. To achieve this, KPMG has drawn up a roadmap with a number of key initiatives across key business applications. With the continued help from KPMG, Danish Crown Foods now works on initiatives to streamline customer engagement and increase productivity and collaboration. Central to this is the availability of data across platforms and teams as well as key insights to drive decisions from a customer perspective.

courage to share

Counter-Strike teaches you that when you start playing together you also start winning more. Marc applies this insight to his work. He believes working together towards shared goals makes a bigger difference.

Marc Anthony Herskind Woolrych,
KPMG



courage to aim for the top

Climbing is problem-solving in its most raw and natural form. The steeper and more challenging the way up is, the more rewarding is the feeling for Kristine when reaching the top.

**Kristine Waldal Olsen,
KPMG**



Optimising operating models through digitalisation

Digitalisation has for decades been a central part of companies' ability to optimise, develop and differentiate. In many industries, it has nevertheless been difficult to replace legacy technology and find the right level of technology support for business processes, due to fragmented and siloed operating models with lack of process ownership across business areas. This has led to self-developed and point solution technology supporting fragmented, broken business processes with a lack of transparency.

Our work with Service Management based on ServiceNow, with multiple private and public clients, are good examples on how the right Service Management perspective can connect, align and optimise processes across the business and utilise the newest technology platforms to not only support business processes, but also in some cases replace human interaction with stable, standardised off-the-shelf software solutions.

Creating the foundation for taking the next step for digitalisation

Information technology has developed at a tremendous pace over the past decades, with new possibilities for digitalisation, optimisation and data analysis. Danmarks Nationalbank is on a transformation journey to become a highly advanced user of the newest technology trends in the regulated and complex industry in which they are operating. In 2020, KPMG continued its

close work together with Danmarks Nationalbank as a strategic client, to develop their technology strategy and ensure the right balance between utilising the newest technology trends, security and cost/benefit. We continue into 2021 to work with Danmarks Nationalbank on their exciting digitalisation journey.

Recognised IT outsourcing leader

With a track record of high-quality performance and a strong reputation among other key players in this field, KPMG has become widely recognised as a market leader in the Danish IT outsourcing market. We continue to develop our market-leading practice with numerous IT vendors across the public and private industry. The booming journey continued throughout 2020, with KPMG successfully guiding Energinet, the Danish national transmission system operator for electricity and natural gas, 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 Radius, a Danish electricity distributor, through their transition and transformation activities including establishing a contract Management function, following our outsourcing project in 2019. Currently, KPMG is busy supporting Energinet in a number of contract management and tendering activities and Adecco Group with cost optimisation in their IT operations.

Procurement digitalisation as transformation

Globally, IT departments are under a constant pressure to deliver better and more flexible services at a lower cost level, improving control over spend. Many of our clients are challenged by high transaction costs, due to complicated manual procurement processes, lengthy management approvals, and a general lack of integration with other business processes and systems.

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

In FY20, 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 globally to the table in one of the world's largest toy manufacturers based in Denmark, digitalising and enabling standardised global procurement processes to increase efficiency.

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. At 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 who have worked on many of Coupa's most complex implementations."

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

Towards a greener and more digital society

FY20 was a historically challenging year for the public sector in Denmark. The global COVID-19 pandemic sent shockwaves across ministries, government agencies and local authorities across the country, radically recalibrating entire organisations. At the same time, we saw public sector actors adapting and innovating at impressive speed, quickly integrating new, digital ways of working and responding to the altered demands of citizens and society.

Building on years of working with a range of both public and private sector clients, we have used our in-depth sector knowledge to support this transformation towards more digital and sustainable solutions within the sectors of infrastructure, government and energy.

The work spans from helping public authorities ensuring quality services under ever-tighter budget constraints to delivering highly technical assistance to large energy and infrastructure companies.

Following the large number of COVID-19 relief packages for businesses in 2020, KPMG also assisted the authorities in the comprehensive task of ensuring the right use of public funds.

Our clients include Energistyrelsen, HOFOR, Energinet, Sund & Bælt, Skatteforvaltningen, Erhvervsstyrelsen, Økonomistyrelsen, Konkurrence- og Forbrugerstyrelsen, Danmarks Nationalbank, Banedanmark, Vejdirektoratet, Metroselskabet and Københavns Kommune.

The future of transportation

KPMG supports a number of transportation clients, including Vejdirektoratet (The Danish Road Directorate). In 2020, KPMG helped Vejdirektoratet implement a new BI solution to support their traffic centre, improving the way they work with traffic data and analytics on a strategic, tactical and operational level. This also enabled Vejdirektoratet to work with data in new and explorative ways.

"We have worked with KPMG for several years. I have always appreciated the professionalism and strong technical approach that KPMG brings to the table."

Jens Holmboe,
Managing Director, Vejdirektoratet

Building on our deep insight into the transportation sector, it is no surprise to us that Denmark in FY20 was among the ten countries in the world best equipped to let driverless cars loose on its road network. This is demonstrated by the KPMG Autonomous Vehicles Readiness Index (AVRI), featuring Denmark for the first time this year.

According to the report, the strong position is due to Denmark's highly functional transport infrastructure, a high degree of digitalisation, technology preparedness and public acceptance of self-driving vehicles among other things.

That being said, there is still a lot of work ahead of us in order to fully seize the potential of tomorrow's transportation in Denmark. Helping infrastructure stakeholders to realise this potential of a smoother traffic experience continues to be an important focus for KPMG going forward.

Developing strategy for a sustainable future

In the area of energy and supply, KPMG plays an important role in developing sustainability strategies for both public and private sector players.

In FY20, we assisted HOFOR in developing a new strategy that will enable the organisation to reach its vision of creating sustainable towns and cities.

With more than 1,200 employees, HOFOR supplies customers across Copenhagen with a range of supply services.

The strategy sets new standards for the organisation's ways of working, thereby positioning HOFOR even more clearly as an important player in the efforts to strengthen green, inclusive and sustainable solutions in the Danish capital.

"KPMG helped us throughout all stages of the strategy journey, ensuring a highly inclusive process and contributing with deep insights on strategic and transformational processes. The outcome is a strong and visionary strategy for HOFOR, which is firmly anchored in our organisation, and welcomed by our many users and partners across Copenhagen."

Lars Therkildsen,
Managing Director, HOFOR

Bringing Finance into the future

Many companies are experiencing how application of digital solutions and automation changes the ways of working in Finance. This will be even more pronounced in the coming years as digital solutions mature and the mindset will change from a "pilot-based" incremental approach to an "end-to-end" automation approach where the entire process is transformed using digital solutions.

The implications of digitalisation are that current Finance operating models will be challenged in terms of organisational agility and simplification. The service delivery model for Finance will to a greater extent be based on digital processes, strive for zero cost to scale, no longer be geography-bound and be subject to ongoing standardisation for artificial intelligence instead of standardisation for humans. Combined with the repercussions of the COVID-19 pandemic, this will challenge the traditional way of thinking, and where offshoring and labour arbitrage for many years have seemed to be the answer to realising cost savings, there is now a new paradigm where digitalisation and automation are used to realise even greater cost savings.

Data provides better forecasting

Data has become the new oil, and the volumes of data collected have never been bigger. This will pave the way for algorithms and advanced analytics that will provide new data-driven insights. Finance plays a unique role in this transformation as Finance spans the

entire value chain and because of Finance's role as a partner to the business.

Finance will need to rethink planning and forecasting processes and utilise the greater access to data. Instead of involving many finance and business stakeholders in a time-consuming bottom-up process, forecasts can be generated intelligently from drivers and algorithms. Finance and business stakeholders then only need to validate the data-driven forecasts. This will provide a dynamic way of forecasting and will allow for agile simulations and scenario analyses supporting better business insights and faster decision-making.

Digitalising risk and compliance

Risk and compliance will also be subject to digitalisation. In a digital world, risk and compliance must support and not hinder digital innovation. Risk and controls will be optimised together with processes, and process mining will be used to perform data-driven process visualisations, enabling more efficient harmonising of processes. Process mining will also be used to perform data-driven risk and controls analysis. The digitalisation of processes will enable the automation of risk and controls, resulting in a more efficient and robust compliance set-up.

Digitalisation also demands changes to the workforce, requiring a modern workforce embracing the new ways of working defined by digitalisation. This means that Finance besides finance professional skills and

business skills also has to provide data modelling and analytics skills. At the same time, the mindset must change from "how AI can be used to optimise selected activities" to "how we as humans can enrich an AI-optimised finance process."

Optimising visions and digital opportunities

Many companies face opportunities within application of digital solutions and automation but lack the capabilities to exploit these opportunities themselves. During FY20, KPMG assisted several companies with everything from definition of vision and identification of digital opportunities to implementation of digital solutions. At the same time, KPMG acted as a sounding board and assisted with guidance in relation to implications for the finance operating model.

Within the Enterprise Performance Management area, we assisted our clients with projects focusing on design of a robust performance management set-up with the right governance in place and the right performance dialogues and Key Performance Indicators. At the same time, we enabled data insights and management reporting built in dynamic and agile solutions.

On the compliance agenda, we completed projects aimed at combining process optimisation, risk and controls, and advanced data analysis. To facilitate both a best practice and a data-driven approach, we

developed a comprehensive process mining solution that links processes, risks and controls into a holistic approach that helped our customers gain fast and valuable insights into the design of a robust compliance set-up.

We assisted our clients with economic modelling projects, including financial scenario analysis, business cases, profitability models and cost transparency models and facilitating the subsequent analysis and decision-making process.

Furthermore, we assisted numerous clients with finance support spanning all types of business controlling, financial controlling and interim tasks required to drive a strong Finance organisation.

In the coming year, we will continue to assist our clients with cost optimisation, performance management and digital transformation to enable the Finance function to be fit for the future.

"The key to success for the Finance function of the future is to proactively develop a roadmap for how your Finance organisation can turn digitalisation into automation and opportunities for competitive advantage and improved insight."

Martin Andersen,
Partner, Digital Finance

Establishing secure digitalisation

In FY20, Business and ICT leadership were tremendously challenged as real life tested the business continuity plans. The current crisis has shown everyone why deep understanding of the critical business data, the core processes, and a resilient infrastructure architecture must be on the agenda of every business. Hence, investing in and understanding cyber and information security is a prerequisite for the resilience of not only your company but for protecting our society. This is one of the reasons why KPMG's Digital Governance and Operations (DGO) team had significant growth in FY20 – and why we expect growth the coming years.

COVID-19 has shown many organisations how business-critical the complex digital ecosystem is and how fundamentally important a holistic approach to governance and use and protection of ICT is. The digital transformation journey requires deep insight, knowledge and experience – and it is vital that boards and senior management understand how to intertwine the various aspects of the digital journey, specifically the organisational and technological aspects. KPMG's DGO team helps create overview, coherence and actionable strategy plans for how to enable and establish secure digitalisation that creates value.

Any modern organisation wants to efficiently protect their most valuable assets against the hordes of cyber-criminals roaming the internet, trying to dismantle, disrupt, disable or destroy their ability to do business or offer services. This is possible by aligning the components of the digital transformation journey, such as cybersecurity, enterprise architectural design thinking, data governance and agile programme delivery in an overarching governance model utilising good practice, ISO27001 and ITIL.

“KPMG helped us dimension and establish EnergiCERT (Computer Emergency Response Team), and further with helping us achieve an important goal in the Energy Sector’s cybersecurity strategy. The work underlines that the Energy Sector is a part of the national critical infrastructure.”

Jørgen S. Christensen,
CTO, Dansk Energi

Compliance and cybersecurity go hand in hand

KPMG's DGO team encompasses all the must-have requirements to succeed on a digital business transformation journey – we know how to glue governance together with implementation and operation. We focus on three critically important areas: Cyber & Compliance, the new oil – Data – and how to efficiently develop and implement solutions.

By combining strategic advisory on the holistic cyber and information security journey with deep technical insight, we helped our clients in FY20 with governance, strategy, risk assessment and mitigation of cyberthreat and vulnerability, as well as compliance and living up to standardisation and regularity requirements.

Focusing on the agile journey to successfully deliver and implement IT solutions in organisations, we helped our clients assessing their agile maturity level, planned and ran agile projects and ensured that entire organisations join the journey through extensive focus on organisational and change management. We refined

data to provide organisations with the best data basis possible reducing errors and enabling strategic as well as operational decisions to be made on an informed basis. We performed data analyses and clean-ups as well as advisory on how to optimally structure data in clients' solutions.

Establishing EnergiCERT

A Computer Emergency Response Team (CERT) monitors and responds to security incidents, collects incident information and shares best practices. As part of the National Cyber and Information Security Strategy 2018-21, every critical infrastructure sector had to establish a CERT. KPMG has hands-on experience establishing CERTs in Denmark creating instant value around staffing and financing of CERTs.

E-sports sharpens the senses

To excel at CS:GO you need to sharpen your senses, be a true team player and practice hard like Sona and Marc. This is why KPMG in Denmark brings gaming experiences to our clients and colleagues by sponsoring the BLAST Premier Finals and playing the game ourselves.



Rebounding M&A market in the face of an uncertain year

Businesses today are under more pressure than ever to deliver better, lasting results for stakeholders. In KPMG's Deal Advisory team, we think like an investor, looking at how opportunities to buy, sell, partner, fund or fix a company can add and preserve value.

The past year has without a doubt been unusual with COVID-19 moving the Danish M&A market into unseen and untested waters. While some sectors were abruptly impacted, others have been flourishing in unexpected ways. For instance, our real estate deal team has been busier than ever before, advising clients such as NREP and Midstar through real estate deals with a combined transaction value of close to DKK 15 billion. In other sectors during the year, we acted as advisers for clients such as Maersk Group, Danfoss as well as many private equity funds. Among other noteworthy transactions, we advised Gro Capital with the acquisition of the software company Queue-it, Marlin Equity with the acquisition of cloud-based cybersecurity company Heimdal Security as well as Maersk Group with the acquisition of the distribution and warehousing company Performance Team at a transaction value of USD 454 million.

Market-leading forecast analytics

In Deal Advisory, we have a strong focus on Data & Analytics and are continuously working with high ambitions to optimise our way of working with

advanced analytics and to leverage our clients' data to build strong investment cases and exhaustive due diligence at deal speed. We have proven our ability to deploy our capabilities by publishing an extensive bankruptcy forecast analysis of almost 300,000 Danish companies in the wake of the COVID-19 outbreak. We utilise our data-driven mindset to expand our reach and knowledge of the Danish business landscape across all sectors and apply our skills in ongoing deals by leveraging our leading analytical tools and frameworks. In Deal Advisory, we have a dedicated D&A team with consulting specialists in mathematics, business intelligence and applied data science. This gives us a market-leading edge in our ongoing innovation as well as in our day-to-day deal activities.

Both Danish corporate companies and Danish Private Equity funds picked up the pace on the M&A market after a short period of shell shock during the Danish lockdown in March. We see an investment appetite from our clients where especially companies within tech, pharma and renewable energy are hot assets in a period when agility and growth potential are essential criteria in uncertain times. We expect to increase our market share during the coming year as well as embracing a growing transaction market in Denmark.



courage to overcome fear

Boxing forces Lasse to have a strong focus. It gives him confidence and courage to overcome his fears, and strength and motivation to meet new challenges.

Lasse Møller Pedersen,
KPMG

On The Other Side

The corona pandemic has fundamentally changed our world. But how will the changes affect companies, consumers and our society? KPMG teamed up with podcast producers Heartbeats to discuss these questions with key business players through a podcast series of five episodes called "På den anden side".



Henrik R. Mulvad,
CEO & Senior Partner,
KPMG



Marie Høst,
Freelance journalist



Mette Lykke,
CEO,
Too Good to Go



Jim Hagemann Snabe,
Chairman of the Board,
A.P. Møller - Mærsk

Shaping the future of tax consultancy

The world around us has changed dramatically. More than ever before, we have the responsibility to bring clarity in these uncertain times by providing accountable tax advice to our clients – both short term and in the long run.

Our Tax Team, covering all areas of tax disciplines, works shoulder to shoulder with more than half of the top-listed companies in Denmark and the majority of the largest Danish and foreign-based multinational enterprises with operations in Denmark.

Leaders in an evolving tax landscape

The pace of regulatory change has never been faster. We see an increased demand for professional assistance, which requires more than just a standard tax adviser. In response to that, our services continue to evolve to meet the modern complexities and challenges that our clients face with a strong focus on multidisciplinary, technology-driven and collaborative approaches. Therefore, we are very proud to have received a number of recognitions and for being ranked as highly regarded tax advisers by International Tax Review within the fields of tax controversy, transfer pricing and indirect tax. This means that we are the Danish tax firm with the most highly regarded tax advisers in this context. Furthermore, also this year, we rank as Tier 1 firm in both World Tax and World Transfer Pricing, publications that provide rankings and profiles of the most effective transfer pricing and tax practitioners in the world.

Driving the responsible tax agenda and conversation

We continue to take a leading role in Responsible Tax, recognising that our clients and our communities want to address the role of tax within the context of a wider conversation concerning fairness, globalisation, digitisation, inequality and trust.

During the past year, in line with KPMG's Global Responsible Tax Project, we maintained our focus on participating in the public debate around responsible tax and contributing to bringing all the voices to the table for an open and relevant dialogue. We advised clients on the tax transparency agenda, the link to sustainability and the SDGs and how to accommodate the requests from various stakeholders. This includes assisting in preparing tax policy statements, total tax footprint reports and general communication on the tax affairs of a global taxpayer.

Tax reimagined – the future of tax is here

Tax today is attracting attention like never before – in all contexts of our society and businesses. Tax is at the forefront of negotiation and debate, and it is driving decisions on policy, trade, strategy and business transformation. This takes the form of new operating models, technology tools and capabilities which are more adaptable and configurable to tax needs and flexible new ways of approaching sourcing. KPMG's Tax reimagined solution architects collaborate

with our clients to bring tax expertise, a deep understanding of technology and innovative operating model designs to reimagine the tax function together. We help our clients transform and increase the efficiency and effectiveness of their tax and accounting functions through developing and executing a strategy for the management of compliance. Global compliance and transformation engagements are provided from more than 150 member firms around the world. Our team within this business area has positioned itself as the leading compliance provider in Denmark over the past year by winning four large outsourcing projects for large Danish multinational companies.

Transforming tax through technology

In today's complex tax landscape, technology is key and emerges as one of the most important enablers of effective tax department delivery. At KPMG, technology is at the heart of everything we do. We harness technology to innovate and help our clients overcome their biggest challenges. Technology has already shown great potential in transforming the way we manage tax matters, and we recognise that the training we provide our people needs to match the constant advance in technology.

We will continue to enhance our technology platform, enabling us to incorporate emerging technologies such as predictive analytics, machine learning, cognitive technologies and AI.

Navigating the new reality

We operate in a dynamic business environment where change is constant and universal. Flexibility is the new normal in coping with and responding to change. It is impacting society, our clients and ourselves, as organisational boundaries appear to be less relevant in the network and ecosystem era. During 2019, we worked on delivering on our strategic initiatives that were fully driven and executed by our people.

In the light of the COVID-19 situation, many companies are likely to be impacted by the COVID-19 coronavirus pandemic, either directly or indirectly, including ourselves, and the increased economic uncertainty and risk may have significant implications that need to be taken into consideration. Looking ahead, we stay optimistic in relation to growth across all our tax advisory services, including M&A, financial services, mobility services, automotive and tax controversy.



Financial statements

KPMG P/S

1 October 2019 - 30 September 2020

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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 2019 – 30 September 2020.

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 2020 and of the results

of the Company's operations for the financial year 1 October 2019 – 30 September 2020.

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, 17 December 2020.

Executive Board

Henrik R. Mulvad
CEO and Senior Partner

Board of Directors

Anja Bjørnholt Lüthcke
Chairperson and Partner

David Olafsson
Partner

Bo Johansen
Partner

Danny Golan
Partner

Niels Vendelbo
Partner

Our Leadership team photographed at The Royal Cast Collection. A place oozing of knowledge passed down through generations since the ancient Greeks.

Claus Bohn Jespersen,
Managing Partner,
KPMG Acor Tax

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

Morten Mønster,
Head of Advisory,
KPMG P/S

Henrik R. Mulvad,
CEO and Senior Partner,
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 2019 – 30 September 2020, 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 2020 and of the results of the Company's operations and cash flows for the financial year 1 October 2019 – 30 September 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 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 on the basis of the financial statements.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional 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, 17 December 2020

Redmark

Statsautoriseret Revisionspartnerselskab
CVR no. 29442789



Anders Schelde-Møllerup Funder
State Authorised Public Accountant
mne30220

Income statement

| Note | DKK'000 | 2019/20 | 2018/19 |
|----------|--|----------------|----------------|
| 2 | Revenue | 690,406 | 578,113 |
| | Other operating income | 15,962 | 14,918 |
| | Other external expenses | -227,201 | -192,588 |
| | Gross profit | 479,167 | 400,443 |
| 3 | Staff costs | -466,484 | -395,717 |
| 5 | Depreciation, amortisation and impairment losses on software, equipment and leasehold improvements | -4,904 | -4,966 |
| | Operating profit/loss | 7,779 | -240 |
| 6 | Financial income | 0 | 909 |
| 7 | Financial expenses | -1,585 | -669 |
| 8 | Profit for the year | 6,194 | 0 |

Balance sheet

Assets

| Note | DKK'000 | 2019/20 | 2018/19 |
|------|---------------------------------------|----------------|----------------|
| | Non-current assets | | |
| 5 | Software | 199 | 683 |
| 5 | Equipment and leasehold improvements | 4,725 | 6,615 |
| 9 | Deposits | 15,310 | 13,048 |
| | Total non-current assets | 20,234 | 20,346 |
| | Current assets | | |
| | Receivables | | |
| | Trade receivables | 117,281 | 146,555 |
| | Receivables from associated companies | 10 | 66 |
| 10 | Services in progress | 58,585 | 38,050 |
| 11 | Other receivables | 22,003 | 33,515 |
| | Receivables from partners | 97 | 0 |
| 12 | Prepayments | 3,905 | 2,862 |
| | | 201,881 | 221,048 |
| | Cash at bank and in hand | 131,086 | 25,437 |
| | Total current assets | 332,967 | 246,485 |
| | Total assets | 353,201 | 266,831 |

Balance sheet

Equity and liabilities

| Note | DKK'000 | 2019/20 | 2018/19 |
|--|--|----------------|----------------|
| Equity | | | |
| 13 | Contributed capital | 51,400 | 49,627 |
| | Retained earnings | -15,556 | -21,000 |
| | Reserve for unpaid contributed capital | 21,750 | 21,000 |
| | Total equity | 57,594 | 49,627 |
| Non-current liabilities | | | |
| 14 | Other payables | 21,220 | 2,574 |
| | Total non-current liabilities other than provisions | 21,220 | 2,574 |
| Current liabilities other than provisions | | | |
| 10 | Services in progress | 60,129 | 64,243 |
| | Trade payables | 32,895 | 30,652 |
| | Other payables | 181,363 | 118,426 |
| | Debt to partners | 0 | 1,309 |
| | | 274,387 | 214,630 |
| | Total liabilities other than provisions | 295,607 | 217,204 |
| | Total equity and liabilities | 353,201 | 266,831 |
| 15 | Contractual obligations, contingencies, etc. | | |
| 16 | Related party disclosures | | |
| 17 | Disclosure of events after the balance sheet date | | |

Statement of changes in equity

| Note | DKK'000 | Contributed capital | Retained earnings | Reserve for unpaid contributed capital | Total |
|------|--|---------------------|-------------------|--|---------------|
| | Equity at 1 October 2018 | 627 | 0 | 0 | 627 |
| | 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 |
| | Equity at 1 October 2019 | 49,627 | -21,000 | 21,000 | 49,627 |
| | Capital increase at par | 1,773 | 0 | 0 | 1,773 |
| | Reserve for unpaid contributed capital | 0 | -750 | 750 | 0 |
| 8 | Transferred; see profit appropriation | 0 | 6,194 | 0 | 6,194 |
| | Equity at 30 September 2020 | 51,400 | -15,556 | 21,750 | 57,594 |

Cash flow statement

| Note | DKK'000 | 2019/20 | 2018/19 |
|------|--|----------------|---------------|
| | | 6,194 | 0 |
| | | 4,904 | 4,966 |
| 18 | Changes in working capital | 98,320 | 8,981 |
| | Cash flow from operating activities | 110,418 | 13,947 |
| | Acquisition of software | 0 | -198 |
| | Acquisition of equipment and leasehold improvements | -2,530 | -3,201 |
| | Deposits (net additions) | -2,262 | 88 |
| | Cash flow from investing activities | -4,792 | -3,311 |
| | Shareholders: | | |
| | Contributed capital cash increase | 1,023 | 8,625 |
| | Partner finance paid out | -1,000 | 0 |
| | Partner finance paid in | 0 | 750 |
| | Cash flow from financing activities | 23 | 8,625 |
| | Cash flow for the year | 105,649 | 19,261 |
| | Cash and cash equivalents at the beginning of the year | 25,437 | 6,176 |
| | Cash and cash equivalents at year end | 131,086 | 25,437 |

Notes to the financial statements

1: Accounting policies

The annual report of KPMG P/S for 2019/20 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 lives. The amortisation period is usually three years.

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

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

Equipment and leasehold improvements

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

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

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

Gains and losses on the disposal of equipment and leasehold improvements are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively. The carrying amount of equipment and 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 recognized according to the gross method, after which the unpaid contributed capital is recognized 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 operating activities

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

Cash flow from investing activities

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

Cash flow from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise bank deposits.

Financial ratios

Financial ratios are calculated 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 | 2019/20 | 2018/19 |
|---|----------------|----------------|
| 2: Segment information | | |
| Revenue arising from audit and advisory services, mainly delivered in Denmark | | |
| Audit | 224,664 | 205,855 |
| Advisory | 465,742 | 372,258 |
| | 690,406 | 578,113 |
| 3: Staff costs | | |
| Wages, salaries and partner remuneration | 439,066 | 371,260 |
| Pensions | 24,273 | 21,448 |
| Other social security costs | 3,145 | 3,009 |
| | 466,484 | 395,717 |
| <p>The Board of Directors did not receive remuneration for provision of board-related services in 2019/20 (2018/19: DKK 0). Pursuant to the exemption clause for reporting class C entities under section 98b(3) of the Danish Financial Statements Act, the Company has chosen to omit disclosure of executive board remuneration as it would lead to disclosing the remuneration of a single person. Last year's executive board remuneration amounted to DKK 5,338 thousand.</p> | | |
| Average number of employees, including partners | 517 | 469 |
| 4: Fees to auditor appointed at the general meeting | | |
| Statutory audit | 157 | 152 |
| Tax/VAT advisory services | 506 | 511 |
| Other | 13 | 16 |
| Total fees to Redmark | 676 | 679 |

| DKK'000 | Software | Equipment and leasehold improvements |
|---|------------|--------------------------------------|
| 5: Equipment and leasehold improvements | | |
| Cost at 1 October 2019 | 2,765 | 45,816 |
| Additions | 0 | 2,530 |
| Disposals | 0 | -8,349 |
| Cost at 30 September 2020 | 2,765 | 39,997 |
| Depreciation and impairment losses at 1 October 2019 | -2,082 | -39,201 |
| Depreciation | -484 | -4,420 |
| Depreciation on disposals | 0 | 8,349 |
| Depreciation and impairment losses at 30 September 2020 | -2,566 | -35,272 |
| Carrying amount at 30 September 2020 | 199 | 4,725 |

| DKK'000 | 2019/20 | 2018/19 |
|---------------------------------|--------------|------------|
| 6: Financial income | | |
| Net foreign exchange gains | 0 | 909 |
| | 0 | 909 |
| 7: Financial expenses | | |
| Interest expense to banks, etc. | 215 | 669 |
| Net foreign exchange losses | 1,370 | 0 |
| | 1,585 | 669 |

| DKK'000 | 2019/20 | 2018/19 |
|---|--------------|----------|
| 8: Proposed profit appropriation | | |
| Retained earnings | 6,194 | 0 |
| | 6,194 | 0 |

| DKK'000 | Deposits |
|---|---------------|
| 9: Deposits | |
| Cost at 1 October 2019 | 13,048 |
| Additions | 2,262 |
| Cost at 30 September 2020 | 15,310 |
| Carrying amount at 30 September 2020 | 15,310 |

| DKK'000 | 2019/20 | 2018/19 |
|---|---------------|----------------|
| 10: Services in progress | | |
| Selling price of work performed | 464,829 | 374,893 |
| Progress billings | -466,373 | -401,086 |
| | -1,544 | -26,193 |
| Recognised as follows: | | |
| Contract work in progress (assets) | 58,585 | 38,050 |
| Contract work in progress (liabilities) | -60,129 | -64,243 |
| | -1,544 | -26,193 |

| DKK'000 | 2019/20 | 2018/19 |
|---------------------------------|---------------|---------------|
| 11: Other receivables | | |
| Contributed capital receivables | 21,750 | 21,000 |
| Other receivables | 253 | 12,515 |
| | 22,003 | 33,515 |

12: Prepayments

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

13: Contributed capital

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

| DKK'000 | 2019/20 | 2018/19 | 2017/18 | 2016/17 | 2015/16 |
|--|---------------|---------------|------------|------------|------------|
| Balance at 1 October | 49,627 | 627 | 560 | 560 | 560 |
| Cash capital increase at par | 1,773 | 49,000 | 67 | 0 | 0 |
| | 51,400 | 49,627 | 627 | 560 | 560 |
| The contributed capital is specified as follows: | | | | | |
| A shares, 23,041,200 of nom. DKK 1 each | 23,041 | | | | |
| B shares, 28,358,400 of nom. DKK 1 each | 28,359 | | | | |
| | 51,400 | | | | |

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 1,773 thousand of which DKK 1,023 thousand is paid in cash.

14: Non-current liabilities

DKK 4,421 thousand of the non-current liability is outstanding debt after 5 years.

15: Contractual obligations, contingencies, etc.

Operating lease obligations

Remaining operating lease obligations at the balance sheet date amount to DKK 31,049 thousand falling due within eight years (2018/19: DKK 26,813 thousand). In 2019/20, operating lease payments incurred amounted to DKK 21,615 thousand (2018/19: DKK 18,464 thousand).

Contracted sub-lease income amounts to DKK 2,220 thousand, which falls due within one year (2018/19: DKK 2,591 thousand).

KPMG P/S is part in a few pending disputes and provisions have been made for estimated costs related to these. In Management's opinion, the outcome of these disputes will not affect the Company's financial position besides what has been provisioned for as at 30 September 2020.

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

16: Related party disclosures

KPMG P/S' related parties comprise the following:

Control

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

Other related parties:

- Leadership team and Board of Directors
- KPMG Komplementarselskab ApS
- KPMG member firms including KPMG Acor Tax Partnerselskab and KPMG Law Advokatfirma P/S.

Related party transactions

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

17: 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

18: Changes in working capital

| | 2019/20 | 2018/19 |
|------------------------------------|----------------|--------------|
| Change in receivables | -19,917 | -26,017 |
| Change in trade and other payables | -79,403 | 34,998 |
| | -99,320 | 8,981 |