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Moments that matter

22/23

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Content

CLIENT IMPACT Lundbeck
Page 14

PEOPLE Anna Alieva
Page 50

BEST MANAGED COMPANIES
Page 64

Impact report FY23 | Moments that matter

Management commentary

A learning experience for life

Christian Jensby, *CEO & Partner*

GLOBALLY, DELOITTE NOW HAS **457,000** EMPLOYEES.

Up, up, up. Throughout the 2022-2023 financial year, it sometimes seemed like this was the only direction things were heading. Inflation, and in turn interest rates, skyrocketing. Energy prices soaring. Global temperatures rising alarmingly, leading to long heatwaves and raging wildfires. And on top of all this, growing geopolitical uncertainty and mounting tensions.

All of these factors contributed to a general sense of permacrisis, reflected in a degree of reticence and reluctancy in the market. But despite the challenges in our markets, Deloitte Denmark was able to navigate safely through the troubled waters, and we have secured solid growth, good financial results andstrengthened our capabilities across the five business areas. This is, of course, important, but when I look back over the year, I find myself particularly proud of the way our people's ambition and attitude ensured we collectively achieved so much more than simply getting through times of uncertainty. We delivered more than expected, and this report is a testament to the impact we made – together.

Highlights from the business

Deloitte remains the largest professional services firm globally with more than 457,000 employees and revenue of USD 64.9 billion. This year, the Big Four business model was debated anew after one of our competitors announced plans to split their business. Although their plan was eventually dropped, this debate remains an important one. Independence between audit and advisory is absolutely key to uphold our trust, but we do believe that the benefits of an integrated firm outweigh the challenges. And we believe that the complexity that our clients are facing requires a diverse set of capabilities. Our global reach in combination with our unique multidisciplinary model caters for exactly that.

To match the complexity our clients are facing, we need to bring the best of Deloitte to our local market in a seamless and consistent way. Therefore, we are accelerating the integration across geographies. For seven years, we have been integrating into the Nordic member firm, and we are driving this forward at pace and at scale, moving towards shared accountability and an integrated business. We continue to strengthen our ties to the global firm. And our partnership with Deloitte North South Europe, encompassing member firms from 28 nations across Europe and the Middle East, spanning Reykjavik to Riyadh, allows us to transform at scale and at pace.

As this report shows, over the last financial year we achieved 12 per cent growth, resulting in revenue of DKK 4,963 million (approx. 666 million Euro). The numbers are one side of the story, but growth is not a measure of success in and of itself. Our purpose drives the work we do – and we live this purpose in our actions and engagements, creating an impact that matters for our clients, our people, and the society of which we are a part. We are proud to work with such a diverse range of clients, across industries, spanning the business community and public institutions alike.

Our brand position has never been stronger, and we are market leading in several areas of offerings – a testament to the work of our talents and an achievement to be proud of. We continue to be seen as an attractive employer – amongst the top 5 preferred employers of business students; number 1 for audit – and this year we onboarded 832 new talents to Deloitte Denmark.

Enter next generation

Many of these talents are young people – over half of the new talents we onboarded, in fact, were new graduates. And whilst the young generation are often talked about – in the media, in workplaces, by politicians – I worry, however, that society today is not always good enough at inviting young people into these conversations. Not good enough at giving them the chance and the space to speak their own minds. And, as we see in Deloitte, with so many talented young colleagues, this is a missed opportunity – not least when we consider that Generation Z are the leaders and decision-makers of tomorrow.

We can't ignore the fact that an increasing number of young people feel overwhelmed, stressed, and anxious. This is a situation everyone in society needs to work together to get a grip on – not least because our young people, as I witness every day, bring innovation, new ways of thinking, fresh perspectives, and a social-minded ambition which strengthens our society immeasurably.

In the midst of ongoing debates about young people's mental wellbeing, we launched new insights on Generation Z and Millennials in the workplace. Our approach was and continues to be a constructive one: highlighting the potential to be realised; challenging biased assumptions. And, on top of this, our latest Small Great Nation report – The young generation: from school, screens and stress to the hope of the future – offered a fact-based analysis of young people's wellbeing, alongside practical recommendations to turn the tide on an alarming trend.

Deloitte wants to include young talents even more, and our aim is to become the number one talent development firm and learning institution in Denmark. We have a unique opportunity here – and, I believe, a responsibility to lead the way – as new joiners are taking their first steps in the labour market.

We are a diverse firm, and this will be reflected in our efforts: our goal is to create a learning experience for life for talents at all levels and ages. We elevated our efforts this year – recognising the responsibility we have to develop unique talents while they are with us. A key concept which will underpin the work we do in this area, both now and moving forward, is psychological safety. We want our people to feel seen, heard, and respected: to be safe in the knowledge that, with us, they are playing on home turf. And we are rethinking our role in the ecosystem of education and work more broadly.

As such, we are already sketching out plans for the establishment of our very own learning institution. But we won't stop here. Deloitte isn't an island, but a part of society. We have a responsibility to collaborate – which is why, at my first Town Hall as CEO, I invited Nikolaj Malchow-Møller, President of CBS, Camilla Kruse, People and Purpose Leader at Deloitte, and David Johannes Treschow Ellebye, President of CBS Students, to discuss precisely how we can work together on lifelong learning.

And, just as importantly, we also have a responsibility to step forward constructively – which is what we did when I spoke at the Danish Parliament regarding plans to shorten the length of master's degrees in Denmark. Deloitte welcomes over 400 new graduates each year – and we, as a firm, struggle to see how shortening study programmes won't lead to a subsequent decrease in competencies amongst graduates.

As a nation whose prosperity depends on knowledge and innovation, Denmark can't afford to fall behind on this front. And as a leading professional services firm, we need to commit ourselves to lifelong learning.

With the new financial year, we said goodbye to Anders Dons in the role as CEO of Deloitte Denmark after a decade of incredible impact. It is difficult to express how important Anders Dons has been in positioning Deloitte in society, taking responsibility, and pushing agendas far beyond what was previously thought possible for a professional services firm. In the spirit of his leadership, we have informed public opinion – e.g. together with the think tank Kraka in our joint project Small Great Nation. We will continue to expand this thought leadership position in the years to come.

An ESG career to unfold

When global leaders and decision makers met for the World Economic Forum in Davos, Deloitte published a report looking at the way climate change is affecting decisions and strategies implemented at the CxO level. We are at a tipping point in history, and Deloitte is taking action through our World*Climate* programme – our transformation to become a sustainable firm, with science-led targets for reducing our carbon footprint.

Throughout the year, climate issues, ESG, and sustainability were top of mind with clients and in our own organisation. Today, we have more than 80 talents dedicated to sustainability in a multidisciplinary team providing a seamless service to our clients whether they are getting started with ESG, need help with data and documentation to comply with new regulations, or want to adjust their entire strategy.

In audit as well as in advisory, ESG is now the prism through which we are viewing all our activities and services. ESG has quickly developed from being seen as an add-on to being rightly recognised as a given – a core and constituent part of how business behaves. This profoundly affects not just the way we work, but also the way we attract and retain talents.

Committed to diversity and inclusion

Creating a level playing field is crucial for us – so as to ensure that our diverse talents feel included and respected at all levels within Deloitte. We are not yet where we want to be; particularly when it comes to senior leadership and partner roles, we are some way from achieving truly diverse representation. But we are making progress. In the recent promotion of new partners, 30 per cent were women, and we now have 17 per cent female partners in total and 35 per cent female directors and senior managers. There's work to be done here, and we want to lead the way. Sustainability is a key part of the work we do – but it is also something we work constantly to embed within our own organisation. There are diverse elements to sustainability, and one aspect we have been focusing on concerns fostering sustainable lives for our people, through flexibility, our work culture, diversity, equity, and inclusion.

We are steadily moving the needle, and I am proud to see that our efforts are starting to pay off. After launching equal opportunities for fathers, mothers, and co-parents to take 24 weeks of paid leave with their children, our male Deloitte talents are now taking six weeks more parental leave than before. This is a win-win: for families, for children, for parents, and for equality.

The work we do to break down structural barriers to equality isn't limited solely to the benefit of our people. In the year that has passed, we have entered into diverse partnerships to progress this work. One example is our support to female investors through Nordic Female Founders; another is the partnership with EQUALIS which gave rise to the Diversity Barometer, a tool monitoring work-related gender gaps on an annual basis. The latter, in fact, won an Impact Award in our European firm – testament to the way our people bring our purpose to life, and gain plaudits amongst the work of some over 50,000 talents across 28 countries.

A new era has begun

A development that rapidly changed the world in this financial year was the breakthrough and adoption of generative AI. We are currently in the dawn of what this technology will be capable of, but there's no denying that it will fundamentally transform how we live and work.

We are on the cusp of a technological revolution – and it fills me with equal parts pride and excitement to know that we will be at the forefront when it comes to bringing this about: building on our strong legacy in tech, we have the people, the partners, and the passion to cut through the noise.

I am excited to see where this quantum leap will take us, and how we can use it to build a better future. We should remain wary, however, of potential issues it may bring. Transparency may be challenged when algorithms operate opaquely inside black boxes. And trust is at risk when it becomes impossible to distinguish facts from fakes.

As guardians of public trust, the task facing us in this emerging era – insisting on the value of building trust with our clients and alliance partners – therefore takes on an ever-greater urgency and importance alongside ensuring high quality in everything we deliver. Ensuring the highest quality of audits – work we pride ourselves on – is integral to instilling trust. And it is our people who are key to keeping trust and quality levels high.

So what better way to introduce this report than by emphasising, again, just how important our people are. No matter how appealing and mind-blowing new technological advances may be, I continue to be more impressed by what can be achieved by the powerful alchemy of human imagination and ingenuity, collaboration and co-creation.

As I step into the role of CEO, I am humbled and proud to have the responsibility to lead our firm in these rapidly changing times. The Deloitte culture is unique and long-lasting, and our people – as this publication shows – create a phenomenal impact every day and I am grateful that they decided to be on our team.

As I step into the role of CEO, I am humbled and proud to have the responsibility to lead our firm in these rapidly changing times.

Christian Jensby, *CEO & Partner.*

Financial highlights

We have continued our strong growth and consolidation of our position as a market leading audit and advisory firm in Denmark with a growth in revenue of 12 per cent compared to last year. Revenue totals DKK 4,963m (approx 666 million euro) compared to DKK 4,442m (approx 596million euro) in FY22. All business units except for one have experienced increased level of activity as described below and in general, the increased revenue relates to organic growth.

Audit & Assurance
During FY23, Audit & Assurance has continued the transformational journey by accelerating the use of technology, sustaining market-leading quality, and continuing to change our delivery models to create a sustainable people experience. Revenue went up by 9 per cent compared to last year. All service areas within Audit & Assurance have contributed to this growth, and we have seen an increased demand, particularly within Financial Services and Private Segments, as well as continued growth in Assurance Offerings.

Consulting
Consulting increased revenue by 12 per cent in FY23 with a continuous focus on supporting our clients through large-scale business transformations. This high growth is enabled by a remarkable culture and hard work carried out by Consulting's talents, and also supported by the successful acquisition and integration of Framework within the SAP area.

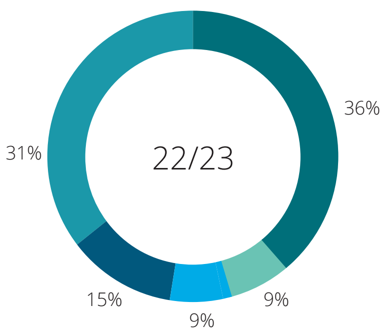
Tax & Legal
Tax & Legal ended another year with a strong double digest growth rate of 14 per cent, where all service lines have contributed. The growth was in particular driven by Transfer Pricing, M&A, Global Employer Services, and our practices in Odense and Aarhus. The growth in Transfer Pricing was driven by client demand due primarily to new reporting requirements. In M&A our increased footprint with the largest Danish multinationals and Private Equity have contributed to significant growth in M&A. Increased Advisory Services has been the driver for the growth in Global Employer Services. Our investments resources and capabilities in our practices in Odense and Aarhus has contributed to the growth. Indirect Taxes also grown in FY23 where they continued their transformation of the service line.

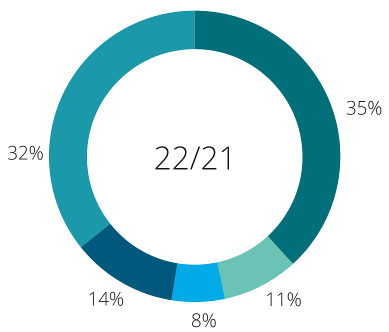
Risk Advisory
Risk Advisory continued its strong growth during FY23, realising a 35 per cent increase in revenue, driven by continued high activity within well-established offerings as well as new fast-growing business areas. The significant growth is also proof of continued strong demand for risk, cyber and compliance related services combined with a more streamlined business after divesting the legacy business area of managed licenses.

Financial Advisory
Financial Advisory has realised a negative growth of 3 per cent compared to an extraordinarily good result in FY22. M&A Transaction Services and Forensic realized one-digit growth rates, whereas Corporate Finance Advisory experienced a slight decline. This was a consequence of volatile market conditions.

Outlook FY24
Revenue and earnings for the coming fiscal year are expected to be on a par with FY23.

Revenue by business unit





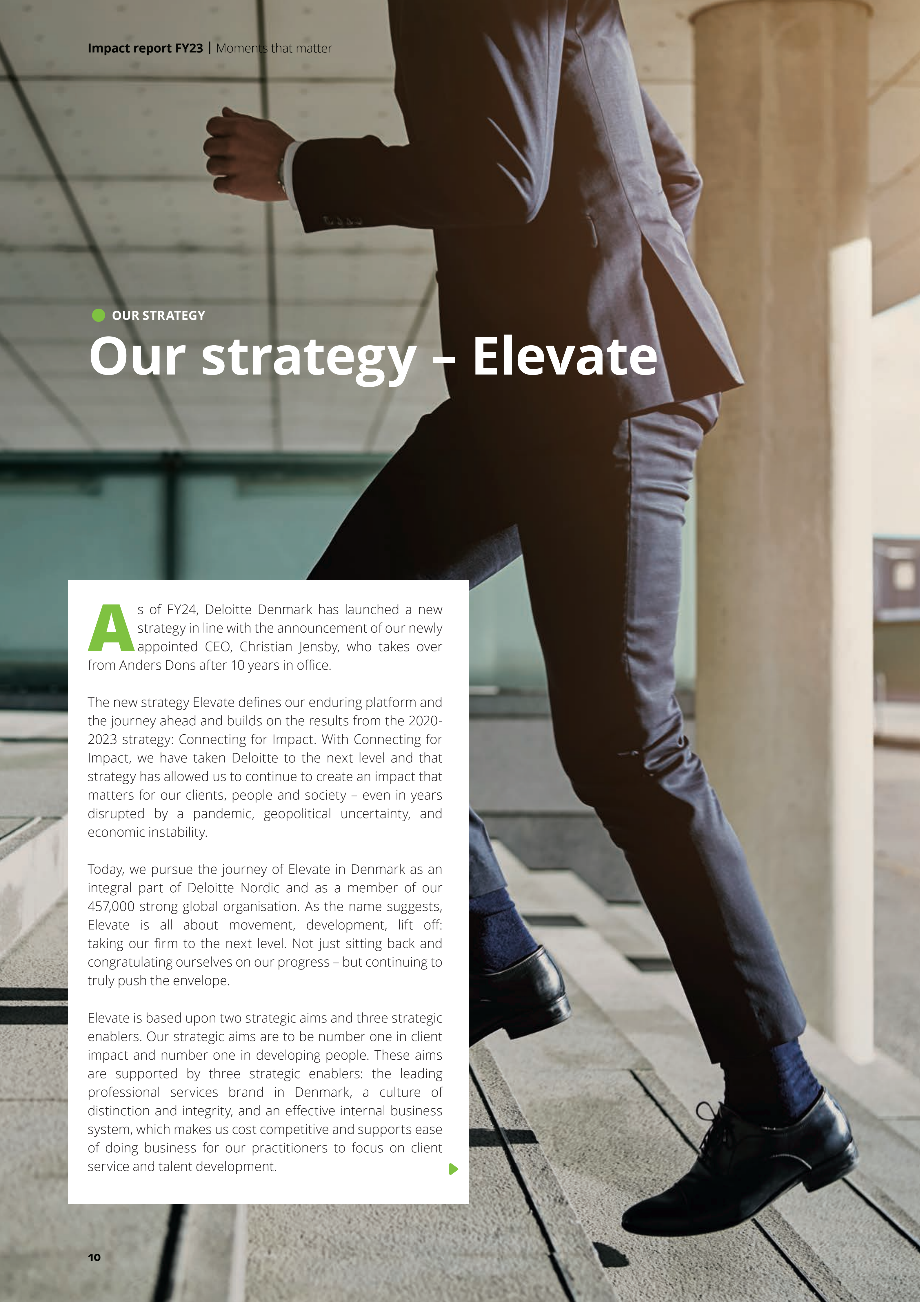
Financial highlights

	FY23 DKK'm	FY22 DKK'm	FY21 DKK'm	FY20 DKK'm	FY19 DKK'm
Key figures					
Revenue	4,963	4,442	3,748	3,588	3,732
Operating profit*	97	84	72	80	102
Net financials	(28)	(20)	(16)	(20)	(9)
Profit for the year*	69	64	55	60	93
Trade receivables and	999	1,075	973	1,244	1,026
net contract assets	1,224	999	1,075	973	1,244
Equity	632	578	575	580	580
Balance sheet total	2,851	2,716	2,801	2,542	2,137
Investment in intangible assets	124	63	22	67	114
Investment in property, plant and equipment	119	20	38	25	34
Net interest-bearing debt incl. lease liabilities	515	330	500	693	-
Cash flows from operating activities	82	301	301	542	(37)
Average no. of full-time employees	2,996	2,680	2,581	2,642	2,575
Ratios					
Operating margin (%)	2.0	1.9	1.9	2.2	2.7
Equity ratio (%)	22.2	21.3	20.5	22.8	27.1
Equity ratio excl. lease liabilities	24.8	24.0	23.8	27.9	-
Revenue per average full-time employee (DKK'm)	1.7	1.7	1.5	1.4	1.4
Financial gearing incl. lease liabilities (%)**	0.8	0.6	0.9	1.2	-

*In evaluating the profit, it should be considered that the shareholders of the Firm are also its partners and that their remuneration is profit-related. The remuneration has been recognised in staff costs.

** In FY20, IFRS 16 Leases was implemented. Comparative figures for FY19 and previous years have not been restated.

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



OUR STRATEGY

Our strategy – Elevate

As of FY24, Deloitte Denmark has launched a new strategy in line with the announcement of our newly appointed CEO, Christian Jensby, who takes over from Anders Dons after 10 years in office.

The new strategy Elevate defines our enduring platform and the journey ahead and builds on the results from the 2020-2023 strategy: Connecting for Impact. With Connecting for Impact, we have taken Deloitte to the next level and that strategy has allowed us to continue to create an impact that matters for our clients, people and society – even in years disrupted by a pandemic, geopolitical uncertainty, and economic instability.

Today, we pursue the journey of Elevate in Denmark as an integral part of Deloitte Nordic and as a member of our 457,000 strong global organisation. As the name suggests, Elevate is all about movement, development, lift off: taking our firm to the next level. Not just sitting back and congratulating ourselves on our progress – but continuing to truly push the envelope.

Elevate is based upon two strategic aims and three strategic enablers. Our strategic aims are to be number one in client impact and number one in developing people. These aims are supported by three strategic enablers: the leading professional services brand in Denmark, a culture of distinction and integrity, and an effective internal business system, which makes us cost competitive and supports ease of doing business for our practitioners to focus on client service and talent development.

International integration We pursue our goals of client impact and people development in the context of our increasingly integrated international firm. After seven years of being part of one Nordic member firm, we are starting to operate as one integrated organisation with shared accountability. Similarly, our collaboration with colleagues in Europe and globally is accelerating. This is a must as it will enable us to bring leading expertise and scale to our clients and to provide attractive development opportunities for our people.

Number one in client impact
We want to serve the leading institutions in Denmark, including the globally leading, established, large Danish companies, small and medium-sized companies, and the ambitious up-and-comers and organisations across the public sector, from defence to healthcare.

We want to support leaders in these institutions on their most important transformations, across multiple business objectives from sales growth and M&A to supply chain, risk mitigation and sustainability.

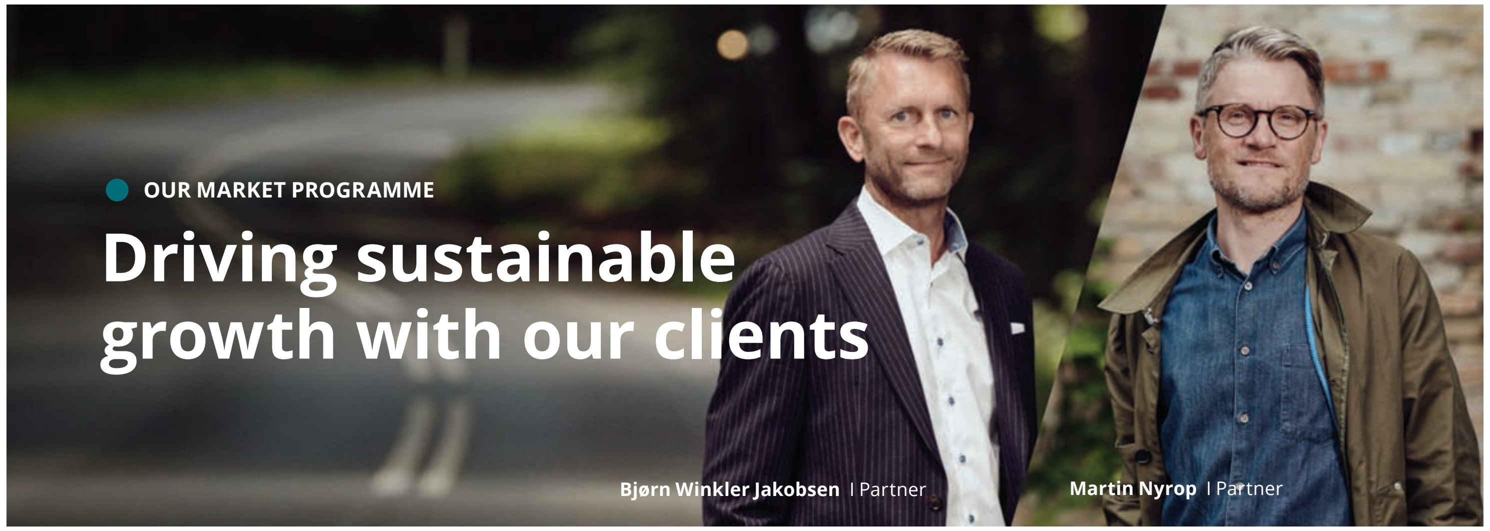
At Deloitte, we believe that we do this best by combining and integrating a broad set of capabilities, from auditing and tax to deep technological expertise and management consulting. Most transformations will require all or many of these capabilities, and we differentiate ourselves by possessing the full range and integrating them in a seamless way for our clients.

We aspire to a leadership position in all market segments in which we compete. This entails ongoing 'where to play' choices within our five business units covering approximately 50 service lines as well as 'how to win' decisions on where to double down and invest. Deloitte Denmark will continue to pursue our goals in the context of an increasingly integrated global business.

Number one in developing people
Deloitte Denmark annually welcomes more than 800 new employees, from multiple educational backgrounds and multiple nationalities. This corresponds to three per cent of the number of annual graduates from Danish universities, meaning we benefit from a very diverse employee base spanning more than 50 nationalities.

With this comes responsibility and opportunity. We see ourselves as an important part of the broader Danish educational system, where we hire the best graduates and further accelerate their career-long development journey, helping them become successful as advisers and business leaders.

To enable a second to none learning opportunity, we are setting up a learning institution. The learning institution will be dedicated to providing training for Deloitte Denmark staff in an integrated way, as well as, over time, a platform for providing training for clients.



OUR MARKET PROGRAMME

Driving sustainable growth with our clients

Bjørn Winkler Jakobsen | Partner

Martin Nyrop | Partner

Megatrends like sustainability, digital transformation, and resilience affect businesses of all sizes. Every company will need to navigate through changes and challenges in the world – the only difference is in scale. At Deloitte, we work to mirror and in turn make sense of these megatrends as we advise our clients and help set industry standards on trends like ESG reporting, AI, and the future of work.

Constructive collaboration means we co-create with our clients – finding new solutions and opportunities that arise from the changes and challenges these megatrends bring to the world. We are in the people business – and our people are key to our success. Without them, we would not be able to deliver the highest quality to our clients. We are still able to attract the top talents in Denmark, and through specialist competence, industry knowledge, lifelong training and coaching, our people continue to both bring value to our clients while continuously building closer relationships with them.

At the end of the financial year 2023, we welcomed Christian Jensby as the new CEO of Deloitte Denmark, bringing a continued vision of making Deloitte not only the #1 chosen audit and advisory firm but also the absolute best workplace and development institution for talents.

During the past years, we have emphasised our industry focus to ensure that our clients receive the best professional service competencies possible. As part of this effort, we have initiated the process of Nordic integration. This will allow us to deliver the expertise sought for by our clients and give talents a unique platform for growth. With truly deep industry knowledge and trusted partnerships throughout the Nordics, we are empowered to make impact that truly matter.

Improving and streamlining our client programmes

Every day, we strive to deliver truly unique client experiences. Through our two client programmes, Industries, focusing on the largest companies in Denmark, and Private, focusing on the mid-market companies, family offices, financial investors and fast-growing companies, we serve more than 20,000 companies in Denmark with global reach. By combining our functional expertise with deep understanding of the industry and market they operate in, we are able to offer a unique service to our clients. And our ability to achieve this is in no small part made possible by the work not just of our client-facing talents, but also that of those working in enabling areas, making our firm run smoothly.

We believe that industry and sector knowledge is of the utmost important when advising clients on their most important matters. Therefore, industry specialisation is the cornerstone of our client programmes:

- **In our Industry programme, we service Denmark's largest corporates and public institutions on everything from audit to large-scale digital transformations and sustainability.**
- **In our Private programme, we assist high-net-worth individuals, private equity funds, midsized and fast-growing companies in realising their full potential.**

Through our two client programmes, we work seamlessly as one firm towards one goal: to be the preferred and trusted advisor of our clients.

CLIENT IMPACT **LUNDBECK**

Putting customer centricity at the heart of Lundbeck's digital transformation

"Lundbeck is on a journey from analogue to digital relationship building, and to realise this, we needed a strong technology platform which could also help us centralise campaigns and communications, generate data to help us understand our customers better, and also gain cost efficiencies."

Catherine Courtin, Senior Vice President, Global Strategic Marketing, Lundbeck.

"Customers' expectations have changed in many industries, and pharma is no exception. With a Salesforce solution such as the digital platform we helped build, Lundbeck is able to plan, run campaign and engage with customers in a much more targeted way."

Thomas Andersen, Nordic Deloitte Digital Leader and European Salesforce leader.

For over 70 years, Lundbeck has been at the forefront of neuroscientific research, developing and bringing-to-market some of the most prescribed therapies for brain diseases globally. The work they do, and the products they release, have never been more needed.

Demographic ageing means the number of people with dementia is set to double every twenty years – with nearly 150 million people expected to have dementia by 2050. And a growing recognition of the importance of mental health means that many more people are thankfully liaising with their health care professionals to access help.

With good reason, the pharmaceuticals sector is a highly regulated, highly sensitive industry, with limits and legislation affecting which products can be released, when, and in which markets. And in such a context, where health care professionals are bombarded with information from different vendors, it can be a challenge to break through the noise.

The digital transformation at Lundbeck started before COVID – but picked up pace during the pandemic. One of the key focuses related to becoming more customer centric and being able to segment, understand, connect, and engage with their three main target groups – healthcare professionals, patient advocacy groups, and other stakeholders, such as payers. But this is easier said than done – it's not just about tech, but about teamwork: bridging complexity across different functional teams and regions

To make this a reality, Lundbeck worked with Deloitte on creating and implementing the right solution that would move Lundbeck from multichannel to omnichannel engagement with their customers – particularly, in this instance, with physicians. At the same time, there was a need for better data to evaluate which messages, campaigns, and communications would resonate with their different customers. To truly realise the transformation from a multi to an omni, customer-centric model, Lundbeck needed both a marketing execution platform – weaving together segmentation, data, and CRM technologies into an integrated platform – and a concomitant change in ways of working, to get the most out of this.

Helping Lundbeck get to where they wanted to be required not just new technological solutions, but also shifts in ways of working and approaches. Deloitte leveraged our tech know-how – and our alliances with partners in the field. On top of this, we helped with implementation. Standardised, more efficient processes across departments. Providing frameworks for continuous internal training, and a route through which to drive and align Lundbeck's global

Impact report FY23 | Moments that matter

commercial transformation. A tech-enabled platform was one part of the puzzle – but so was utilising it to its full potential, which is why we have been collaborating for over two years now on the implementation..

The solution Deloitte helped implement is being used to drive campaigns for multiple products, starting with a number of prioritised markets – ensuring that whenever a health care professional contacts Lundbeck, a tailored customer and marketing journey is defined for that professional. On top of this, our solution gives Lundbeck the tools to use its own database in a more segmented and sophisticated way when reaching out to pre-existing contacts.

Within a specialised market, Lundbeck is itself a particularly specialised firm – and it is partly for this reason that the need is so strong for a flexible, digital, and data-driven platform. Helping Lundbeck to transition from a local approach within affiliates to a more global approach, so as to support and digitalise their customer engagement, the work has since expanded and spread to multiple countries Lundbeck operates in. And this work isn't just technology – it spans from operating and setting up the integrated marketing platform, and weaving together different technological solutions, to offering ongoing support to Lundbeck to activate their transformation.

Lundbeck's purpose is to restore brain health so every person can be their best. But if the right medicines aren't on the radar of healthcare professionals, patients will continue to suffer – unnecessarily. This is what drives our collaboration. It is a privilege for Deloitte to be part of Lundbeck's journey to ensure more people receive the right product at the right time – getting the help they need to live their best life.

"Lundbeck is a global company and we are working on the balance between centralised campaigns and localisation when it comes to customer engagement. It has been and continues to be a learning journey to embark on new technology – communication is key and cascading information is essential to get support from management, to get buy-in, and to be successful with the implementation."

Catherine Courtin, Senior Vice President, Global Strategic Marketing, Lundbeck

Audit & Assurance

Building trust in the market, placing trust in our people

Henrik Wellejus,
Head of Audit & Assurance

Our ongoing commitment to embedding balance in our business continues at pace. The work we do in Audit & Assurance ensures that society can trust in markets and allocate capital accordingly. It is an endeavour that takes on an even greater importance when growth is diminished, and economic turbulence is present.

And core to this work is our people, who build trust in society. FY23 saw significant revenue growth – both scaling Assurance and winning new clients. All in all, revenue increased by 9 per cent compared to last year. Significant growth within Assurance is part of the story here. But also our ability to retain our crown as the undisputed leader within FSI, despite the demands and challenges of rotation, has led to this years success. We have also built up our ESG practice to meet the tremendous demand in the market.

And we have achieved all of this whilst at the same time working to ease the burden on our people. At the start of FY22, we discontinued engagements with a large number of clients, to free up over 100,000 working hours. Over FY23, we have gone further, and managed to reduce the hourly burden on our people even more with a reduction of close to 100 hours per client server. Not just in words but in demonstrable deeds, we strive to build a better balance for our people within the business. That we have done this while continuing to deliver sterling results shows this strategy is the right one – for our people and our clients.

Building a sustainable work culture

It is a huge honour that we remain #1 in the Universum rankings as the most preferred employer in the audit and advisory industry. We have held this honour for 14 years now – but we won't be resting on our laurels. In all we do we want to send the clear signal that we are putting our people first. Initiatives we have embarked upon to build a better culture continue to bear fruit – and are having a real impact. The Young Advisory Board we launched in FY22 has had influence on the sustainable people agenda, with board members motivated to take part in this journey.

"I am part of YAB to make Deloitte an even better workplace. We believe psychological safety is key to creating a #1 employer in the eyes of talents."

Jens Damgaard Madsen, Deloitte Odense

Our "audit by year" initiative is helping to spread work across the year, so talents aren't facing peaks and troughs in workload. And we have begun a campaign – Denmark's Next Auditor – to change the perception of audit, and what an auditor does: both a branding awareness and a recruitment initiative. FY23 has seen us in execution mode when it comes to putting our people first. Pairing sustainable and sustained growth with a people-first approach and a Nordic-first ambition continues to be our aim.

Leading the way on Nordic integration

Meeting clients' needs means progressing on Nordic integration – scaling our core service areas and undertaking joint investments, both to move to where the market is heading and to shape its development. Developing our strategy and creating the framework for execution within Audit & Assurance were key milestones – which we achieved. We have also begun initiating some of the processes which will take us to where we need to be, so we can serve the market and respond to the needs of clients. Approaches and technology we have developed in Denmark are already being scaled and implemented by our Nordic neighbours – making an immediate and demonstrable impact. At the same time, we can learn – and are learning – a lot from the increased integration with our Nordic colleagues. This collaboration is mutually beneficial and a sign of things to come.

So, in this context, it makes sense that our training is taking on a Nordic flavour: we had the fantastic experience of gathering all Nordic A&A colleagues working with our largest clients in Copenhagen for joint learning.

Consulting

Bringing our talents into the heart of transformation

Martin Søegaard,
Head of Deloitte Consulting

FY23 was another year of steady top-line growth in Deloitte Consulting, largely driven by our prioritised clients and hyper-growth areas. But the last year also brought significant change as we continued to reinvent our organisation at the crossroads of technology, talent development and the global, transformative agendas.

In Deloitte Consulting we constantly strive to improve our ways of working as we have always done and will always do. FY23 was no exception. In a world of fast technological change, new ways of working, and a global movement of climate action, our organisation is constantly evolving to stay ahead of the latest developments – and to remain a trusted transformation partner to our clients. Revenue growth of 12 per cent shows this is the right strategy – as we continue to support our clients in facing the challenges of a rapidly changing world.

Our continued growth was cemented already at the beginning of the financial year when we welcomed 50 new consultants from Framework Digital to our successful team of SAP specialists. Over the year, our new colleagues have helped some of Denmark's most prestigious companies embrace the many new possibilities offered by the SAP S/4HANA technology. Indeed, they also contributed to Deloitte's highest ranking ever among IT students in the 2023 Universum survey of Denmark's most attractive employers.

To help our clients succeed in the digital economy is something we do with great pride and humility, and we are committed to continuously investing in new capabilities to stay at the forefront of technological change.

In FY2023, we intensified collaboration with our global ecosystem of alliance partners, including Salesforce, Service Now, AWS, Google, Kinaxis, Workday and SAP. We also explored ground-breaking technologies such as generative AI, which allows both companies and public organisations to unlock value in ways that were almost unimaginable a few years ago.

Keeping hold of our talents, while growing our team
In Deloitte Consulting, we have spent decades creating a vibrant workplace where our talents thrive, where there is room for diversity, and where we always meet our clients with empathy and respect.

In FY23, we continued our work to make Deloitte Consulting the best place to work for both young and experienced talents. We are proud to see that our talents choose to stay with us for a longer time of their career, which is a clear result of the unique value proposition we offer.

As the world changes, so does our working culture. Our talents want more flexibility, more mobility, they want to find purpose and meaning, and they want to be more closely involved in the commercial processes of our firm even from a young age. They also want lifelong learning opportunities, which is something we are strongly committed to giving them.

Providing our talents with the right career opportunities also means working more closely with Deloitte colleagues in other countries, especially in the Nordics. In FY23, we paved the way for an even closer collaboration across the Nordics, allowing our talents to take advantage of more multi-disciplinary work, more knowledge-sharing across borders, and more chances to inspire our Nordic clients with pioneering solutions.

Steering our clients through complex times
Looking back on the history of Deloitte Consulting, we have never had a more diverse, creative and passionate team, with talents from many different places and with many different backgrounds. What unites us, however, is our unwavering commitment to helping our clients succeed, whether it is through transforming their existing business, through mergers and acquisitions, or through exploring brand new avenues of sustainable growth.

The climate-aligned economy is surely the economy of the future – and its design is vastly different from today's. Already, policies and market forces are driving innovations that are cascading across industrial systems and interconnected global supply chains. In FY23, we have significantly increased our investments in these areas to reflect the increasing demand.

More than ever before, our clients have spent the last year looking for new ways to maximise the value of their core business – and we have been privileged to support them on these important journeys. We have done this through our deep domain expertise, our broad industry insights, and our continued determination to make an impact that matters, which is the hallmark of our organisation.

Impact report FY23 | Moments that matter

Financial Advisory

In turbulent times our industry focus continues to deliver

Sigurd Ersted Jensen,
Head of Financial Advisory

The progress we have made over the past year is remarkable and deserving of recognition. We have continued our work in building a clear industry focus across Financial Advisory. This has given us the opportunity to win mandates and perform even in times of market volatility. And the backbone of all this remains the tight-knit team we have built.

In a context of economic uncertainty, which disrupted both the work of our clients and the markets we operate in, we continued to deliver. Our industry focus is our differentiating factor – setting us apart from the crowd and giving us the credibility and the competencies we need to provide for our clients. In certain sectors we can see the impact this has had loud and clear: Energy & Renewables, Technology & Software, and the Financial Services industry have all been lodestars over the past year.

Tight-knit teams delivering stellar competence – and building the next chapter

We pride ourselves on the loyal team spirit we have worked hard to build within Financial Advisory. No leader manages more than six to eight talents – allowing them to develop close relationships with talents, ensuring they thrive and develop. Regular one-to-ones, check-ins, and continual professional and personal development are the name of the game.

And this approach has allowed us to build something special. Talents are valued. There is a sense of belonging. The way we treat our talents is a point of pride for us, and something we want to make even better – it truly matters, and we want to be at the forefront here. We have a relatively low employee turnover – just over 10 per cent in FY23 – showing our ability not just to attract but also to retain talent. And this is reflected in the feedback we receive from our talents – our engagement score remains at a very high level.

Alongside our distinct industry focus, we will continue to push ahead in building businesses around Value Creation Services. The winning formula for the coming years is further Nordic integration – particularly when it comes to scaling Corporate Finance and integrating our Transaction Services and Forensic work in the Nordics. This will give us the scale and the licence to play, serving international clients across our region, and taking our work to the next level.

Strategic decisions paying off

FY23 was challenged by economic turbulence, the likes of which we haven't seen in years. Increased interest rates and, unseen in recent decades, high inflation and volatile stock markets had a noticeable impact on the M&A market. Deals became harder to execute – but even against this challenging and complicated backdrop, our talented team continued to deliver.

It is the prudent strategic decisions taken in years gone by which have given us the stable foundations upon which we are building today. Our aim and intention is to be at the forefront of the market – it is this which led us into our distinct industry focus, and this is a strategy which is decidedly paying off. As the market has found itself hit by volatility, we have become even clearer in our industry focus.

We continue to remain strong in Forensic, particularly when it comes to financial crime advisory. Building out the breadth of services we render has continued over FY23 – within M&A, stability has been secured in part through our investments, such as in M&A ESG and Debt Capital offerings, and we retain a distinct focus on Valuation and Modelling, as well as Transaction Modelling.

Risk Advisory

When risk is all around, building resilience is crucial

Tinnamaria Marlou Larsson-Bertelsen,
Head of Risk Advisory

We live in complicated times. War on European soil continues, with the attendant human, economic, and social costs. From inflation to interest rates, and supply chain issues to labour shortages, uncertainty has been the name of the game for many firms.

Businesses and societies remain vulnerable to shocks, and embedding resilience therefore remains top of mind. At Risk Advisory we have responded in kind. As a revenue growth of 35 per cent compared to last year shows, we have continued to serve the market as trusted advisors whilst deepening our own expertise.

We are leading the way in financial regulatory risk and undertaking significant work in the financial services industry. IT Audit, too, has seen us deliver quite extraordinary work – showing the strength of the talents we have within our team, who regularly go above and beyond. We have achieved thought leadership status in a manner that will only be scaled up as we further integrate across the Nordics, building upon our strong foothold in the market.

A diverse team delivering with excellence
It is often said that diversity is a strength: in Risk Advisory, we prove this every single day. Of the almost 250 talents that make up our team, over 30 different nationalities are represented. Less than 50 per cent of our team are Danish: our ability to attract – and retain – international talents is clear.

We were of course so proud to see our colleague Vildana Amalie Coralic recognised on *Berlingske's* "Talent 100" list – celebrating 100 talents under the age of 36 who have performed exceptionally within their field. It is so important to have role models like this within our team – it strengthens and inspires us all.

Our reputation is strong, and we are trusted in the market. Our strong capabilities on cyber, resilience, and defence mean these are growth areas – which are attracting new talents, and giving them and our team exciting, rewarding, and intellectually engaging client journeys.

Cross-cutting expertise in the cyber and sustainability spaces
Cyber and sustainability remain core to much of our work, and we are #1 in cyber services in Denmark according to the market survey from Aalund. Both the work of our firm and that of our clients has been significantly affected by the macroeconomic and geopolitical events and trends shaping our world: from the continuing war in Ukraine to the fast-moving tech developments in AI – all with the ever-present backdrop of climate change keeping sustainability high on the agenda.

Amidst this disruption, securing business resilience has been our alpha and omega: from supporting clients in the energy sector hit by the war in Ukraine, to protecting businesses in the consumer industries sector.

Building up our own cyber capabilities has been a focus across FY23 – and cyber security, in turn, has become a more mature business. International talents have been attracted, investments are paying off – and we are showing a demonstrable ability not just to serve the market of today, but to meet clients' evolving needs.

Another important growth area is SAP, where we have a leading position, which is leveraged both in Denmark and globally.

On sustainability, too, we have continued to make an impact. Our X factor – which we have brought into play across FY23 with our clients – is the combination of deep expertise across disciplines, an international network to draw upon, and practical knowledge. We can help clients make sense of the diverse, evolving legislation at both the national and EU level shaping businesses' responsibilities and requirements when it comes to sustainability – translating laws into action and turning sustainability into a competitive advantage rather than 'just' a compliance task. This deep technical knowledge, and our ability to operationalise it, is a strength which is beginning to snowball.

Impact report FY23 | Moments that matter

Tax & Legal

Growing our business and our team

Niels Josephsen,
Head of Tax & Legal

For Tax & Legal, this was a year to be remembered. We delivered growth beyond our expectations – maintaining our clear client focus, whilst onboarding almost 90 new talents, and continuing our growth in Aarhus and Funen.

We have won recognition, improved our footprint amongst large Danish corporates, continued to deliver a strong growth rate across the business – particularly in Transfer Pricing, Global Employer Services and M&A – and all this while continuing to evolve, so as to match the demands of the future market. All in all, our teams have delivered incredible performance. Their efforts can be seen in the impact we have had – and also in the fact that we are able to report a growth rate of 14 per cent.

Welcoming new talents

Almost 90 new talents were onboarded over the course of last year – both experienced and non-experienced hires. It is a point of pride that we are able to attract these talents to join our team, who in turn help us on our growth journey, all of which revolves around making an impact for society. It continues to be inspiring to see our people do this work, day in and day out, which makes a real difference to the clients we support.

Our people are a key part of our story. Beyond our consistent ability to attract talents, we have also been wowed by the way in which our teams have deployed them. Amidst a changing compliance environment, talents at all levels have risen to the challenge.

Growth beyond our expectations

The year just gone was one in which we grew beyond our expectations. Engagement up across the board – particularly when it comes to our work regarding Global Employer Services and M&A. This was also the case as far as our Transfer Pricing work is concerned. Last year was the first financial year in which companies with foreign subsidiaries had to file Transfer Pricing documentation. Our people responded to this change with aplomb – meeting the needs of our clients and ensuring they were able to comply with new demands.

In fact, our work in this area gained industry recognition: we were crowned Denmark Transfer Pricing Firm of the Year at the International Tax Review's EMEA awards. Prizes such as these are a testament to our people's ability to lead the way – providing the specialist knowledge and trust that clients need to navigate the complexities of compliance.

When businesses are undertaking large scale transformations such as change of ERP, corporate structure reorganisation, or a change to the finance and shared service centre setup, tax plays a vital role. Over the past years, new tax compliance requirements have been issued. Therefore, the need for tax advisory and tax assistance related to tax technology and the structuring of data for tax reporting has become an increasingly important area.

Tax & Legal and Consulting are working closely together advising clients on their transformation journey. The ability to look holistically at the data and the requirements for which the data is to be used is playing an increasingly important role on the compliance agenda for companies.

Coming years will be shaped by the further entry of tech into the tax arena – coupled to the ongoing digitalisation of the public sector. We will also continue our journey towards deeper Nordic and global integration. The days when tax was a solely national concern are long gone – and corporates operating in our region demand equally integrated solutions: particularly when it comes to the key areas of Global Employer Services and Transfer Pricing. We will not rest when it comes to ensuring we possess the capabilities to deliver for our clients – at the scale that makes sense for them.

CLIENT IMPACT **STARK**

STARK
Sammen bygger vi professionelt

Cementing sustainability at Denmark's largest building materials retailer

STARK is Denmark's largest building materials retailer and distributor. And with a history stretching back to humble beginnings in late 19th century Aarhus, it is a firm with a deep awareness of the importance of stable foundations when it comes to building success. Over 2,500 employees work for STARK Denmark today, spread across over 80 locations in Denmark and Greenland.

STARK doesn't just sell building materials to its customers – many of whom are themselves professional tradespeople and craftspeople. It also offers them a wide range of services. And beyond these trading activities, STARK recognises that it has a responsibility to deliver sustainable solutions and respond to climate change. STARK was the first retailer and distributor of building materials within its market segment to have its 2030 carbon targets approved by the Science Based Targets initiative (SBTi).

But market-leading doesn't stay that way for long, without further innovation, ambition, and risk-taking. This was the challenge facing STARK when they began working with Deloitte: how to remain the market leader when it comes to sustainability in the construction wholesaler industry, whilst staying on top of changing regulatory requirements, and improving customer-facing sustainability data and documentation.

"We have worked hard to formulate a methodology that meets our clients emerging and evolving needs when it comes to designing and workshopping practicable and ambitious customer sustainability strategies grounded in supply chain sustainability. Strategies that create revenue growth while delivering compliance. STARK were excellent partners – open, ambitious, and enthusiastic, and genuinely committed to meeting and leading the challenges their industry sector faces when it comes to embedding sustainability while generating customer value."

Henrik Knak, Director in Deloitte Consulting, Supply Chain & Network Operations.

To get to where they wanted to be, STARK called on Deloitte Consulting and Risk Advisory to help in the development of a commercial sustainability strategy – with a particular focus on its role within the value chain, so as to best maintain its leading position and push the envelope on sustainability.

Utilising Deloitte's methodology for commercialising sustainability in a firm's supply chain and portfolio, we were able to help STARK to become aligned on its strategic and sustainability ambition and aspiration statements. A series of workshops, taking stock of STARK's current situation, progressing ideation and prioritisation, and developing a gameplan and ownership, gave rise to a practicable strategy aligned roadmap. And, as a result of the innovation and inspiration sessions, a further 38 sustainable strategy initiatives targeting its SME customers were ideated by STARK.

Impact report FY23 | Moments that matter

The rapid growth of the sustainability agenda is a hugely positive development – for firms, for consumers, and for our planet. But it also brings challenges to businesses – keeping abreast of evolving regulation and staying ahead of competitors in a fast-moving market.

"It has been a fantastic process – it has truly brought us further on the journey we are on right now. We want to be leading within our branch, at the forefront of the requirements that will affect our customers. The way Deloitte approached our collaboration allowed us to quickly and easily gain an overview of which initiatives to prioritise."

Kristian Fribo, Sustainability Manager, STARK DK

It is a privilege to have applied our purpose in this valuable collaboration with STARK: truly making an impact that matters, by helping a firm which is building our future double down on its sustainability efforts and initiatives.

"Deloitte delivered excellent facilitation of discussions and exercises to help us innovate and prioritise our strategic decisions with a well documented roadmap for our group sustainability strategy development."

Jan Breinholt, Chief Supply Chain Officer, STARK DK

ENVIRONMENTAL

The climate challenge is a collective responsibility

We are playing in overtime when it comes to solving the climate crisis. It affects societies, businesses, and our planet, and we need to take action. At Deloitte, we want to be part of the solution – so we are making efforts to ensure sustainability is central to how we work. We want to inspire and empower our people to be part of the change, collaborate with external partners, and share these experiences with our clients. Only through collaboration backed up by practical action can we, collectively, make progress. This progress takes many forms – one of the key ones is helping our clients find solutions to the biggest challenges and turn them into business opportunities.

Our Net-Zero Ambition

We are the largest professional services firm in the world – our 457,000 people make an impact every day in the work that they do, and this impact can well and truly be felt when it comes to our climate. With size and scale comes responsibility – we have both a duty and a desire to help the world achieve the goals of the Paris Agreement.

That is why we launched World*Climate* back in FY20: our strategy to drive responsible climate choices both within our organisation and beyond it. The changing climate is a threat to us all – extreme weather events are becoming more and more frequent, threatening everything from global food yields to drinking water supplies.

Both businesses and governments are recognising that the costs of inaction are likely to be disastrous. The benefits accrued from acting decisively and early will not only set us on a sustainable path but will also deliver innovation and prosperity.

At our firm, there are three prisms through which we can catalyse change – through our engagements with clients; through the initiatives and efforts we make within our firm; and through the outward-facing work we do that influences the society we live in.

Deloitte's near-term (2030) greenhouse gas (GHG) reduction goals have been validated by the Science-Based Targets initiative (SBTi) as 1.5 degrees Celsius-aligned, science-based targets. Deloitte has also committed itself to setting long-term emissions reduction targets using the SBTi's Net-Zero Standard (2021).

Creating impact beyond our value chain. Net-zero is our long-term objective, in line with the SBTi Corporate Net-Zero Standard. While we work to transform our business and focus on reducing emissions in our value chain, we want to go beyond that and help accelerate the global transition to net-zero by investing in innovative solutions.

World*Climate*

World*Climate* is our strategy to become a sustainable firm, with science-led targets for reducing our carbon footprint. This requires holistic thought and action, which is why we want to make sustainability central to how we work.

The near-term goals we have committed to, as part of our World*Climate* agenda, are:

1. Reduce absolute Scope 1 and 2 GHG emissions 70% by 2030 from a 2019 base year.
2. Reduce Scope 3 GHG emissions from business travel 50% per FTE by 2030 from a 2019 base year.
3. Reduce waste production 50% per FTE by 2030 from a 2019 base year.
4. Make our car fleet 100% electric by 2030.
5. Engage with our major suppliers with the goal of having 67% (by emissions) set science-based targets by 2025.
6. Invest in meaningful market solutions for emissions we cannot eliminate.

"We are playing in overtime when it comes to the climate crisis. Business leaders, politicians and the young generation entering the labour market acknowledge the urgency. We need to set ambitious goals – as nations and companies – and help co-create on solutions that do not just help solve the crisis but also turn into new business opportunities."

Christian Jensby, CEO & Partner

Clients We work with companies large and small, local and global, Danish and international – and despite differences in scale and sector, sustainability will affect all of them, both in terms of challenges and opportunities. We want to help them on this journey – through our interactions with and influence on these partners, we can leverage an impact far greater than that of our firm alone.

This is why we now have more than 80 talents dedicated to sustainability in a multidisciplinary team working to service our clients, no matter what point they are at on their sustainability journey. In an era where ESG is becoming fundamental to business operations, we are expanding our expertise – not least through our Global Centre for Sustainable Progress and Sustainability & Climate Practice – to ensure our clients get to where they need to be.

Internal From the training we provide to the trays of food served in our canteens, there are few areas of Deloitte's talents journey that aren't coloured by our climate commitments. And we buttress this work with internal, firm-wide initiatives.

In FY23 we began the launch of our Sustainable Delivery Framework – containing practical tools to help our people set up and deliver projects in more sustainable ways: through behavioural change, travel emissions forecasting, and support for exploring more sustainable ways of working.

As part of this work, we also added Clause Zero – our Sustainable Delivery Clause – to our client engagement letters and standard contracts, centring on delivering our projects in a more sustainable way – for example by prioritising digital options such as virtual meetings and using tools developed by Deloitte to help make more sustainable choices when travel is required. The intention of this clause is to open a dialogue with our clients from initial pursuit through to completion of a project, ensuring sustainability remains top of mind.

Last year was also the year when we established the sounding board for our Climate Champions Network, which will be rolled out across the broader organisation through FY24, with a focus on embedding sustainability into policies and practices across our firm, whilst setting in train initiatives to both empower individuals and engage our ecosystems.

On top of these initiatives, and in collaboration with our canteen caterers Meyers, we launched Deloitte's first ever Food Loss and Sustainability Awareness Weeks – a two-week campaign focusing on this important issue coinciding with Denmark's National Food Waste Day.

Taking The UnSustainability Report to Folkemødet
Beyond our successful launch event, and extensive press coverage of the report, we also went further by hosting an event at Folkemødet – Denmark's annual democracy festival, which takes place on the island of Bornholm – with the well-known figures Svend Brinkmann, psychologist and speaker, and Peter Lund Madsen, author and doctor, to further spread the message of this work.

Business travel As business travel accounts for a significant part of our CO2 emissions, we have committed ourselves to reducing our travel emissions by 50 per cent per full-time employee by 2030 compared to FY19 levels, as described in our World*Climate* strategy.

Through FY23 we saw an increase in business travel – albeit not to pre-COVID levels in terms of flight emissions. Nevertheless, our travel emissions are currently above what we are aiming for with our 2030 ambition. This underpins the importance of further embedding our Sustainable Delivery Framework and thereby working hand-in-hand with our clients to deliver projects in more sustainable ways. All of this means we will continue to keep a strong focus on our travel activities to ensure we meet our aims and continue to play our part in tackling the climate crisis, whilst recognising that, in many cases, travel can be a key enabler for our work.

Society Through the collaborations we undertake, the partnerships we develop, and the initiatives we progress, we can have an impact in society when it comes to promoting sustainability and progressing solutions related to climate change. We take our role and our responsibility seriously in shaping the agenda on climate.

We are lucky in Denmark, insofar as there is broad societal and political support for action on climate change. But even against this backdrop, somebody has to lead the way. And leading the way is one of our key shared values.

We are committed to making a societal impact, and helping steer sustainable solutions – this is why, in 2020, as part of our Small Great Nation project, we called for a 70% reduction in emissions: backed up by a concrete plan to get this done.

And we have continued to leverage our expertise – last year, working together with Geelmuyden Kiese, we produced The UnSustainability Report. This publication focuses not on the areas where Denmark is leading, but where we have work to do. The focus isn't on doom and gloom – but on pinpointing where and how we can improve: because getting to where we want to be requires efforts of business, government, and consumers.

Deloitte Food Loss and Sustainability Awareness Weeks 2022

In relation to Denmark's National Food Waste Day on 29 September, we launched Deloitte's very first Food Loss and Sustainability Awareness Weeks from 26 September to 7 October 2022. A tangible example of how we strive to create an impact that matters.

Reducing our food waste

Reducing our food waste is one of the most impactful things we as individuals can do to fight climate change. Globally, wasted food accounts for 8-10 per cent of all greenhouse gas (GHG) emissions. In Denmark alone, we waste 814,000 tons of food every year – and consumers are responsible for 30 per cent of this waste. The Unsustainability Report developed by Deloitte in collaboration with Geelmuyden Kiese in 2022, which uncovers the status of the sustainability transition in the Nordics, also highlights food waste as one of ten significant obstacles to a sustainable transition in Denmark.

Why we did it

The project is a concrete example of how we try to live out our purpose to create an impact that matters. Using food waste as a hook to place a focus on sustainability and how we as employees and individuals can make positive changes, we succeeded in enhancing awareness and creating measurable results that contribute to the goal in our WorldClimate strategy of reducing waste by 50 per cent.

How we did it

We partnered with our canteen caterers Meyers, and launched a range of different activities during the weeks including:

- A competition among the Danish offices to reduce food waste with the winning prize being a "student bread" pastry, in Danish "studenterbrød" – a popular cake and example of how food waste can be turned into delicious food, as the filling is made from leftover pastries and cakes.
- A live stream event with CEO of Meyers, Claus Meyer, and former CEO of Deloitte Denmark, Anders Dons.
- Installation of kitchen weights in the canteen where employees could measure leftovers to get a better sense of how much food waste they are actually producing.
- An awareness campaign on food waste and our WorldClimate strategy in all offices and online to empower our employees to reduce food waste and act more sustainably .
- Invited Eat Grim – a company which sells "ugly" fruits and vegetables – into our Copenhagen canteen .
- Promoted Too Good To Go, which is an is app that lets our employees rescue unsold food from the canteen.
- A pre-recorded webinar with Helena Broadbridge (Deloitte), Thomas Starcke (Meyers), and Flemming Besenbacher (Chair, ONE\THIRD) about food waste.
- Launched a video with the CEO of To Good to Go, Mette Lykke, about her business success with combating foodwaste.

Impact

With the hope of using our work in Deloitte Denmark to inspire our colleagues around the world, the project was nominated for a Deloitte NSE Impact award – and it won! Results on the internal awareness campaign were also very satisfying with e.g., more than 700 visits on the intranet news, which introduced the Food Loss and Sustainability Awareness Weeks.

Helping small and medium-sized enterprises get started on their sustainable journey

- More than 750 reports created
- An average of 35 minutes spent on the tool

Many small and medium-sized businesses lack ESG competences and are unsure of how to approach the increased ESG legislation from the EU, as well as how to identify the business potential in sustainability. Lederne, together with Deloitte and Danske Bank, have launched ESG Profilen – a digital tool which will help small and medium-sized enterprises get started on the sustainable transition.

It is nothing new that working with ESG and sustainability is an important and required part of all companies' agendas. But it can be a bit of a jungle to find one's way around sustainability and to truly understand what it consists of and demands. As requirements for companies' sustainability efforts and reporting are increasing, it is also becoming more complex and more difficult for them to find out what to do and how to report on their efforts.

In Deloitte, this is an agenda we are fully aware of – as our clients are increasingly coming to us and requiring our assistance and guidance when it comes to making their business more sustainable. We want to help our clients transition into a sustainable future in the best way, and we believe that ESG Profilen can help small and medium-sized enterprises get started on their own sustainable journeys.

ESG Profilen helps by providing an overview and in turn providing concrete outputs for working with ESG. It is an intuitive tool that maps out a company's existing initiatives against the requirements and potential of their market within environmental, social, and governance criteria. The tool gives an overview which enables businesses to work strategically with sustainability and guides them through four steps: what they do today; expectations from stakeholders; focus areas going forward; and performance. The tool is in Danish and is free to use for all companies.

A good starting point for working with ESG

At the companies Nordic Computer and Procudan, working with ESG and sustainability is also nothing new and something they have been working on for several years.

Both companies have been testing ESG Profilen and they both emphasise that the tool gives a good overview, particularly for firms just beginning on their ESG journey.

"It is without doubt a great tool that I imagine we could have benefited from when we started to look into this area and measuring our CO2 footprint two years ago," *Lars Juhl Frandsen from Nordic Computer said.*

"I think that if you are a small company, who has never been working with ESG before, it can be a good to-do list tool. It gives a very good overview of the efforts you make," *Lene Andreasen from Procudan said.*

It is important to point out that the tool is particularly aimed at SMEs that are in the very early stage of working with ESG and reporting on their efforts. The tool offers a helping hand for these companies to get started or to continue working with ESG, while at the same time making the companies more aware of what they are already doing and where they need to make further efforts.

Internal sustainability initiatives FY23

- We hosted a workshop for Deloitte Female Academy on Climate Change and our internal climate strategy.
- We established the sounding board for our Climate Champion Network to extend the reach of our internal climate strategy.
- We began the launch of our Sustainable Delivery Framework and implemented Clause Zero in our standard contract and engagement letters.
- We created a client conversation pack to help client-facing teams engage our clients with our climate strategy and progress towards our goals.
- We ran a successful Food Waste campaign in collaboration with our canteen caterers Meyers – which won an NSE-wide Impact Award, meaning it was recognised as amongst the most impactful initiatives across the entire 28 nation partnership
- We initiated preparations to gain ISO 14001 and ISO 50001 certification – standards pertaining, respectively, to environmental and energy management.
- We intensified our internal carbon account process and expended further resources to prepare our organisation for changes in sustainability reporting.
- We also brought in new Executive sponsorship to ensure commitment to this agenda from senior leadership onwards.
- We reduced our energy consumption through energy reduction initiatives and awareness campaigns.

Our carbon footprint

We continuously work to include additional data and improve the data quality to get a more complete greenhouse gas inventory. As a result, we expanded the scope of reporting in FY22 to include purchased goods and services, which, understandably, increased our total emissions both in FY22 and this year, FY23, in relation to previous years. As in previous years, Deloitte North South Europe, of which Deloitte Denmark is a part, has purchased Energy Attribute Certificates, meaning we once again have sourced 100 per cent renewable electricity. Our work to ensure accuracy in our reporting means slight changes have been reported in the FY21 and FY22 figures, predominantly due to retrospective additions of data pertaining to commuting and homeworking.

At Deloitte Denmark, we emitted a total of **14,626** tons of CO2 equivalent in FY23, equalling **4.84** tons of CO2 per employee. Our Nordic integration – which ultimately allows us to serve large clients and take them on a sustainability journey – has deepened. And Deloitte is fundamentally a people business.

Deloitte is not a firm of digital nomads. It has a unique culture. And whilst ensuring flexibility for our talents is high on our agenda, we also know the importance of togetherness – not just for building our winning culture, but for sparking the intellectual alchemy and teamwork which allows us to deliver high quality work to our clients.

And amidst this we are, as noted in this report, moving at pace towards deeper, and more meaningful Nordic integration. Many firms are no longer bound to single geographies, and the organisations that serve them cannot be either.

How do you build a winning culture with colleagues you have never met beyond a web conference? How can we implement the sense of psychological safety which we want to underpin our talents' time at Deloitte, without giving space for sociability?

There is a delicate balance to be struck here. We are disappointed to see that our emissions have risen in FY23, albeit not in such a way as to take us entirely off course of our ambitious World*Climate* goals. Our emissions from business travel by air in FY23 were on par with those of FY20 – the first year partially impacted by COVID – and slightly below that of FY19, which is the baseline year for our World*Climate* ambitions.

This report is awash with stories of the impact we have made, with clients, internally, and at the societal level. And we are of the strong belief that our firm can make an impact through our work with clients which will amplify societal efforts to decarbonise and tackle the climate crisis.

Does that mean we can return back to "business as normal"? That we give ourselves carte blanche to pollute, on the basis that our work is a net-positive for society's effort to tackle the climate crisis? Of course not.

So here is what we will do. We will make responsible choices about the ways in which we travel and ensure that travel occurs for the meetings that truly matter.

Going forward, the primary occasions on which we will travel by aeroplane are client meetings – having first discussed the possibility for said meeting to take place virtually. We will restrict ourselves – as much as possible – to travelling only on Economy flights which are considerably less carbon-intensive than when flying in Business or First-Class.

We want to show how a professional services firm can integrate regionally whilst respecting planetary boundaries – and we'll be transparent every step of the way.

Carbon Emissions

In our carbon emissions account, you can find an overview of Deloitte Denmark's carbon emissions divided into Scope 1, 2, and 3.

This greenhouse gas (GHG) emissions statement has been calculated using an operational control consolidation approach as described in the GHG Protocol. The full methodology is outlined in the Basis of Reporting. In summary:

Scope 1 refers to direct emissions from gas usage; and our owned vehicles powered by internal combustion engines.

Scope 2 refers to indirect emissions from the generation of our purchased electricity; district heating & cooling; and owned electric vehicles.

Scope 3 includes our emissions from business travel; employee commuting and homeworking; and our purchased goods and services.

Carbon Emissions		FY21	FY22	FY23
Scope 1	tCO2	**0**	**0**	**137**
Scope 2	tCO2	**754**	**824**	**726**
Electricity Generation, Market-based	tCO2	0	0	0
Electricity Generation, Location-based	tCO2	683	458	389
District Heating	tCO2	754	824	726
GROSS OPERATIONAL EMISSIONS	tCO2	754	824	863
Scope 3	tCO2	**6,916**	**9,681**	**13,763**
Business Travel – Air (without radiative forcing)	tCO2	68	597	1,560
Business Travel – Air (with radiative forcing)	tCO2	128	1,129	2,951
Business Travel – Other	tCO2	451	658	758
Business Travel – Hotels	tCO2	135	425	534
GROSS OPERATIONAL AND TRAVEL EMISSIONS	tCO2	1,407	2,504	3,715
Employee Commuting	tCO2	502	1,119	2,584
Homeworking	tCO2	358	225	94
Purchased Goods and Services	tCO2	3,481	5,186	8,233
GROSS TOTAL EMISSIONS	tCO2	5,748	9,034	**14,626**
Certified Emission Reductions (Offsets)	tCO2	5,748	9,034	6,393
Gross Total Emissions per FTE	tCO2/FTE	2.32	3.34	**4.84**

Limited assurance was provided by BDO LLP at a consolidated Deloitte NSE level over all reported carbon metrics. This included consideration of the underlying country data in Belgium, Denmark, Finland, Greece, Iceland, Ireland, Italy, Malta, Middle East, Netherlands, Norway, Sweden, Switzerland and the UK plus Jersey, Guernsey, Isle of Man and Gibraltar

Gross Total Emissions is a sum of market-based electricity data, district heating, business travel data without radiative forcing, and purchased goods and services. Location-based electricity data and business travel data with radiative forcing are included in the table to increase transparency of our reporting.

For the details of our methodology, please refer to the footnotes and Deloitte North & South Europe's GHG Emissions Basis of Reporting – both of which can be accessed on the online version of this report.

In FY2023, Deloitte revised the methodology for calculating real estate emissions included in reported purchased goods and services (PG&S) emissions to align with updated guidance from the real estate sector. As a result of the updated guidance, Deloitte has removed upfront embodied carbon real estate emissions from reported PG&S emissions. For comparability, this change in methodology has been retroactively applied to previously reported PG&S amounts, which has resulted in a recalculation and restatement of PG&S amounts and emissions totals for the base year and all the previous years' data shown in this report. The recalculation and restatement has resulted in emissions decreases of 1481 tonnes in FY2022; 1921 tonnes in FY2021; 1459 tonnes in FY2020; and 1098 tonnes in FY2019. Additional details on this restatement are provided in the Deloitte Global FY2023 Basis of Reporting, which will be accessible through the 2023 Global Impact Report.

Bespoke interior design taking off on a growth adventure

"It has been exciting to be a part of ferm LIVING's growth journey and all that this has entailed. When a company like ferm LIVING expand at this level, there are a lot of areas that need to be covered. Our ability to not only provide a high-quality audit but also advise and inspire the management in collaboration with our specialised experts is what ensured that ferm LIVING receives a professional and relevant service. From the first day, we felt a great chemistry – which meant there has been a fantastic level of collaboration,"

Hans Tauby, Partner in Deloitte.

When a business grows rapidly over a short period of time, it not only leads to increased revenue, new hires, and success – it also means the business suddenly needs to acquaint itself with new rules, laws, and regulations. This was the scenario facing the successful design brand ferm LIVING when they started their collaboration with Deloitte.

ferm LIVING is a Danish design company that sells furniture and interior design products with a focus on creating a responsible and sustainable future.

Over the last few years, ferm LIVING has been on an exciting growth journey. Back in 2020, ferm LIVING was in the process of being acquired by Maj Invest. During this period, ferm LIVING doubled their turnover from DKK 200 to 400 million (approx. 27 million Euro to 54 million). They expanded their business markedly: to a position, today, where their products are sold in more than 85 countries. Amidst this expansion, the traffic on ferm LIVING's website grew by more than 80 per cent.

A doubling of turnover created complexity in the business

Perhaps unsurprisingly, increased revenue amid a period of success led to more complexity in the business – as growth took off, the scope of transactions, the hiring of new people, and the production of goods all exploded, increasing complexity significantly.

As their growth led to expansion into new markets, compliance also had to ensure alignment with what were oftentimes new laws and regulations. It was at this point that Deloitte became a part of ferm LIVING's journey.

Taking the finance department to the next level

As ferm LIVING expanded, CFO Poul Erichsen and the wider finance department have faced a number of challenges and obstacles: reorganisation, growth, a new legal structure, and other changes. In this process, Poul has used Deloitte as an advisor on everything from tax, VAT, charges, and transfer pricing to ongoing advisory support regarding the implementation of a new ERP system.

Poul has also been a part of Deloitte's CFO 360 Programme, which is a professional and personal development programme offered to CFOs in private equity backed companies:

"The programme has given me a good network with other CFOs in private equity backed companies, which also has led to connections with CFOs within the consumer industry."

Deloitte has also helped with the preparation of a roadmap for the finance strategy, including initiatives within finance to help Poul and his team prioritise and streamline the finance function. It has been hugely rewarding to support ferm LIVING throughout their growth journey.

"We chose Deloitte as our advisors due to their extensive knowledge of the consumer industry. Furthermore, we knew that the specialised private equity team at Deloitte is providing valuable assistance to numerous private equity backed businesses through both audit and other advisory services. This confirmed their expertise within the field. The Deloitte team were very professional and really had our back during various challenges – and they made partnering with them feel natural and comfortable,"

Poul Erichsen, Chief Financial Officer at ferm LIVING.

Nordic Female Founders
Womens Empowerment

Partnership between Deloitte and Nordic Female Founders helps female entrepreneurs and investors

"A lot of start-ups are hobby projects that have grown on the basis of their commercial potential. But because they started as a hobby, the founders didn't establish a registered company from the very beginning. However, you must have a registered company in order to seek investments, and it is expensive and demanding to make the transition to a company once the business is already up and running. This is one of the topics we advise members of Nordic Female Founders on."

Mads Fauerskov, Partner in Deloitte.

When you start your own business, it can be daunting – it is common that you build it from scratch without any advisory support. And oftentimes, female founders experience even more obstacles on this journey than male founders, such as difficulties finding investors and obtaining bank loans for financing.

A partnership between Nordic Female Founders and Deloitte aims to improve the circumstances for female entrepreneurs and female investors.

Nordic Female Founders is dedicated to supporting women in the start-up world. And with this partnership, Deloitte can assist and support women undertaking their entrepreneurial adventure with topics such as capital acquisition, starting up in new markets, pitch training, and much more. Deloitte also supports women by advising them on investments and due diligence. The partnership means that Nordic Female Founders now offers Deloitte's services to their members.

Immensely purposeful partnership

Mads Fauerskov leads a dedicated team of Deloitte consultants who are deeply engaged with their clients from Nordic Female Founders. One of these consultants is Louise Jeppesen.

"I see a close alignment between Deloitte's purpose of making an impact that matters and the work we do together with Nordic Female Founders to support female start-ups and investors. With the broad and deep expertise that we possess regarding capital, go-to-market strategies, pitch training, and much more, we can tailor our services directly to the individual company. Advising female founders on their start-up journeys is, in my view, immensely purposeful."

Louise Jeppesen, Senior Consultant, A&A, Deloitte

The team at Nordic Female Founders are also very excited about the partnership with Deloitte.

"It is of great value to our members that they can receive professional advice of the quality that Deloitte guarantees. The team in Deloitte has a lot of experience in this area, and our collaboration has provided great value for our investors and for our portfolio company. Therefore, we are very happy that we can formalise our partnership and offer Deloitte's services to our female investors and network,"

Anne Stampe, founder of Nordic Female Founders.

CLIENT IMPACT **STAR**

Styrelsen for Arbejdsmarked og Rekruttering

Harnessing the Power of Synthetic Data and AI

"We discovered some difficulties in creating test data. We pseudo-anonymised the test data and spent up to 80 % of our time creating specific test subjects. As such, we realised that if we could generate synthetic data ad hoc, it would save us a lot of time. One of the prerequisites, together with Deloitte, was that the developed architecture could be shared with other public authorities. This is also to aim at generating a synthetic Danish population in the long run".

Claus Balslev, Chief Digital Officer at STAR

The work of the Danish Agency for Labour Market and Recruitment (STAR) lays the foundations for an efficient labour market policy, benefiting citizens and businesses in Denmark. Deloitte has delivered an ambitious synthetic data test project to STAR's IT development organisation - namely STAR City.

STAR's primary vision is to move the test environment from on-premises to the cloud while safeguarding the privacy and security of citizen data, thus complying with GDPR requirements. Deloitte helped develop a model for synthetic data that could scale across STAR's applications and not least their complex data landscape. STAR's ambition is further to implement extensive modernisation programmes.

STAR is currently conducting a wider streamlining of their development processes and technologies, thereby initiating their cloud journey. One of the technological frameworks STAR utilises is a so-called digital twin of all individuals older than 15 with a Danish CPR number. The digital twin is used to facilitate the handling of cases in municipalities and to develop new evidence-based legislation within the employment sector. This involves extensive research and analysis that plays a crucial role for politicians in shaping employment policies.

Faster testing and earlier error detection are the reasons synthetic data is utilised, with Deloitte being the partner delivering expertise in a complex environment. The benefit of a synthetic data model is not only compliance with GDPR requirements, where testing can be conducted without citizen data - a cloud-based test environment also offers greater security and efficiency.

The use of synthetic data has enabled STAR to start the modernisation of their applications. STAR aims to relocate their development processes to the cloud. In order to facilitate the use of STAR's development tools and processes in the cloud, STAR is transforming their test data into synthetic data, thereby ensuring compliance with GDPR.

STAR will be the first authority in the public sector to take this approach. The long-term vision is to develop a service that can be utilised across the public sector with an innovative development model utilised to create a basis for a best case.

In the first phase, Deloitte's data scientists developed an MVP (minimum viable product) of the synthetic data generator model along with a user interface. Deloitte also developed and implemented software for automatic data model documentation and reporting tools to check data quality and privacy.

Developing synthetic data as a new tech offering

Over the past three years, a multidisciplinary team has developed synthetic data as a new tech offering across Deloitte. Synthetic data allows our clients to reduce the need to work directly with sensitive data, thereby enhancing citizen privacy.

Impact report FY23 | Moments that matter

It also enables clients to generate supplementary data to train more scalable and robust AI models – which will require moving from current local AI pilots to actually doing AI at scale. In short, synthetic data can help clients lower the barriers to building AI-first products while at the same time maintaining privacy. We expect GDPR's data minimisation requirement to be a major adoption driver in the public sector.

Gartner estimates that by 2024, 60 per cent of all data used in the development of AI will be synthetic. Jesper Kamstrup-Holm, leader of Deloitte's public sector team, says: "Synthetic data is a catalyst for unlocking AI's potential, empowering better AI model training, and reinforcing AI security. Early adopters are organisations working with sensitive data, but we expect synthetic data to gain much wider adoption as a key enabler for AI development and data-driven innovation – a trend further accelerated by the development in generative AI".

Deloitte is expecting synthetic data projects to shift towards more integrated plays, where synthetic data is a "peak capability" – combined with existing strongholds such as software development, AI development, and test automation.

Innovative use of generative AI

The creation of synthetic data employs new and powerful techniques, such as Generative Adversarial Networks (GANs), where two AI models compete against each other – one trying to generate lifelike data and the other trying to differentiate between fake and real data. Through many iterations, the generative model learns to mimic the real data well enough to deceive the other model without ever having had direct access to real data. Utilising this innovative approach, our team has generated synthetic images, tabular data, and even synthetic text in a project for Region Zealand. Uniquely, the team has also pioneered the development of a standardised measurement tool for reidentification risk in all types of anonymised data, allowing Data Protection Officers (DPOs) to make qualified decisions on data sharing.

SOCIAL IMPACT

Our people in focus

Our people are what matters most and as such, it should be no surprise that our people's well-being is crucial for us. We want to provide a worldclass talent experience, attracting and retaining the best talents, which in turn lets us deliver the best quality to our clients. This year, we have enhanced our focus on lifelong learning, agile working setups and better inclusion of minorities, while supporting our people to make an impact that matters in society.

Through our flexible and agile work settings, we encourage our people to find the best setup for their daily working priorities and adapt these throughout their careers. We know that priorities and interests might change throughout a career, and we want to meet changes in people's motivation and purpose while also making space for personal and professional development. We want to create a lifelong learning environment which will provide our people with the opportunity to apply their curiosity and ambition for their own development throughout their entire career – no matter their role or level of experience. To support this, we are continuously working on our feedback culture, and we have, among other initiatives, improved our training programmes for leaders as well as enhanced our internal survey setup which encourages our leaders to request feedback on their own performance.

The new feedback programme not only allows our leaders to ask for feedback as often as possible, but also to tailor the requested feedback to specific leadership deliverables, whether that is a service for a client, facilitating training or the daily management of a team. We will continue our work aimed at building the right setup to ensure that our people are in focus. And we will continue, too, to celebrate their achievements – for the second year running, we ran the People Awards, flagging up the excellent efforts that characterise our talents.

Happy parents

Last year, we introduced an improved parental leave policy, giving equal parental leave terms to all parents in Deloitte (mothers, fathers, and co-parents) with 24 weeks of paid leave.

We did this to help create an equal playing field for all parents pushing for an equal distribution of parental leave across society. Our motivation for doing this is straightforward: we want to attract and retain the best talents – also when they become parents.

Our improved parental leave policy was part of an upgrade of our existing Happy Parents scheme, which also include different flexibility options to ease the transition back to work after parental leave. With these initiatives we improved our already existing offer to new parents in Deloitte, which consists of:

- coaching sessions for employees before and after parental leave.
- the Deloitte Parental Leave Network and other offers to talents on leave.
- support and training to leaders on how to best support employees through the transitions around parental leave.
- day-to-day practical support in terms of home services and the child's 2nd and 3rd sick day with pay.

A year on from the implementation of better parental leave terms and improved flexibility options, we can already see that this has had an impact:

Length of leave among mothers and fathers: After implementing our improved parental leave policy, we see that the average length of parental leave has increased by approximately four weeks for fathers and decreased by approximately two weeks for mothers. A more equal distribution of parental leave between mothers and fathers is crucial when it comes to levelling the playing field and increasing equality between men and women in the Danish labour market. We are proud to be among the first companies to push this agenda forward.

Flexibility after parental leave: Talents returning from a period of parental leave lasting longer than 16 weeks are now granted five Flexible Return Days. Flexible Return Days are paid days off and can be used by the talent in any way that fits them, helping to create flexibility in the transition back to work. Over 90 per cent of the talents eligible for the Flexible Return Days have made use of them. The days can be used within the first year after returning to work as a way to, for example, work reduced hours on full pay the first months or create flexibility regarding the child's day-care start.

For many years we have tracked our ability to retain talents after parental leave, and we see that we are making progress. Our target is an 80 per cent retention rate of employees one year after they return from parental leave. We are pleased and proud to share that in this financial year we reached this target.

Retaining our position as one of the best places to work

We are honoured that students repeatedly name Deloitte one of the best places to work in Denmark, as our people are essential to us and we want to continue to attract and retain top talents. This year, we are incredibly proud that we climbed 8 places among IT students in the annual Universum ranking, making us the 14th most attractive employer among IT talents in Denmark in 2023. Additionally, we remain top of the audit and advisory industry for the 14th year in a row.

At Deloitte, we want to give back to the society we are part of and make an impact that matters. One way in which we do this is by collaborating closely with Danish universities to help develop the talents of the future. In 2023, we launched the Deloitte Master's Thesis Hub, where we paired 10 master's students from Copenhagen Business School with experts from Deloitte to help the students create impactful master's theses while growing professionally.

On top of this, and as part of our focus on attracting top IT talents, we have worked closely with a course at ITU, giving a group of software development students hands-on experience working with clients and developing a useable product.

According to Universum, **Deloitte Denmark is in the top five** of the most attractive workplaces for business students.

GAME and Deloitte teams up in tech and mentoring

At Deloitte, we strive to make a positive societal impact. The organisation GAME trains youth leaders as instructors and role models in street sports and civic engagement. And for over a thousand young role models and thousands of children, GAME makes a difference through strengthening equity in opportunities, health, diversity, gender, and inclusion in different countries and across borders.

Deloitte entered a Business Partnership with GAME which involved a monetary donation to GAME's educational Playmaker Program. This educational programme is targeted at young volunteers and role models who want to create lasting social change for the youth in their neighbourhood. On top of this, Deloitte provided pro bono work for GAME by mapping out and strengthening GAME's tech strategy.

Finally, GAME and Deloitte created a tailored mentor-mentee programme for GAME's volunteer Playmakers. The programme kicked-off in April with the intention of giving Playmakers new skills and a wider network, which would give them a great start to their future education and careers. The mentor-mentee relation is a mutual relationship that also includes reverse mentoring whereby consultants from Deloitte also get the opportunity to learn from young Playmakers. Both mentees and mentors have given positive feedback about the programme, and we are very excited to continue our collaboration with GAME.

A step towards gender balance

We continue our focus on gender balance in leadership positions. We are making progress, but not as quickly as we would like, and we have not yet reached our target. As such, gender representation amongst middle and top-level management is still unsatisfactory. But we are dedicatedly working on our structures and processes when it comes to pipeline management and promotions. This year we have implemented a better talent pipeline management system, which improves our abilities to forecast gender distribution at all levels. With the new talent pipeline management system, we are focusing on a 5-year talent pipeline for talents at all levels. In general, more women in leadership positions and a better gender balance are top of mind and a key part of our talent reviews, as well as nominations to top talent programs and commercial leadership positions. We continue to set and monitor clear gender diversity targets for commercial roles in our market programmes, and we continue to improve our female sponsor programme to ensure the continued development of our female talents.

Gender balance is now an integrated part of our culture and mindset. We can see this in our work on psychological safety within our leaderships, and across initiatives such as those on bias conscious leadership. When we ask our talents in employee surveys to respond to statements such as "I feel I can be myself at work", we are seeing high scores from male and female talents alike. Gender balance is a long-term journey, and we are committed to creating an equal playing field – structurally, mentally and in terms of competences.

Women now make up 40 per cent of our elected board members, and we are pleased to see that we have improved the gender balance here substantially. Our target has historically been at least 25 per cent female or male board members. Moving forward, our target will be 40 per cent. The board is also diverse in terms of professional backgrounds, geography, and international experience to ensure we reflect a global view. In compliance with the Danish Act on Approved Auditors and Audit Firms, most board members are state-authorised public accountants.

Women now make up **40 per cent** of our elected board members.

At Deloitte Denmark, the goal is that 33 per cent of the Executive team are women in 2026 from today's share of 18 per cent. Reaching this target will require a dedicated effort within succession planning and setting up new procedures for ensuring that the relevant talent pool for top positions meet our requirements for gender balance. Our long-term goal is equal representation of male and female top leaders in our Executive team.

Our second level executive management are Business Unit leadership teams. The share of women in this leadership group is 19 per cent. We have not historically tracked the gender balance at this level, but we will do so moving forward. It is our ambition to raise the representation to 33 per cent by 2026. This will also require a strengthened focus on succession planning in the Business Units. Furthermore, we will work with an internal succession board with top management that oversee new appointments.

D&I WEEK

Cardboard Deloitters for D&I Week

Every year, we celebrate Deloitte Diversity & Inclusion Week, organised to coincide with the week on which International Women's Day takes place. The week highlights a broader focus on diversity, equity, and inclusion in order to create awareness and put a face on the diversity which strengthens our firm.

The focus of this year's Diversity & Inclusion Week was intersectionality – the way that each and every one of us is unique and represents our own mix of characteristics. At the same time, we also wanted to show how, rather than separating or dividing us, our differences in fact bring us together with a shared purpose.

As such, we decided to showcase how diverse and multifaceted our talents are throughout the week. Fifteen life-size cardboard figures showing Deloitters holding a sign with some of each person's identifications were placed in the renovated café area on the ground floor.

Deliberately placed at such a popular spot, the cardboard figures greeted all entrants to the Deloitte office in Copenhagen. They quickly became an attraction inside Deloitte as well as on social media. It was inspiring to see our talents reading the messages on these figures and engaging with this campaign.

At Deloitte, we want everyone to feel they can be themselves and thrive at work, and we take seriously our responsibility to create an inclusive workplace. Living our values such as 'taking care of each other' and 'fostering inclusion' is essential in enabling and achieving this aim.

As part of this year's D&I Week, we collaborated with our employee network groups to plan the week and the communications around it. On top of our cardboard figures, a number of events took placec during the week:

- **The Muslim Network answered questions about Ramadan in an internal video, to educate and inform our people.**
- **Our International Community hosted a meme contest providing fun, light-hearted content about the challenges of being an international in Denmark. This is a relevant topic for us – we are home to over 50 nationalities in Deloitte Denmark, and we all benefit from this diversity.**
- **Finally, we published an interview with and portrait of partner and chief economist Majbritt Skov, who shared her reflections on the realities faced by a lot of women in the workplace.**

The impact of D&I Week 2023 was notable internally and externally, and we continued this focus on diversity and inclusion throughout the year.

Women in leadership	2019	2020	2021	2022	2023
Partner-elected board members	25%	0%	25%	20%	40%
Management team (Executive)	20%	20%	10%	20%	18%
Business Unit leadership teams	N/A	N/A	N/A	N/A	19%
Partners	10.6%	12.1%	13.3%	15.8%	17%
Senior Managers and Directors	31.7%	31.8%	34%	35.2%	35%

Employees serve as ambassadors for important agendas

In Deloitte we have a wide range of employee resource groups serving important agendas:

- **The International Community: approximately 350 members**
- **Proud (our LGBTQ+ and allies network): approximately 200 members**
- **Deloitte Muslim Network: approximately 60 members**

During FY23, the People & Purpose Strategy Team has had increased collaboration with these groups – all of which are employee-driven networks, created with the purpose of providing a community for employees with shared identities and interests. They foster a diverse and inclusive workplace by providing input on their talent experience, our talent policies, our internal employee surveys, and internal communication to ensure that different minorities are taken into consideration in this work. In FY23, we also collaborated with the ambassador groups for the annual Diversity & Inclusion Week.

The International Community:

- With every new FY, a new steering committee for the International Community is appointed. We mark this change by having a kick-off meeting with the new and outgoing committee members. The outcome from this meeting is ideas for projects that the new SteerCo can work on whilst they are in post. One of the projects in FY23 was a cultural awareness campaign focusing on different winter traditions to create awareness of traditions other than Christmas Members of the International Community shared winter traditions from all over the world, and this was subsequently disseminated as a communication campaign. The campaign ended with a successful social event for internationals and Danes with a quiz covering the different winter traditions.

Proud

- Proud, our LGBTQ+ and allies network in Deloitte, once again participated in the 2022 Copenhagen Pride Parade – the annual demonstration for freedom and human rights and a celebration of diversity, respect, and inclusion. It was a huge celebration with lots of happy faces, important messages, and people cheering along the road – and Deloitte was there as a proud supporter and partner of Copenhagen Pride. Proud arranged a fantastic celebration featuring a colourful float filled with happy Deloitte employees. Many colleagues also walked behind the float – with some bringing their friends, partners, and family along for the fun. It was an afternoon to remember, but we are also aware that we still have a way to go in terms of LGBTQ+ inclusion. After the Copenhagen Pride Parade, we therefore continued our dialogue and collaboration with the Proud Steering Committee in order to continue our focus on LGBTQ+ inclusion.
- Members of the Steering Committee for our LGBTQ+ network in Deloitte Denmark represent the Nordic region in the NSE LGBTQ+ Advisory Board, which supports the LGBTQ+ initiatives across NSE, fosters greater collaboration, shares best practices, and establishes consistency in our approach to LGBTQ+ inclusion.

Deloitte Muslim Network

- Having existed for less than a year, the Deloitte Muslim Network has had a fantastic start as an employee-driven network in Deloitte. They hosted their launch event in October 2022 with a guest speaker talking about his career journey and offering lessons from the obstacles he had faced due to his Muslim identity. The network quickly grew to 60 members, leading our company-wide Eid celebration where approximately 200 colleagues joined the celebration to learn more about Ramadan, Eid, and the Deloitte Muslim Network.
- This year Deloitte Muslim Network hosted the first ever Ramadan Dinner – where talents representing more than ten different nationalities broke their fast together and prayed in congregation. The success of, and overwhelmingly positive feedback towards, this event has ensured that the Ramadan Dinner will now become an annual tradition.

- Thanks to an initiative driven by the Deloitte Muslim Network, lunch in our canteens is now specifically labelled as Halal for the convenience of our Muslim colleagues.

Leadership
As our talents are our most valuable asset, we place a lot of importance on continuous learning and development. To enable all of our people to be successful, we have a strong focus on leadership development. We therefore offer a wide range of leadership development programmes focusing on everything from the fundamental skills which new leaders need to attain, through to the more advanced skills required of experienced leaders, e.g., understanding how to create a motivational work environment.

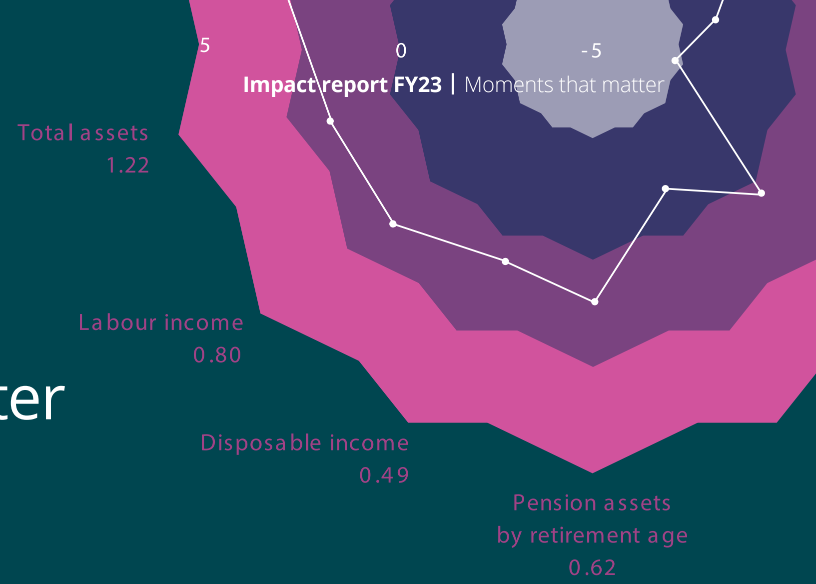
Over the past year, our internal training institute Leadership Academy has increasingly focused on personal development, and at the same time we have had an increased focus on how to ensure not just high performance within a team, but also sustainable performance. To us, sustainable performance is about making sure that our talents can effectively deliver on certain work goals while at the same time maintaining a focus on personal well-being. Our mental and physical health is vital. Beyond this, studies show that a focus on sustainable performance is crucial when it comes to creating and maintaining a strong learning culture, which is also a top priority among both current employees and future talents.

To achieve sustainable performance, we are dedicated to creating teams with a high level of inclusion, respect, commitment and psychological safety. To ensure we meet this aim, psychological safety is an important ingredient in our new training course: Leading High Performance Teams. In Leading High Performance Teams, we therefore focus on teaching our leaders how to foster a psychologically safe environment, where everyone feels secure that they will not be punished for speaking up about their concerns, ideas, mistakes or asking questions.

After evaluating our final pilot regarding Leading High Performance Teams, we are now ready to launch an improved version for all our leaders with responsibility for a team, with the first programme starting in September.

EQUALIS

Launching Denmark's first Diversity Barometer with EQUALIS



When it comes to discussing diversity and inclusion in business, the conversation is sometimes challenged by the lack of a shared common understanding of what D&I actually means.

Disparate datapoints mean it can be hard for us to gain an overview of where things are at – some will focus on differences in the amount of parental leave taken by male and female employees; others will look at the gender pay gap; others still will hone in on inequalities in career progression.

All are important aspects – but these attributes alone don't give us the full picture. To overcome these issues and ensure a common knowledge base from which we can discuss problems and solutions, the think tank EQUALIS decided to collate all the relevant dimensions relating to diversity and inclusion in the Danish labour market in just one tool. This work gave rise to the Diversity Barometer, allowing us to understand on which metrics organisations are doing well, and where improvement is needed.

Pulling in data from three million people, the barometer charts the employment inequalities between men and women in Denmark. The first of its kind, the barometer was the brainchild of gender equality think tank EQUALIS, which wanted to both benchmark where the country was at and monitor progress when it came to equity in the workplace.

EQUALIS teamed up with Deloitte Denmark and some of the country's leading gender researchers, and we were part of the official launch on 8 February 2023, held at the University of Copenhagen.

What does the barometer say?
The Diversity Barometer monitors the degree of gender equality based on 22 diversity indicators across five key themes: career and education; working environment; labour market attachment; responsibility and management; and income and assets

Deloitte Denmark's team of economists and statisticians then used technical calculations to give each theme a score between minus five and five, showing the level of under- or overrepresentation, and in so doing creating a comprehensive barometer.

And the results were unexpected: across all five dimensions, there are remarkable challenges related to diversity and inclusion in the Danish labour market.

The barometer shows that women are more likely to care for children than men and struggle more with stress and illness. Meanwhile, men are far more represented in management roles and academia, while a man's net worth is significantly higher than a woman's. And, after just the first year of work, men's earnings start to increase faster than those of women.

These challenges are formidable. But having the Diversity Barometer now means that the Danish society as well as individual organisations have a solid data-driven foundation which will allow them to make efforts in areas where focus is needed, with the bonus that it is easy to measure progress in relation to the benchmark proved by this year's barometer insights.

EQUALIS aims to issue an updated version of the barometer annually, and in Deloitte Denmark, we will be supporting them in this work as a partner all the way. There is an ambition to expand the tool by adding further dimensions, such as ethnicity, as well as company-level data, such as geography, company size and industries, to the barometer by 2024.

Four main conclusions

1. The lack of gender equality in the highest levels of leadership positions constitutes the biggest equality gap in the calculations of the barometer.
2. Women are more often experiencing issues with the psychological work environment and have more absence from work due to illness.
3. Women have less than men across all measures for income and wealth.
4. The differences between men's and women's connection to the labour market constitutes the second largest gender gap in the barometer's data and is mainly due to imbalanced family responsibilities.

A career within global trade advisory led Anna to Denmark

Initially, Anna Alieva chose to pursue a career in the field of global trade because of its international perspective and opportunities. It is perhaps therefore not surprising that she embarked on an international adventure eight months ago that led her and her family to Denmark, where they are now working to settle in.

In October 2022, Anna Alieva and her family packed their bags and moved their lives thousands of kilometres away from their home in Russia to Denmark. Anna now works as a manager in the Tax & Legal in the Global Trade Advisory team, where she helps clients manage their customs risks and customs savings opportunities.

Anna likens the puzzle of her daily customs tasks to a treasure hunt – and says it is exciting when she can help a client successfully close a complicated customs audit or obtain a customs authorization.

She was first drawn to the field of customs duties because it allowed her to use her legal knowledge in a field that excited her and opened opportunities for an international career. She found it inspiring how there are only minor local differences within the field, which made her knowledge applicable across geographies.

It was therefore not a far-fetched idea for her to one day explore the international aspect of her career by moving abroad.

Finding a constant amidst all the change

Now the family is settling into their new life in a foreign country. But one thing has remained a constant in Anna's life despite the big move: Deloitte. After working at Deloitte for more than eight years throughout her time at law school and in her earlier career, the big move did not seem as intimidating as it might have otherwise.

"Some things are certainly different, but our strong global standards make Deloitte feel like a stable environment during a time of change for me and my family. It makes for a comfortable space while we are trying to sort out the practical stuff that comes with moving a family," she says.

One thing that surprised her about the move was how easy it turned out to be due to the help of Deloitte Denmark's Mobility team, which helps people sort out the paperwork when they relocate to a new country.

"It turned out to be extremely easy with the help of our mobility team. I have talked to others who have also moved to Denmark, and I know how complicated these things can be in practice. I basically only had to submit copies of mine, my husband's, and my daughter's passports, and then the mobility team took care of the rest."

Settling into Denmark

Building a life in a new country where you do not speak the language can be tough, and despite Deloitte feeling familiar in some ways, Anna found herself in situations at the beginning where she could not understand the conversations happening around her.

"First, when I was not able to communicate in Danish at all, it could be very tough at times, for example in situations, like at lunch, where Danes interact with each other in Danish. I guess this is the same in any country. But Deloitte Denmark is in my opinion a very international company."

> "I see a little bit of progress every day. In the very beginning, my colleagues helped me by speaking very basic Danish with me, and it was so nice of them."

Now Anna is working hard to learn Danish, and with the help of her colleagues and a teacher provided by Deloitte, she has managed to become very good in just a few months.

Today, Anna's Danish is at a level where she can communicate and write emails in Danish.

Interaction with clients surprised her

While uprooting yourself and your family and moving to another country can be quite unnerving, Anna has been pleasantly surprised about the whole experience so far.

One thing that has impressed her a lot is the sense of teamwork that she thinks characterises the Danish society and how that translates into interactions. Chuckling, Anna says that she was rather confused the first time one of her clients asked how her daughter was doing and when the daughter's day-care would be closed due to vacation so that they could plan around it.

"I was like: 'Wow are you serious? That is so sweet that you care!' I find it really impressive how people care about each other."

Impressed by work-life balance

Another thing that struck her about Denmark is the relaxed and calm atmosphere, she says she has experienced here. She highlights work-life balance and how people manage to pursue their careers while seemingly maintaining a balance.

And Anna really enjoys having that balance, saying that when she is not at work, she dedicates her free time entirely to her family and hobbies.

When asked about why she ended up choosing Denmark and whether it turned out to be the right choice, her answer is unequivocal; the match with the leadership team in her new role made the decision for her.

"The partners in the Indirect Tax team in Denmark were really business oriented and set out clear goals for me from the beginning. They gave me a clear idea about my role and the tasks they wanted me to fulfil, so it was a clear match between me and the firm. I felt like it would be easy for me to work with them. And that was completely the right choice."

PEOPLE **PHILIPP SCHWÖRER**

The value of a break: How a sabbatical helped Philipp to reflect and recharge

Philipp had been working at Deloitte for several years, when he received the promotion he had worked so hard for. People around him rejoiced over the success, but his own feeling of accomplishment never followed. So, he decided to take a step back and gain a fresh perspective by taking a six-month break. Today, the decision has changed his approach to both work and personal life.

Philipp Schwörer moved to Denmark from Germany to study at Copenhagen Business School and joined Deloitte Consulting soon after. He quickly realised that he was in the right place, constantly facing complex and exciting challenges that pushed him to look for new ways to solve problems.

Feeling challenged and stressed from time to time was a part of the game for him. But the recent pandemic intensified that feeling by further blurring the lines between work and life:

Philipp knew it would take more than a two-week holiday to make sense of how he got stuck in this race with no finish line. He approached his manager and requested a sabbatical, explaining that he needed time to travel, reflect on his career, and check some things off his bucket list.

The sweetness of slowing down

With the out-of-office e-mail written excluding any possibility of being contacted, Philipp and his partner packed their bags and headed out into the unknown in hopes of creating new experiences and time for reflection. Taking a six-month sabbatical and travelling allowed Philipp to do something he had not done in a very long time: Slowing down. Having an empty to-do list provided the space needed for new ideas to reach the surface and for noticing thoughts he had not heard over the noise of hectic consultant days.

After years of looking for ways to improve efficiency for his clients and himself, his biggest realisation was that sometimes the most efficient thing to do is to take a step back and create time for reflection. It was not until he fully rested that he realised that he was so focused on his work and career that he had neglected his well-being. He learned to appreciate the simplicity of life by taking one step at a time and by not feeling pressured to move at a breakneck pace.

> “We are constantly connected to work with our smartphones, checking e-mails first thing in the morning and last thing before going to bed. At the same time, we are constantly pressured to do things faster and more efficiently. I was chasing goal after goal without being satisfied with my achievements, giving me no time to sit back and question what I was running after. I needed to slow down and disconnect.”

The sabbatical principle

Taking sabbaticals has mostly been associated with young adults exploring the world after finishing their studies. However, Philipp emphasises that adults can benefit just as much from distancing themselves from the everyday.

Philipp is a supporter of how a famous designer Stefan Sagmeister explains a typical life timeline. The first 25 years in a person's life are devoted to learning, the next 40 to working and the final 25 to retirement. Then he asks: Why not cut off five years from retirement and intersperse them into your working years? That would mean you can take a sabbatical every seven years to allow time for reflection and creativity.

> “Slowing down and creating time for reflection is easy when you are travelling for six months, but I asked myself: Is it possible in our superfast world and demanding jobs? Does being slow mean low efficiency and productivity? No – it is about balance! Slowing down is not about being lazy. Slowing down means taking time for silence, observing, reflection, time for caring and friendships in everyday situations. Would all this destroy the effectiveness of one's work? No, on the contrary, it would strengthen it.”

Philipp's sabbatical was a turning point for him allowing him to gain a new perspective on his life and to achieve the balance he wanted:

Balancing work and free time

Based on his experience and reflections, Philipp has gathered a few pieces of advice for balancing work and free time:

- Focus on your personal goals and achieve them at a pace that suits you.
- Allow time during the day to do nothing. Let your mind slow down and wander wherever it wants.
- Take full ownership of your own time and set boundaries to protect it. Get enough sleep – it is vital in slowing down your brain and allowing it to reset.
- Take control of your phone, do not allow it to control you. Turn off notifications and put it away so you are not tempted to look at work emails during focus sessions, free time and holidays.

PEOPLE **SARAH KIRKAN STRYHN SVITH & LUCAS JUST NIELSEN**

From a small accounting firm to working alongside 3500 colleagues

How does one go about leaving a safe harbour to start over with new colleagues in a different work culture? Last year, Sarah and Lucas started as accountants in Audit & Assurance at Deloitte. Today, they share their reflections on the transition from working in a smaller accounting firm to becoming a part of one of the biggest professional services firms globally.

Before joining Deloitte, Sarah Kirkan Stryhn Svith and Lucas Just Nielsen sometimes wondered what it would be like to be part of the firm. They thought that being a Deloitte accountant would definitely give them a mark of quality and knowledge, but maybe they would also feel a bit like a small piece in a big puzzle. Reflecting upon it today – almost a year after they decided to join – all their expectations have been exceeded. Although the transition has indeed been challenging at times, they are certain that they made the right decision.

Lucas previously worked in a medium-sized accounting firm with around 250 employees. At that time, Lucas' friend, who was employed at Deloitte, tried to convince him to join the firm

> "At first, I was not tempted, but when another Deloitte employee reached out to me, I reconsidered my stance on exploring new opportunities. I had gained my share of knowledge and experience in the smaller accounting firm, and I could feel that it was time for a change and to try something different."

At Sarah's previous job, she had just 20 colleagues, and it felt like one big family. Sarah's story is a bit similar to Lucas with the common denominator being an eager friend who urged her to consider coming in for an interview at Deloitte.

"I had always kept an eye on Deloitte and knew it was a matter of time before I would try my luck with the big company. I was lucky – and to be honest a bit surprised – that Deloitte offered me a part-time position so I could finish my master's degree in accounting and take care of my two sons," Sarah says.

Trying to break down the stereotype

Both Lucas and Sarah want to break the stereotypical view of being an accountant: It does not only involve Excel sheets and long workdays. Although the job can be demanding at times, getting to help the clients is what makes their work meaningful and where they feel like they are making a difference.

Sarah emphasises the importance of getting to know her clients well to make an impactful contribution to their businesses. Therefore, she prioritises spending time specialising in health care, as it is unlike areas in which she has previously worked. For her, it is all about playing on the strengths of both the client and advisor in order to achieve the best possible result.

> "The clients can do what they are good at, and we can do what we are good at. Ultimately, together we can make their business better."

Lucas points out that as an accountant, no days look the same. Furthermore, he underlines that a day in the life of an accountant is not only filled with number-crunching, tax and being glued to your desk. For him, client interaction is what makes his job rewarding.

"I get to interact with so many interesting clients. I enjoy meeting company owners, helping them with their economy and optimising their businesses. Accounting is much more than just numbers."

A small piece in a big puzzle?

The transition from a smaller accounting firm to Deloitte has been quite a journey. To Lucas, Deloitte has kept its promise to develop talents, and he feels his work is seen and valued by colleagues and leaders. Contrary to his previous beliefs, he does not feel like a small piece in a big puzzle and sees the direct impact he makes when working with clients. Furthermore, Lucas acknowledges Deloitte's efforts to meet the wishes of their employees:

I had a burning desire to facilitate some of the internal courses in Deloitte, and I was given the opportunity right off the bat."

Sarah likewise worried about getting lost in the crowd, but she states that the insecurity quickly subsided. When attending courses where she does not know anyone, she stresses the importance of having an open mind and a positive attitude towards meeting new people.

The firm is filled with opportunities and colleagues willing to offer a helping hand – you just have to reach out. Deloitte also offers lots of social events and if anything, you can choose what you would like to attend," Sarah says.

Sarah also shares the experience of no longer having her own office as she did in the smaller consulting firm. She now values her current shared office space after some time of adjustment.

Pushing boundaries in Deloitte

Lucas knew that socialising with tons of people would perhaps be quite challenging at first.

"I have always been a bit shy by nature. Every personality test always showed the same thing: I am an introvert. But I pushmyself in Deloitte, for instance by facilitating a course in

front of 25 new colleagues at one of Deloitte's onboarding courses. This is a chance I would not have gotten in a smaller accounting firm," Lucas says.

He also highlights the steep learning curve at Deloitte, where getting from point A to B happens quickly. He sees a clear development from when he started to where he is now.

Sarah has always been motivated to push her boundaries to become even better at what she does, and she feels she always has more learning to do. She is not afraid to ask the questions:

> "When I am in a meeting or a course, and there is something I do not understand, I will ask: 'I am not sure I understand – can you please explain?' It is all about putting in the effort to grow."

On a personal level, she has learned a great deal about how she would like to be perceived and the different dimensions of being an employee. She also expresses her pride in working at Deloitte and along with Lucas shares her excitement about going to work each day and from time-to-time work from home when it fits in.

Almost a year in Deloitte has passed for both and they are no longer 'the new kids on the block'. They express their gratitude for working in a place that contributes to their development – both professionally and personally. They are both excited to see how their journey in auditing unfolds whilst working at Deloitte.

Meet Vildana, our cyber strategy super talent - amongst the Top 100 in Denmark

Vildana Coralic - a cyber strategy supertalent - gained top plaudits from *Berlingske*, when she was recognised as one of Denmark's Top 100 Talents.

Once a year, Danish news media *Berlingske* celebrates some of the most promising young talents in Denmark with their Talent 100 list, which highlights and celebrates 100 talents under the age of 36 who have shown true acumen and have the potential to make it to the top of their respective fields.

With hundreds of extraordinary candidates nominated each year, it is a significant achievement to make it onto the list – so we were delighted, but not surprised, when our superstar talent Vildana Coralic, Senior Manager in Cyber Strategy, made it onto this year's list.

Vildana started her career at Deloitte five years ago, where she successfully managed to get promoted each year, which today leaves her with managerial responsibility, leading Deloitte's Cyber Transformation Programme. Her primary role as Senior Manager is to combat cyber-crime and protect her clients against cyber threats and attacks.

She is a clear example that "You can do anything you set your mind to". Vildana recently started studying Law - which she will be studying alongside her job at Deloitte, so she can provide her team with a legal perspective when it comes to cyber security issues.

Partner in Cyber Strategy, Jay Choi, who nominated her, only has positive things to say about Vildana:

> "Vildana epitomises what the firm would like our senior managers to be. Working with cyber strategy and transformation projects, she helps our clients safeguard against cyber-attacks."

Deloitte would like to support and acknowledge those talents that further got nominated to this year's *Berlingske* Talent 100 but did not make it to the final list. We are very proud of our large pool of talents!

Vildana is one of many examples of the talented, committed people who make our firm what it is. Without them – there would be no Deloitte. And this is why our commitment to lifelong learning and psychological safety is so important to us – to ensure our talents thrive and can become the best, most secure versions of themselves.

Small Great Nation

Small Great Nation is our main social impact initiative – a collaboration with the think tank Kraka, focused on creating a fact-based discussion about Denmark's strengths, opportunities, and challenges as a country.

By undertaking analyses, hosting events, releasing podcasts, and engaging in diverse press activities, we work to engage business leaders, politicians, interest organisations, the public sector, and the general public in meaningful discussions about Denmark's future.

During the past year, we released and launched our eleventh report *The public sector – the welfare state's jewel?* We also launched and released our twelfth report *The young generation: from school, screens, and stress to the hope of the future*. This was launched at a packed conference at Deloitte in Copenhagen.

In both cases, our reports landed at an important time, helping to contextualise and lend a solid evidence base to important societal discussions. The public sector plays a large role in Denmark, and the Danish welfare state is world-renowned, but it also faces challenges from demographic headwinds and low productivity. Our report sets these challenges out and offers ways forward for policymakers.

At the same time, wellbeing amongst Denmark's youth remains a hot topic, with an increasing number of young people suffering from stress or other challenges. Our report contextualises the scale of this problem, and provides an action plan, put together with experts in the field, to improve the situation. The report also engages with the discussion on educational pathways, and offers recommendations and key findings here.

GOVERNANCE

Building trust in times of uncertainty

As the largest professional services firm in the world and in Denmark, we believe it is our responsibility to use our competences and resources to help our clients and society transform towards a more sustainable future. For more than 178 years globally and 111 years in Denmark, Deloitte has been committed to running a responsible business and being guided by our purpose and values.

All our successes, and the difference we make for our clients, our people, and in our communities come down to our purpose: to make an impact that matters.

Making an impact that matters underpins every decision and connection we make and provides the foundation for how we approach our daily tasks. It means holding ourselves to high standards of integrity and building a culture of respect and inclusion. And it guides us in our work to build better futures.

With 457,000 people serving clients and communities across the world, Deloitte is a people business. Needless to say, our people are our greatest asset – which is why our purpose and our shared values are core to our culture and our success. Without them, we would never have been able to build the biggest and most valuable professional services firm in the world.

Our Shared Values

- **Lead the way**
- **Serve with integrity**
- **Take care of each other**
- **Foster inclusion**
- **Collaborate for measurable impact**

Our Global Principles of Business Conduct – or Global Code – reflect our ethical commitments and the standards we hold. Our Commitment to Responsible Business Practices covers the responsible business principles we believe in and the commitments we have made. Together they shape our policies and decision-making.

Deloitte's brand and reputation is built on trust, innovation, quality, and transparency. It distinguishes Deloitte in the marketplace, differentiating us from the competition and enabling us to continue to attract the best talents.

As a leading Audit firm, we are servants of the public trust by providing the highest quality audits, ensuring objectivity and providing transparency across the organisations we serve. This is our licence to operate, and if we fail to live up to these standards, we risk that people and businesses will lose faith in systems, authorities, and capital markets.

Therefore, we work every day to uphold our position as the leading professional services firm in the world by acting ethically and with integrity and serving as role models in our communities – while complying with external as well as regulatory requirements and expectations.

With so much geopolitical and market uncertainty around, it can be hard to gain a bearing. For us, it is in the moments when tragedy strikes that our values truly come into play. When, earlier this year, Turkey and Syria were hit by catastrophic earthquakes, our people mobilised quickly – both in Deloitte Denmark and at an NSE level – to donate both material goods and financially to the Red Cross.

Our response to this era of uncertainty is to double down on the work we do and the values that guide us. We continue to build trust in the market, we innovate, and we create change together with our clients and ecosystem of alliance partners. We navigate with the long-term picture in mind – building a more sustainable world. And we continue to stay true to, and be guided by, our purpose, values, and responsible business practices. Because, in an era beset by crises and confusion, the work we do – and the way we do it – takes on an even greater significance.

Leading with our values in an age of uncertainty

- **Building trust in the market matters more, when the future is uncertain.**
- **Advising firms on sustainability matters more, when the climate crisis is deepening.**
- **Helping businesses scale and grow matters more, when growth is threatened.**

Looking back over the last year – and, indeed, those preceding it – it can sometimes feel like the only certainty is uncertainty. Though working lives have returned to normal after years of lockdown, the relatively benign political and economic environment from before the pandemic has not returned. And as crises interlink and escalate, we have to reconcile ourselves to the fact that perhaps it never will.

In Denmark, both interest rates and inflation have returned to near-normal levels – but the heights reached across the year had a heavy impact on firms and consumers alike. War continues in Europe – a grotesque and meaningless tragedy leaving immense suffering in its wake. Our thoughts are with those affected on the ground, and, of course, our own colleagues whose lives have been affected. Following the invasion, Deloitte ceased operations in Russia and Belarus, whilst offering support to our people in Ukraine, and donating financially to support humanitarian efforts there.

Our WorldClass ambition - empowering 100,000 million people

Millions of people around the world are held back from achieving their full potential. Investing in education and skills is the answer. It is the foundation of opportunity and progress, and it creates better futures for all.

As a professional services business with knowledge workers, we believe we make the greatest societal impact when our people use their skills and expertise to help others succeed. Our commitment to making an impact that matters to society is outlined in our global WorldClass ambition – to reach 100 million people by 2030 through programmes and partnerships with leading educational organisations around the world. We invest our time, provide volunteers, and donate to support millions of students, teachers, and educational leaders worldwide. Since we started measuring our global impact in 2018, we have reached 57 million individuals worldwide.

WorldClass in Denmark - our local impact In addition to our global initiatives, we have several local WorldClass initiatives that support our ambition - including those described below. Through our various WorldClass initiatives in Denmark, we have reached **13,861 people** this year up from 2,450 last year.

Human Practice Foundation

During FY23, we continued our work with the Danish NGO Human Practice Foundation, which creates schools, quality education, and entrepreneurial projects for children and communities in Nepal, Kenya, and Denmark.

Deloitte supports the Human Practice Foundation in their operations with advisory and auditing services – including organising their fundraising. All our work is pro bono, and today the Human Practice Foundation is a successful and fast-growing NGO that brings about positive change for children by building and restructuring schools in developing countries and helping vulnerable school children in Denmark.

This year, we have been particularly involved in the Inner Strength programme which the Human Practice Foundation runs in Danish secondary schools. As a response to the numerous surveys showing that more and more Danish children and young people are experiencing stress, anxiety, and low levels of wellbeing, this programme aims to improve this situation by focusing on self-worth and self-confidence, relationships and networks, and by boosting participants' ability to focus and engage in the classroom.

We also actively support the work Human Practice Foundation undertakes outside of Denmark. In particular we have supported the work undertaken in Nepal, where the organisation undertakes educational interventions and improvements to give children better life chances – strengthening local communities and catalysing economic growth. We have helped measure the impact of Human Practice Foundation's work, ensuring they are continuing to make a real difference on the ground.

Audit Masterclasses

We want to contribute to the education of high school students and give them insights into the work of an auditor. Over the past year, colleagues from our Audit & Assurance practice have held 'Audit Masterclasses' at ten different high schools around Denmark. The goal of the masterclasses is not only to provide a fun learning experience but also to expand the students' views on future career possibilities to allow them to make informed decisions about their career path.

ETHICS

Ethics and information security

We measure and report on our progress in these areas, not only to hold ourselves accountable but also to transparently demonstrate the connection between responsible governance and operational success.

Deloitte's Global Principles of Business Conduct outline our ethical commitments and expectations for all Deloitte people across the globe. These principles reflect our core belief that ethics and integrity are fundamental and non-negotiable. The principles articulate our firm stand against bribery, corruption and fraud, our support for efforts to eradicate corruption and financial crime, and our commitment to respecting human rights. Furthermore, we communicate clearly about our employees' rights, their human rights, their ethical obligations as employees, and how Deloitte manages human rights risks and protects these rights through our culture and our daily activities.

Our culture must be open and honest, we must treat each other equally and respectfully, and we must never bring our professional and individual integrity into question through corrupt and unethical behaviour. That is why we take any incident seriously. It is important for us that our people know that no one is above the rules - no matter their rank or professional value to the organisation. Therefore, we have had to let go of skilled people who have failed to live up to our values and exhibited inappropriate behaviour.

We have different channels for consultation and reporting of ethics concerns that emphasise confidentiality and non-retaliation. Either directly to team leaders or partners or by using the third-party 'Speak Up' whistle-blower system, which allows our people to safely share concerns and report any unethical behaviour - including potential breaches of human rights or examples of corrupt behaviour. In these and other ways, we strive to minimise human rights risks.

Ethical technology guiding principles

We recognise technology provides tremendous opportunities to help us live our Purpose. It enables us to serve clients with distinction, provide our people with a leading talent experience, and contribute to communities through our WorldImpact programs. But, with opportunity comes responsibility.

Deloitte has developed a set of ethical technology guiding principles to help guide our people's choices and prompt them to consider both the ethical implications of their tech-related activities and how their actions could affect end users and society. These principles reflect our collective commitment to responsible business practices and are rooted in our shared values.

The guiding principles constitute Deloitte's data ethics policy according to section 99d in the Danish Financial Statements Act.

Human rights and the supply chain

The professional services industry has a lower risk of child, forced, or compulsory labour in their direct operations relative to other industries, given the type of work performed and its delivery methods. Deloitte's commitment to protect these human rights is expressed in Deloitte's Global Principles of Business Conduct. Deloitte is not aware of any instances of child, forced, or compulsory labour in our operations.

Deloitte's supply chain crosses multiple industries and all regions of the world. The Deloitte Supplier Code of Conduct includes prohibitions on forced or involuntary labour. It also requires that work be conducted based on freely agreed terms; that documents relating to workers' identities or immigration status may not be withheld or destroyed, concealed, confiscated, or otherwise made inaccessible by the supplier; and that there be no exploitation of child labour. Suppliers are expected to apply standards comparable to those outlined in the Supplier Code of Conduct throughout their own supply chains.

Last year, Deloitte conducted a human rights assessment regarding the risk of child, forced, and compulsory labour in our supply chains. We established that our highest risks exist in the areas of office construction, IT hardware, facility management, and hospitality services.

Risks are more likely to occur deeper in our supply chains, beyond those suppliers from whom we procure directly. Increased transparency from direct suppliers will be helpful in continuing to understand and address human rights issues, and we plan to look further into improving this in the coming year.

Impact report FY23 | Moments that matter

BEST MANAGED COMPANIES

Denmark's Best Managed Companies celebrated at Hotel d'Angleterre

This year's 16 winners of Best Managed Companies were honoured at a fantastic award show at Hotel d'Angleterre, hosted by Ane Cortzen in Copenhagen. The companies received praise for their growth strategies across all key management functions and for setting the highest standards of business performance.

For the fifth year in a row, we have honoured Denmark's Best Managed Companies for their investment in talent and technology, their ability to innovate in a competitive environment, and their drive to compete on the global stage. The winning companies have proven their capability and commitment to deliver and implement a clear and strong strategy, allowing them to achieve a higher level of organisational success.

The award is given by an independent jury in cooperation with Deloitte. The jurors were Nina Smith, Professor of Economics at Aarhus University, Lars Cordt, partner in the Danish private equity fund Axcel, Christoph Grimpe, Professor of Innovation and Entrepreneurship at Copenhagen Business School and Jens Bjerg Sørensen, CEO of Schouw & Co. A huge congratulations to the Best Managed Companies 2023!

Anders Dons looks back on his 10 years as Danish CEO – and forward to the coming four years as Nordic CEO

What have you learned during your 10 years as CEO of Deloitte Denmark?

I have learned just how important it is to be honest, to be true to your values, and to lead by example. Empathy works – be human and be yourself. And communication is key, so pay attention, share your learnings and stories, and show what's on your heart and mind. Showing gratitude and appreciating the people around you will help create a strong culture, a powerful sense of 'yes we can', and a confident organisation.

And one last thing: keep yourself fit, both physically and mentally. It is super important.

How would you like to be remembered as the Danish CEO of Deloitte?

First of all, I would like to be remembered for being a good and caring person who helped others unfold their talent, and by so doing, hopefully made Deloitte one of life's most important communities.

At a strategic level, I would like to be remembered as a CEO who pushed the mindset of the organisation in a more purpose-driven direction. Some might think our purpose is something which is secondary, and takes place on the sidelines, such as when we work on Small Great Nation, Happy Parents, or other similar initiatives.

But that is not the case – our purpose is the core of what we do. It's the impact we create every day for our clients, and it is helping other organisations and individuals to become more successful and thrive. That is truly the foundation of our purpose: making an impact that matters.

You have been the Nordic CEO since 2016 but are now dedicated full-time. What is your vision for Deloitte Nordic?

So, in four years' time when I'm passing on the baton, I would like to look back at a Nordic firm which is even more passionate and even more confident than the firm of today.

That isn't to say we aren't doing great already – but I know we can take things to the next level. In four years, I hope to be able to look back and say: as we came together, we managed to showcase how we could integrate the Nordic region into a powerhouse, leveraging the global organisation while also adding a Nordic flavour through the way that we lead with trust.

I hope to be able to say that we really pushed the brand to something extraordinary from the point of view of our clients, our people, and the Nordic society – that would make me super proud!

10 milestones from 10 years as CEO

01 Purpose at the centre
Making purpose something that people live every day – not just a tagline detached from our work.

02 From local to global
Transforming a locally based Danish firm into an international organisation working as a part of Deloitte NSE and Deloitte Nordic.

03 One of life's most important communities
Creating an inclusive culture that you want to be a part of – a culture that you'll look back at later in life and say, 'that was something special'.

04 Diversity of thought
Promoting diversity in all aspects, by ensuring Deloitte is an organisation moving towards an equal gender distribution, benefitting from 50+ different nationalities, and actively creating space for employee networks such as Proud, International Network, and Muslim Network.

05 One Deloitte
Tying together the organisation by being a visible leader, e.g., by communicating frequently during the COVID-19 lockdown, and holding unifying events such as the Green Dot Party and our 110th anniversary celebration.

06 Public voice
Daring to intervene in the public debate and having an opinion on societal matters, especially through the Small Great Nation project.

07 Work/life balance
Attracting and retaining our talents by improving work/life balance through initiatives such as Happy Parents, improved paternity leave, and flexible work.

08 Sustainable growth
Creating a sound, agile and focused business with a consistent yearly growth rate.

09 Auditing and advisory
Changing the perception of Deloitte from primarily an auditing firm to a professional services firm with a wide range of market-leading capabilities including tech, innovation, and sustainability.

10 Client impact that matters
Pushing the boundaries and shaping our industry by working on important and ground-breaking projects with the most interesting clients.

Contents

Financial review

Main activity
Deloitte Statsautoriseret Revisionspartnerselskab carries out audit and advisory services in Denmark within the framework that follows from the Danish auditing legislation. The activities have consisted of audit and advisory services within Audit & Assurance, Consulting, Tax & Legal, Risk Advisory and Financial Advisory.

Statement of comprehensive income
We have continued our strong growth and consolidation of our position as a market leading audit and advisory firm in Denmark with a growth in revenue of 12% compared to last year. Revenue totals DKK 4,963m compared to DKK 4,442m in FY22. All business units except for one have experienced increased level of activity as described below and in general the increased revenue relates to organic growth.

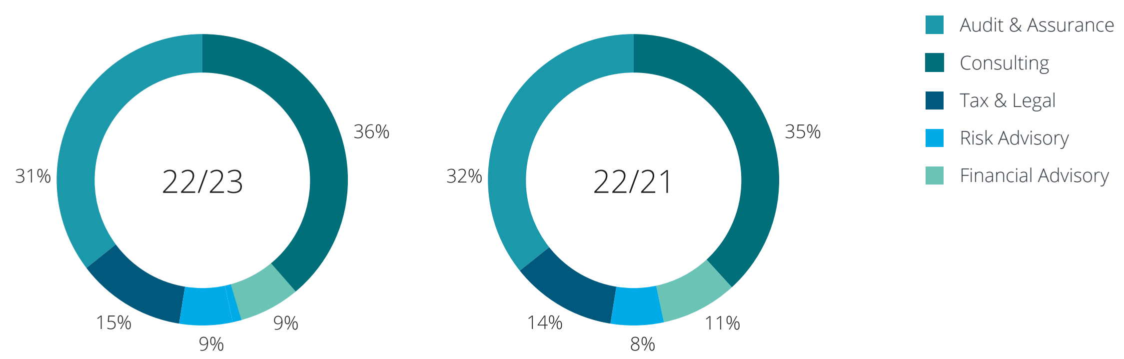
Staff costs, including remuneration to the partners, total DKK 3,328m, which was an increase of 12% compared to last year. The increase was mainly due to the increased level of activity and an accompanying increase in number of employees. Of the total staff on 31 May 2023, 287 were partners (31 May 2022: 260).

External expenses increased by 14% to DKK 1,417m. The increase was mainly due to employees returning to the office after COVID-19 and the high inflation. The increase primarily related to travel expenses, electricity, training, and office supplies. External expenses may further increase in the coming years due to new activities on Nordic and global levels.

Profit for the year amounted to DKK 69m, which was DKK 5m higher than last year's profit and expectations expressed in the annual report for FY22, which primarily was due to higher revenue than expected. The revenue exceeds the expressed expectations of an increase in revenue of 5%. The higher revenue relates to all business units except from one. We refer to below for further details. In assessing the results, it should be considered that the remuneration to equity partners has been recognised in staff costs.

Audit & Assurance
During FY23, Audit & Assurance continued the transformational journey by accelerating the use of technology, sustaining market-leading quality, and continuing to change our delivery models to create a sustainable people experience. Revenue went up by 9% compared to last year. All service areas within Audit & Assurance contributed to this growth, particularly increased demand within Financial Services and Private Segments, as well as continued growth in Assurance Offerings.

Revenue by business unit



Consulting
Consulting increased the revenue by 12% in FY23 with a continuous focus on supporting our clients through large-scale business transformations. This high growth is enabled by a remarkable culture and hard work carried by Consulting's talents, and also supported by the successful acquisition and integra-tion of Framework within the SAP area.

Tax & Legal
Tax & Legal ended another year with a strong double digest growth rate of 14%, where all service lines have contributed. The growth was in particular driven by Transfer Pricing, M&A, Global Employer Services, and our practices in Odense and Aarhus.

The growth in Transfer Pricing was driven by client demand due to primarily new reporting re-quirements. M&A increased their footprint with the largest Danish multinationals and Private Equity contributed to significant growth in M&A. Increased Advisory Services has been the driver for the growth in Global Employer Services. Investments in resources and capabilities in Deloitte's practices in Odense and Aarhus have contributed to the growth. Indirect Taxes also grown in FY23 where they continued their transformation of the service line.

Risk Advisory
Risk Advisory continued its strong growth during FY23, realising a 35% increase in revenue, driven by continued high activity within well-established offerings as well as new fast-growing business areas. The significant growth is also proof of continued strong demand for risk, cyber and compliance related services combined with a more streamlined business after divesting the l egacy business area of managed licenses.

Financial Advisory
Financial Advisory realised a negative growth of 3% compared to an extraordinarily good result in FY22. M&A Transaction Services and Forensic realized one-digit growth rates, whereas Corporate Finance Advisory experienced a slight decline. This as a consequence of volatile market conditions.

Balance sheet and cash flow statement
By the end of FY23, the balance sheet totaled DKK 2,851m (FY22: DKK 2,716m), of which equity amounted to DKK 632m, equalling an equity ratio of 22% (FY22: 21%). The equity ratio excluding leasing liabilities equaled 24.8% (FY22: 24.0%).

Investments in intangible assets and property, plant and equipment amounted to DKK 243m, which was DKK 160m higher than FY22. The main increase relates to goodwill from business combinations (i.e. acquisition of Framework) DKK 103m and right-of-use assets DKK 78m.

At the end of FY23, net contract assets and trade receivables made up DKK 1,214, which is an increase of DKK 215m compared to last year. The significant increase was due to both increased activity and revenue, but also that the development in advanced billings did not follow the development in contract assets compared to last year.

At the end of FY23, the equity amounted to DKK 632 million, a net increase of DKK 54 million compared to last year. The positive development can be attributed to a positive net result of DKK 69m, divided payment of DKK 60m, and capital cash contribution of DKK 45 million. The capital increase was carried out as a cash contribution in connection with the accession of new equity partners.

Dividend distributed in FY23 amounted to DKK 60m, which was the same level as prior year. For the upcoming ordinary Annual General Meeting on 1 October 2023, the Board of Directors propose a dividend payment of DKK 66 million.

Trade payables increased by DKK 85m to DKK 233m by end of FY23, which was due to timing differences compared to last year. The decrease last year was DKK 81m due to the same.

Operating cash flow before working capital changes amounted to DKK 240m by end of FY23 (FY22: DKK 234m). This increase from last is mainly related to increase in operating profit and employee liabilities. The decrease was predominantly due to increase in trade receivables and contract assets, as well the acquisition of Framework.

Parent
The Parent company generally accounts for 99% to 100% of the Firm's activities. The company's development, therefore corresponds in all material aspects to of the parent company as commented above.

Uncertainty relating to recognition and measurement
No special uncertainty was identified relating to recognition and measurement. For significant ac-counting judgements and estimates, refer to Note 0.5 to the consolidated financial statements.

Research and development activities
In addition to development projects capitalized during FY23, DKK 15m, ongoing improvements and development of business supporting tools are carried out but are not assessed to meet the criteria for recognition as separate assets in the balance sheet.

As focus will remain on digitalisation and innovation, we expect to make further investments in these areas during FY24.

Financial risks
The Firm's financial management is directed at managing and reducing financial risks which are a direct consequence of the Firm's operations, investments and financing. Because of its operations, investments and financing, the Firm is primarily exposed to changes in exchange rates and interest rates. Furthermore, the Firm is exposed to credit risks related to trade receivables, contract assets and bank deposits and liquidity risks.

The exposures to the identified risks are monitored on an ongoing basis by the Firm's finance depart-ment. The objective is that the Firm's financial management will contribute to increasing the predictability of the financial performance, which includes reducing the financial risks identified. The Firm does not use derivatives etc.

The Firm's finance department manages the Group's financial risks and coordinates the Group's cash management, including financing and investment of surplus liquidity.

For specification of the exposures etc., refer to Note 3.5 in the financial statements.

Events after the balance sheet date
After the balance sheet date, there has been an increase in share capital by a nominal share amount of DKK 7.2m through a total cash contribution of DKK 89.4m. This increase was due to new equity partners joining the Firm. There have been no other events after the balance sheet date that could significantly impact this annual report.

Outlook FY24
Revenue and earnings for the coming fiscal year are expected to be on a par with FY23.

Financial highlights

	FY23 DKK'm	FY22 DKK'm	FY21 DKK'm	FY20 DKK'm	FY19 DKK'm
Key figures					
Revenue	4,963	4,442	3,748	3,588	3,732
Operating profit*	97	84	72	80	102
Net financials	(28)	(20)	(16)	(20)	(9)
Profit for the year*	69	64	55	60	93
Trade receivables and	999	1,075	973	1,244	1,026
net contract assets	1,224	999	1,075	973	1,244
Equity	632	578	575	580	580
Balance sheet total	2,851	2,716	2,801	2,542	2,137
Investment in intangible assets	124	63	22	67	114
Investment in property, plant and equipment	119	20	38	25	34
Net interest-bearing debt incl. lease liabilities	515	330	500	693	-
Cash flows from operating activities	82	301	301	542	(37)
Average no. of full-time employees	2,996	2,680	2,581	2,642	2,575
Ratios					
Operating margin (%)	2.0	1.9	1.9	2.2	2.7
Equity ratio (%)	22.2	21.3	20.5	22.8	27.1
Equity ratio excl. lease liabilities	24.8	24.0	23.8	27.9	-
Revenue per average full-time employee (DKK'm)	1.7	1.7	1.5	1.4	1.4
Financial gearing incl. lease liabilities (%)**	0.8	0.6	0.9	1.2	-

*In evaluating the profit, it should be considered that the shareholders of the Firm are also its partners and that their remuneration is profit-related. The remuneration has been recognised in staff costs.

** In FY20, IFRS 16 Leases was implemented. Comparative figures for FY19 and previous years have not been restated.

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

Definitions

Operating margin $= \dfrac{\text{Operating profit * 100}}{\text{Revenue}}$

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

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

Financial gearing excl. lease liabilities $= \dfrac{\text{Net interest-bearing debt incl. lease liabilities *}}{\text{Equity}}$

Financial gearing incl. lease liabilities $= \dfrac{\text{Net interest-bearing debt incl. lease liabilities *}}{\text{Equity}}$

Net interest-bearing debt consist of cash and bank balances and financial liabilities including lease liabilities and contingent consideration for business acquisitions and excluding operating liabilities.

Statement by Management on the annual report

The Management has today considered and approved the annual report of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 1 June 2022 to 31 May 2023.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C (large) enterprises as governed by the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 May 2023 and of the results of their operations and cash flows for the financial year 1 June 2022 to 31 May 2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 1 September 2023

Chief Executive Officer

Christian Schelde Jensby

Board of Directors

Lars Kronow
Chairman

Gustav Jeppesen

Therese Kjellberg

Rene Winther Pedersen

Jane Whitlock

Nidha Rizwan

Mette-Katrine Hviid

Independent auditor's report

To the shareholders of Deloitte Statsautoriseret Revisionspartnerselskab

Opinion

We have audited the consolidated financial statements and the parent financial statements of Deloitte Statsautoriseret Revisionspartnerselskab for the financial year 01.06.2022 to 31.05.2023, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.05.2023 and of the results of their operations and cash flows for the financial year 01.06.2022 to 31.05.2023 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 1 September 2023

BDO
Statsautoriseret Revisionspartnerselskab
Business Registration No. 20 22 26 70

Ole C. K. Nielsen
State-Authorised Public Accountant
mne23299

Statement of comprehensive income for FY23

	Consolidated		Parent	
	FY23 DKK'm	**FY22 DKK'm**	**FY23 DKK'm**	**FY22 DKK'm**
Revenue (1.1)	4,962.7	4,442.0	4,945.2	4,426.6
Staff costs (1.2)	(3,327.7)	(2,972.7)	(3,313.7)	(2,958.6)
External expenses (1.3)	(1,416.6)	(1,244.7)	(1,411.0)	(1,244.1)
Depreciation and amortisation (1.4)	(132.6)	(146.7)	(132.6)	(146.1)
Other operating income (1.5)	11.4	5.8	11.4	5.8
Operating profit	**97.2**	**83.7**	**99.3**	**83.6**
Income from investments in subsidiaries	-	-	(2.2)	0.0
Financial income (3.7)	3.0	1.0	3.0	1.0
Financial expenses (3.8)	(30.8)	(20.8)	(30.7)	(20.7)
Profit for the year	**69.4**	**63.9**	**69.4**	**63.9**
Comprehensive income for the year	**69.4**	**63.9**	**69.4**	**63.9**

Balance sheet end of FY23

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Goodwill (2.1)	732.2	630.7	724.3	576.8
Intellectual property rights (2.2)	4.4	8.2	4.4	8.2
Completed development projects (2.2)	60.2	52.9	60.2	52.9
Development projects in progress (2.2)	0.0	4.1	0.0	4.1
Intangible assets	**796.8**	**695.9**	**788.9**	**642.0**
Right-of-use assets (2.3)	277.6	290.3	277.6	290.3
Leasehold improvements (2.3)	10.7	12.5	10.7	12.5
Operating equipment and fixtures (2.3)	53.0	31.0	52.9	31.0
Property, plant and equipment	**341.3**	**333.8**	**341.2**	**333.8**
Investments in subsidiaries (2.4)	-	-	26.1	61.8
Investments in associates (2.4)	17.2	12.6	17.2	12.6
Deposits and other financial assets (2.4)	47.1	42.1	47.1	42.1
Receivables from associates	10.2	14.2	10.2	14.2
Prepayments	17.0	21.1	17.0	21.1
Other non-current assets	**91.5**	**90.0**	**117.6**	**151.8**
Non-current assets	**1,229.6**	**1,119.7**	**1,247.7**	**1,127.6**
Trade receivables (2.5)	950.4	908.7	950.4	908.7
Contract assets (2.6)	390.3	185.1	390.3	184.7
Receivables from subsidiaries	-	-	3.9	1.0
Receivables from associates	-	16.9	-	16.9
Other receivables	8.9	3.4	2.2	1.0
Prepayments	62.5	77.8	62.4	77.7
Receivables	**1,412.1**	**1,191.9**	**1,409.2**	**1,190.0**
Cash and bank balances	**209.1**	**403.9**	**191.4**	**393.2**
Current assets	**1,621.2**	**1,595.8**	**1,600.6**	**1,583.2**
Assets	**2,850.8**	**2,715.5**	**2,848.3**	**2,710.8**

Impact report FY23 | Moments that matter

Balance sheet end of FY23 (continued)

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Share capital (3.1)	45.6	42.0	45.6	42.0
Reserve for equity method	-	-	0.0	0.0
Reserve for development projects	-	-	60.0	56.8
Retained earnings	586.2	536.3	526.2	479.5
Equity	**631.8**	**578.3**	**631.8**	**578.3**
Lease liabilities (3.4)	205.8	213.2	205.8	213.2
Contingent consideration for business acquisitions (3.5)	-	9.6	-	9.6
Other financial liabilities (3.5)	288.4	290.5	288.8	290.5
Employee liabilities (2.7)	204.0	194.6	203.9	192.4
Provisions (2.8)	1.0	0.3	1.0	0.3
Non-current liabilities	**699.2**	**708.2**	**699.5**	**706.0**
Lease liabilities (3.4)	91.9	94.3	91.9	94.3
Contingent consideration for business acquisitions (3.5)	15.1	4.9	15.0	4.9
Other financial liabilities (3.5)	122.9	122.3	122.9	122.3
Employee liabilities (2.7)	805.2	836.3	803.0	834.5
Contract liabilities (2.6)	126.8	94.8	126.8	94.8
Trade payables (3.5)	232.7	148.0	232.0	147.9
Payables to subsidiaries	-	-	2.1	0.4
Payables to associates	5.9	-	5.9	-
Other liabilities (3.3)	119.3	128.4	117.4	127.4
Current liabilities	**1,519.8**	**1,429.0**	**1,517.0**	**1,426.5**
Liabilities	**2,219.0**	**2,137.2**	**2,216.5**	**2,132.5**
Equity and liabilities	**2,850.8**	**2,715.5**	**2,848.3**	**2,710.8**

Consolidated statement of changes in equity for FY23

	Share capital DKK'm	Retained earnings DKK'm	Total DKK'm
Equity at 31.05.2021	**42.0**	**532.8**	**574.8**
Profit for the year	-	63.9	63.9
Comprehensive income for the year	**-**	**63.9**	**63.9**
Dividend paid	-	(60.4)	(60.4)
Equity at 31.05.2022	**42.0**	**536.3**	**578.3**
Profit for the year	-	69.4	69.4
Comprehensive income for the year	**-**	**69.4**	**69.4**
Capital increase	3.6	40.8	44.4
Dividend paid	-	(60.3)	(60.3)
Equity at 31.05.2023	**45.6**	**586.2**	**631.8**

Parent statement of changes in equity for FY23

	Share capital DKK'm	Reserve for development projects DKK'm	Reserve for equity method DKK'm	Retained earnings DKK'm	Total DKK'm
Restated equity at 31.05.2021	**42.0**	**66.6**	**-**	**466.2**	**574.8**
Profit for the year	-	(9.8)	-	73.7	63.9
Comprehensive income for the year	**-**	**(9.8)**	**-**	**73.7**	**63.9**
Dividend paid	-	-	-	(60.4)	(60.4)
Equity at 31.05.2022	**42.0**	**56.8**	**-**	**479.5**	**578.3**
Profit for the year	-	3.2	-	66.2	69.4
Comprehensive income for the year	**-**	**3.2**	**-**	**66.2**	**69.4**
Capital increase	3.6	-	-	40.8	44.4
Dividend paid	-	-	-	(60.3)	(60.3)
Equity at 31.05.2023	**45.6**	**60.0**	**-**	**526.2**	**631.8**

Cash flow statement for FY23

	Consolidated		Parent	
	FY23 DKK'm	**FY22 DKK'm**	**FY23 DKK'm**	**FY22 DKK'm**
Operating profit	97.2	83.7	99.3	83.6
Adjustments for non-cash items:				
Depreciation and amortisation (1.4)	132.6	146.7	132.6	146.1
Increase/decrease in provisions	0.7	0.3	0.7	0.3
Increase/decrease in long-term employee liabilities (2.7)	9.4	3.3	11.5	3.5
Operating cash flow before working capital changes	**239.9**	**234.0**	**244.1**	**233.5**
Increase/decrease in short-term employee liabilities	(31.2)	91.5	(31.5)	90.8
Increase/decrease in trade payables and other liabilities	75.6	(109.1)	75.8	(113.6)
Increase/decrease in trade receivables and contract assets	(214.9)	75.7	(215.3)	75.5
Increase/decrease in other receivables etc.	34.8	28.0	34.5	27.6
Increase/decrease in pavables to associates	5.9	-	5.9	-
Operating cash flow before financial income and expenses	**110.1**	**320.1**	**113.5**	**313.8**
Interest income etc. received (3.7)	3.0	1.0	3.0	1.0
Interest expenses etc. paid (3.8)	(30.8)	(20.5)	(30.7)	(20.5
Cash flows from operating activities	**82.3**	**300.6**	**85.8**	**294.3**
Purchase of intangible assets	(21.2)	(15.7)	(21.2)	(15.7)
Sale of intangible assets	3.2	1.5	3.2	1.5
Purchase of property, plant and equipment	(36.2)	(9.6)	(47.1)	(9.6)
Sale of property, plant and equipment	2.6	4.8	2.6	4.8
Acquisition of businesses (4.1)	(107.0)	(26.4)	0	(26.4)
Acquisition of subsidiaries and capital increase (4.1)	(0.1)	-	(107.0)	-
Investment in associates	(4.6)	(0.9)	(4.6)	(1.2)
Investment in other financial assets, net	(5.0)	1.2	(5.0)	1.7
Cash flows from investing activities	**(168.3)**	**(45.1)**	**(179.1)**	**(44.9)**

(continues on next page)

Cash flow statement for FY23 (continued)

	Consolidated		Parent	
	FY23 DKK'm	**FY22 DKK'm**	**FY23 DKK'm**	**FY22 DKK'm**
Repayment of lease liabilities	(92.0)	(88.3)	(92.0)	(88.3)
Capital increase - Equity	44.4	0	44.4	0
Draw downs and repayments of financial liabilities (3.3)	(0.9)	(44.7)	(0.6)	(44.7)
Dividend paid	(60.3)	(60.4)	(60.3)	(60.4)
Cash flows from financing activities	**(108.8)**	**(193.4)**	**(108.5)**	**(193.4)**
Increase/decrease in cash and cash equivalents	**(194.8)**	**62.1**	**(201.8)**	**56.0**
Cash and cash equivalents at 01.06.2022	403.9	341.8	393.2	337.2
Cash and cash equivalents at 31.05.2023 (3.6)	**209.1**	**403.9**	**191.4**	**393.2**

Summary of notes to the financial statements

0. Accounting policies in general
0.1 § Framework
0.2 § Changes in accounting policies
0.3 § Basis of accounting
0.4 § Consolidated financial statements
0.5 # Significant accounting judgements and estimates
0.6 § Foreign currency translation
0.7 § Taxation
0.8 § Standards and Interpretations not yet in force
0.9 # Materiality in financial reporting
0.10 Parent financial statements

1. Operating profit or loss
1.1 § # Revenue from contracts with customers
1.2 Staff costs
1.3 External expenses
1.4 § Depreciation and amortisation
1.5 § # Other operating income

2. Operating assets and liabilities
2.1 § # Goodwill
2.2 § Other intangible assets
2.3 § Property, plant and equipment
2.4 § Other non-current assets
2.5 § Receivables
2.6 § # Contract assets
2.7 § Employee liabilities
2.8 § Provisions

3. Capital structure and financing
3.1 Share capital
3.2 § Dividend
3.3 § Financial liabilities
3.4 § Lease liabilities
3.5 ! Financial instruments and risks etc.
3.6 § Cash and cash equivalents
3.7 Financial income
3.8 Financial expenses

4. Other notes
4.1 § Acquisition and divestment of businesses
4.2 Contingent liabilities etc.
4.3 Fees to the auditor elected at the Annual General Meeting
4.4 Related parties
4.5 Authorisation of the annual report for issue
4.6 Events after the balance sheet date

Note disclosures, description of accounting policies and description of significant accounting judgements and estimates made in preparing the consolidated financial statements are divided into four sections which outline the various elements of the financial statements, including the individual line items. This division means that accounting policies, significant accounting judgements and estimates and monetary specifications are presented together for the individual financial statement items and notes.

For reasons of clarity, descriptions are marked as follows:

§ Accounting policies

Significant accounting judgements and estimates

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0. Accounting policies in general

§ **0.1 Framework**

Deloitte Statsautoriseret Revisionspartnerselskab ("the Company" or "the Parent" and together with its subsidiaries "the Group or "the Firm") is a limited partnership company domiciled in Copenhagen, Denmark.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports for reporting class C (large) enterprises, as required by the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

§ **0.2 Changes in accounting policies**

A number of new and amended Standards and Interpretations have come into force for financial years beginning on or after 1 June 2022. None of these have had any effect on the consolidated or parent financial statements.

The accounting policies applied for the consolidated financial statements are unchanged compared to last year apart from minor clarifications in the note disclosures.

§ **0.3 Basis of accounting**

The consolidated financial statements are presented in Danish kroner, which is the Company's and its subsidiaries' functional currency.

The financial statements are presented using the historical cost convention, except where IFRS specifically requires the use of fair value, according to the accounting policies described below under the individual line items.

§ **0.4 Consolidated financial statements**

The consolidated financial statements comprise Deloitte Statsautoriseret Revisionspartnerselskab (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent.

The Parent controls a subsidiary when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its control over the subsidiary. Control is normally obtained if the Parent holds more than 50% of the voting rights in the subsidiary.

Enterprises in which the Firm, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

0.5 Significant accounting judgements and estimates

IIn the process of applying the Firm's accounting policies, certain judgements have been made by Management.

Furthermore, when recognising and measuring items in the financial statements, it is necessary in certain circumstances to make estimates, and to make assumptions, about future events. These estimates and assumptions are based on historical experience and other relevant factors which are considered prudent by Management in the circumstances, but which are inherently uncertain or unpredictable. Actual results may, therefore, vary from these estimates and assumptions.

The estimates made and their underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the accounting period in which such changes occur and in future accounting periods if they affect those periods.

In preparing the financial statements, significant judgements have been made for the following:

- Evaluation of principal/agency relationships in terms of revenue recognition and presentation (Note 1.1).

Significant accounting estimates have been made for the following elements:

- Determination of the value of contract assets (Notes 1.1 and 2.6)
- Calculation of value-in-use when testing goodwill for impairment (Note 2.1)
- Allowance for expected losses on receivables (Note 2.5)
- Measurement of provisions (Note 2.8).

§ **0.6 Foreign currency translation**

On initial recognition, foreign currency transactions are translated at the exchange rate on the transaction date. Receivables, payables and other monetary items denominated in foreign currency that have not been settled at the balance sheet date, are translated using the exchange rate on the balance sheet date. Exchange differences arising between the transaction date and the payment date, or the balance sheet date, are recognised in the statement of comprehensive income as financial income or financial expenses.

§ **0.7 Taxation**

As limited partnership companies, the Company and its major subsidiaries are not independent taxpayers, as the liability to pay tax falls on the Firm's equity partners. Therefore, no current tax or deferred tax is recognised in the consolidated financial statements.

§ **0.8 Standards and Interpretations not yet in force**

At the time when the annual report FY23 was authorised for issue, the IASB and the IFRS Interpretations Committee have issued a number of new Standards and Interpretations and related amendments, which will only enter into force for the Firm's financial years beginning after 31 May 2022. These Standards and Interpretations have, therefore, not been applied in the preparation of the consolidated financial statements for the current year.
The new and amended Standards and Interpretations, are not expected to have any significant impact on future consolidated financial statements.

0.9 Materiality in financial reporting

In connection with the preparation of the annual report, Management assesses how the annual report is to be presented. In this connection, much importance is attached to the content being relevant to the users.

Thus, when presenting the statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement of the consolidated financial statements, it is assessed whether a need exists to disaggregate financial statement items further or whether it is more appropriate to aggregate amounts etc. and, in doing so, enhance transparency. When preparing the accompanying notes to the consolidated financial statements, the focus is on the content being relevant to the users and on the notes being presented in a clear and informative manner. The assessment, which takes into account the requirements of Danish law, International Financial Reporting Standards and Interpretations, and with the overarching objective that the consolidated financial statements as a whole must give a true and fair view, has entailed that information deemed immaterial by Management has been omitted from the consolidated and parent financial statements.

0.10 Parent financial statements
The parent financial statements for FY23 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for annual reports for reporting class C (large) enterprises, as required by the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statements Act.

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

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

1. Operating profit or loss

1.1 Revenue from contracts with customers
The Firm generates revenue primarily by delivering to customers the types of professional services offered by the business units of Audit & Assurance, Consulting, Tax & Legal, Risk Advisory, and Financial Advisory. The bulk of the Firm's revenue arises from services provided in Denmark.

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Revenue split per country:				
Denmark	4,124.8	3,781.6	4,107.3	3,766.2
Other Nordic countries	508.4	311.1	508.4	311.1
Rest of the world	329.5	349.3	329.5	349.3
	4,962.7	**4,442**	**4,945.2**	**4,426.6**

Each business unit offers a wide range of services and, when delivered to individual customers, these are almost always distinct in nature. However, the performance obligations tend to be consistent from customer to customer, and the ones the Firm most commonly satisfies are unchanged from last year.

- External audit services
- Technology solution design and implementation
- Strategy and consulting services
- Direct and indirect tax compliance and advisory services
- Legal services
- Business and compliance services
- Corporate finance advisory
- M&A transactions and related services
- Cyber risk services.

The amount of revenue the Firm receives varies both from service to service and from customer to customer, reflecting the distinct nature of the services the Firm provides, and typically reflecting the skills and experience of the individuals who provide the services.

The consideration the Firm receives is typically based on one or more of these principal pricing mechanisms:

- Time and materials
- Fixed fee
- Contingent fee.

Most of the Firm's contractual arrangements with customers comprise a single performance obligation.
For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated based on the relative estimated stand-alone selling price of each performance obligation.

The Firm has determined that no significant financing component exists in respect of its professional services as the period between when the Firm transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

1.1 Revenue from contracts with customers (continued)
As a provider of professional services, the Firm is exposed to professional liability claims.

Accounting policies
Other than for contingent fees which are constrained in accordance with the requirements of IFRS 15, the Firm has an enforceable right to payment for services rendered and, given the distinct nature of the services provided, recognises revenue over time as such services are rendered.

The Firm measures progress in satisfying the performance obligations as follows:

- For time and materials arrangements, the Firm recognises revenue based on time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.
- For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time used to provide the services.
- Contingent fees are typically recognised when the contingency is resolved.

Significant accounting judgements and estimates
Evaluation of principal/agency relationships (accounting judgement)
When a revenue transaction involves a third party in providing goods or services to a customer, the Firm must determine whether the nature of its promise to the customer is to provide the underlying goods or services itself (i.e., the Firm is the principal in the transaction) or to arrange for the third party, e.g., other Deloitte member firms to provide the underlying goods or services directly to the customer (i.e., the Firm is the agent in the transaction). Due to the complexities of some of these arrangements, this determination may require significant judgement, including an assessment as to whether the Firm controls a specified good or service before it is transferred to a customer. If this is deemed to be the case, the Firm recognises revenue on a gross basis – if not, revenue is recognised on a net basis.

Value of contract assets (accounting estimate)
Contract assets in the form of contract work in progress are recognised at the amount equal to the consideration that Management expects the Firm to be entitled to receive for the work carried out at the balance sheet date.

Estimates are made regarding measuring progress satisfying the performance obligations and establishing when contingencies are satisfactory resolved.

At 31 May 2023, the value of contract assets recognised at selling price totalled DKK 3,470.1m before offsetting of amounts invoiced on account (31 May 2022: DKK 2,434.9m).

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Revenue Revenue from contracts with customers is broken down by business unit as follows:				
Audit & Assurance	1,537.4	1,407.6	1,520.7	1,407.6
Consulting	1,768.5	1,581.3	1,767.7	1,565.9
Tax & Legal	721.0	626.0	721.0	626.0
Risk Advisory	468.9	346.6	468.9	346.6
Financial Advisory	466.9	480.5	466.9	480.5
	4,962.7	**4,442.0**	**4,945.2**	**4,426.6**

1.2 Staff costs
Staff costs comprise salaries, bonuses, remuneration and social security expenses etc. for the financial year for the Firm's employees and partners, including stay-on fees offered when acquiring businesses. Staff costs also include accumulation of costs relating to employees' future jubilee benefits.

Key Management includes the Firm's Board of Directors, the Chief Executive Officer and other members of the Executive team.

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Salaries to employees and remuneration to partners	3.145.8	2,826.7	3,133.0	2,813.3
Long-term employee liabilities, refer to Note 2.7	1.5	0.4	1.5	0.4
Defined contribution plans	42.2	29.0	41,9	28.8
Other social security expenses	25.3	22.7	25.0	22.6
Other staff costs	112.9	93.9	112,3	93.5
	3,327.7	**2,972.7**	**3,313.7**	**2,958.6**
No. of average full-time employees	2.996	2,680	2,979	2,666
No. of full-time employees at year-end	3,230	3,007	3,214	2,991
Total remuneration to Key Management	**164.6**	**174.0**	**164.6**	**174.0**

Remuneration to Key Management consists of remuneration in the form of short-term employee benefits to equity partners being members of the defined Key Management. No specific directors' fees were paid to members of the Firm's Board of Directors. Remuneration to the Chief Executive Officer for FY23 and FY22 is not disclosed as remuneration has been paid to one person only.

1.3 External expenses
External expenses for the financial year comprise costs of administration, premises, training and education, marketing, loss allowances regarding bad debts, etc. and work carried out by subcontractors where the Firm is acting as principal in the transaction..

	FY23 DKK'm	FY22 DKK'm
Work carried out by subcontractors, including other Deloitte member firms	**795.3**	**674.6**

1.4 Depreciation and amortisation

Accounting policies

Intangible assets are amortised, and items of property, plant and equipment are depreciated on a straight-line basis from when the assets are ready for their intended use over their expected useful lives, which are as follows:

Intellectual property rights	1-10 years
Completed development projects	1-12 years
Right-of-use assets	1-11 years
Leasehold improvements	1-10 years
Operating equipment and fixtures	3-8 years

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation starts at the commencement date of the lease.

The maximum depreciation period for leasehold improvements is the agreed lease term.

	FY23 DKK'm	FY22 DKK'm
Depreciation, amortisation and impairment		
Intellectual property rights	3.8	7.9
Completed development projects	17.0	21.1
Right-of-use assets	89.7	87.5
Leasehold improvements	2.8	3.2
Operating equipment and fixtures	16.0	13.7
Profit or loss on sale of non-current assets	(0.6)	6.4
Loss from write-downs of non-current assets	3.9	6.9
	132.6	**146.7**

1.5 Other operating income

Accounting policies

Other operating income are used to present income and profit that are secondary to the Firm's primary activities, including gains resulting from strategic restructuring decisions in the form of disposal of activities, fair value adjustments of earn-out obligations, etc.

	FY23 DKK'm	FY22 DKK'm
Profit on disposal of client relationships and activities	9.4	5.0
Fair value adjustment of earn-out obligation	2.0	0.8
	11.4	**5.8**

Fair value adjustments of earn-out obligations relate to adjustments made to deferred contingent consideration that was recognised in previous years regarding acquisitions of businesses.

Impact report FY23 | Moments that matter

2. Operating assets and liabilities

2.1 Goodwill

Accounting policies

On initial recognition, goodwill is recognised and measured as described in Note 4.1, *Acquisition and divestment of businesses.*

Goodwill is not amortised but tested annually at financial year-end for impairment, based on a determination of the recoverable amount for goodwill, see below. The recoverable amount is determined irrespective of whether any indication of impairment has been identified. If the carrying amount is higher than the recoverable amount determined, the carrying amount is written down to the recoverable amount.

The recoverable amount is determined as the value-in-use of the cash-generating units to which the amounts of goodwill are allocated. When determining the value-in-use, estimated future cash flows are discounted to present value.

Significant accounting estimates

Indication of impairment

The determination of the value-in-use is based on Management's estimates of the expected future cash flows in each cash-generating unit and the determination of a discount rate. These estimates are subject to some uncertainty, and changes therein may have a significant effect on the consolidated financial statements in terms of whether an impairment loss should be recognised and, if applicable, by what amount.

The carrying amount of goodwill is DKK 732.2m at 31 May 2023 (31 May 2022: DKK 630.7m). Neither this financial year nor last financial year identified any indication of impairment of goodwill.

For more details about the assumptions, discount rates etc. used in determining the value-in-use of the defined cash-generating units, see the description below.

	Consolidated	Parent
Cost at 01.06.2021	586.7	532.8
Additions from business combinations	44.0	44.0
Cost at 31.05.2022	**630.7**	**576.8**
Cost at 01.06.2022	**630.7**	**576.8**
Additions from business combinations	103.1	95.2
Reclassification transferred businesses	-	53.9
Disposals	(1.6)	(1.6)
Cost at 31.05.2023	**732.2**	**724.3**
Carrying amount at 31.05.2023	**732.2**	**724.3**

2.1 Goodwill (continued)
The carrying amount of goodwill is allocated to the following cash-generating units, corresponding to the Firm's business units:

	Consolidated		Parent	
	FY23 DKK'm	FY22 DKK'm	FY23 DKK'm	FY22 DKK'm
Goodwill				
Audit & Assurance	381.9	383.5	381.9	383.5
Consulting	283.4	180.3	275.5	126.4
Tax & Legal	18.6	18.6	18.6	18.6
Risk Advisory	47.8	47.8	47.8	47.8
Financial Advisory	0.5	0.5	0.5	0.5
	732.2	**630.7**	**724.3**	**576.8**

Development
During FY23 goodwill captured in investment in subsidiaries have been transferred to goodwill in the parent company in line with the relocation of the activity from subsidiaries to the parent company. The acquisition of Framework as described in note 4.1 - acquisition and divestment of business and the relocation of activities are the main reason for the increase since last year.

Determination of recoverable amount
When determining value-in-use for cash-generating units to which goodwill is allocated, the expected future cash flows have been used that can be derived from management-approved budgets for the coming financial years, aiming for a normalised growth rate and working capital at the end of the budget and forecast period of five years leading into the terminal period. For accounting periods after the forecast period (terminal period), estimated normalised cash flows in the last forecast period have been subjected to extrapolation. When calculating the cash flows, remuneration to equity partners is deducted at an estimated amount based on the average remuneration to non-equity partners including a percentage add-on based on the difference in average cost rates.

The main uncertainties in determining the value-in-use are related to the determination of discount rates, growth rates and earnings margins in the budget and forecast periods and in the terminal period.

The discount rates determined reflect the risk-free interest rate at the balance sheet date and the estimated specific risks associated with the assets and cash flows of each cash-generating unit. The discount rate is determined on the basis of the assessed Weighted Average Cost of Capital (WACC) for each cash-generating unit. The pre-tax discount rate applied to Audit & Assurance and Tax & Legal is 11.4% (FY22: 11.6%). For Consulting, Risk Advisory and Financial Advisory the discount rates used are 12.2%, 12.4% and 12.4% (FY22: 12.5%, 12.4% and 13.0%), respectively.

The growth rates and earnings margins used are based on Management's expectations for the development of the respective business units during the budget and forecast periods and the terminal period. These expectations are based on previous experience, budgets, defined strategic goals, etc. Expected price increases due to inflation, etc. are included in the budget and forecasts.

The terminal period growth rate used is not estimated to exceed the average long-term growth rates for the markets as a whole. The terminal period growth rate used is 2.0% (FY22: 1.5%).

Impact report FY23 | Moments that matter

§ **2.2 Other intangible assets**
Accounting policies
Other intangible assets comprise completed and development projects in progress and acquired intellectual property rights in the form of software rights, client contracts and brands.

Development projects on clearly defined and identifiable systems and processes etc., for which the technical utilisation rate, sufficient resources and future economic benefits can be established and where the intention is to complete the project and use the intangible asset, are recognised as intangible assets, which are amortised

The cost of development projects comprises costs, including salaries and depreciation or amortisation of assets
that are directly attributable to the development projects. Amortisation of completed development projects commences when the asset is available for its intended use.

For software-as-a-service arrangements only expenses related to configuration and customisation of software where the underlying software is controlled by the Company are capitalised as intangible assets. If expenses are related to configuration and customisation of software controlled and provided by a third party and the expenses are related to functionality, etc. that cannot be separated from the software offered by the third party, such expenses are regarded as part of the payments to the software provider and recognised as prepayments to be expensed over the contract period. All other expenses related to configuration and customisation of software not controlled by the Company are expensed as incurred.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Other intangible assets are reviewed annually for any indication of impairment. Development projects in progress are tested once a year for impairment. If it is not possible to estimate the recoverable amount of the individual project, the recoverable amount is determined for the cash-generating unit to which the project belongs. Impairment tests are carried out applying the same policies and assumptions as described above for goodwill.

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2.2 Other intangible assets (continued)

	Intellectual property rights DKK'm	Completed development projects DKK'm	Development projects in progress DKK'm
Cost at 01.06.2021	87.5	209.1	1.7
Additions from business combinations	3.4	0.0	-
Other additions	0.2	0.0	15.5
Transfer	0.0	11.4	(11.4)
Disposal	(19.4)	(13.9)	(1.7)
Cost at 31.05.2022	**71.7**	**206.6**	**4.1**
Amortisation and impairment losses at 01.06.2021	(64.1)	(143.9)	-
Amortisation for the year	(7.9)	(21.1)	-
Write-downs	(2.5)	(2.5)	(1.7)
Reversal regarding disposals	11.0	13.8	1.7
Amortisation and impairment losses at 31.05.2022	**(63.5)**	**(153.7)**	**0.0**
Carrying amount at 31.05.2022	**8.2**	**52.9**	**4.1**
Cost at 01.06.2022	71.7	206.6	4.1
Other additions	-	-	21.2
Transfer	-	24.3	(24.3)
Disposals	-	-	(1.0)
Cost at 31.05.2023	**71.7**	**230.9**	**-**
Amortisation and impairment losses at 01.06.2022	(63.5)	(153.7)	-
Amortisation for the year	(3.8)	(17.0)	-
Reversal regarding disposals	-	-	-
Amortisation and impairment losses at 31.05.2023	**(67.3)**	**(170.7)**	**-**
Carrying amount at 31.05.2023	**4.4**	**60.2**	**-**

All other intangible assets are considered to have definite useful lives over which the assets are amortised, refer to Note 1.4. No indication of impairment is deemed to exist for these assets.

§ **2.3 Property, plant and equipment**

Accounting policies

Right-of-use assets, leasehold improvements, operating equipment and fixtures are measured at cost less accumulated depreciation and impairment losses.

Cost of leasehold improvements, operating equipment and fixtures comprises the acquisition price, costs directly related to the acquisition, and costs for preparing the asset up to the date when the asset is ready to be put into operation.

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

- The amount of the initial measurement of lease liabilities
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs.

The depreciation base is the asset's cost net of its expected residual value after the end of its useful life. Assets are depreciated on a straight-line basis over their expected useful lives, refer to Note 1.4. It is assessed annually whether any changes to residual values and depreciation periods should be made.

Items of property, plant and equipment are reviewed annually for any indication of impairment. Impairment tests are carried out applying the same policies and assumptions as described above for goodwill. Neither this financial year nor last financial identified any indication of impairment.

	Right-of-use assets DKK'm	Leasehold improvements DKK'm	Operating equipment and fixtures DKK'm
Cost at 01.06.2021	554.9	29.4	130.9
Additions	10.7	0.9	8.7
Disposals	(3.3)	(3.3)	(4.6)
Cost at 31.05.2022	**562.3**	**27.0**	**135.0**
Depreciation and impairment losses at 01.06.2021	(187.8)	(12.4)	(92.6)
Depreciation for the year	(87.5)	(3.2)	(13.7)
Write-downs	-	(0.2)	0.0
Reversal regarding disposals	3.3	1.3	2.
Depreciation and impairment losses at 31.05.2022	**(272.0)**	**(14.5)**	**(104.0)**
Carrying amount at 31.05.2022	**290.3**	**12.5**	**31.0**
Cost at 01.06.2022	562.3	27.0	135.0
Correction prior year	9.5	-	0.4
Additions from business combinations	-	-	0.3
Other additions	78.2	1.0	39.7
Disposals	(3.4)	-	(6.5)
Cost at 31.05.2023	**646.6**	**28.0**	**168.9**

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2.3 Property, plant and equipment (continued)

	Right-of-use assets DKK'm	Leasehold improvements DKK'm	Operating equipment and fixtures DKK'm
Depreciation and impairment losses at 01.06.2022	(272.0)	(14.5)	(104.0)
Correction prior year	(9.5)	-	(0.4)
Depreciation for the year	(89.7)	(2.8)	(16.0)
Write-downs	(1.2)	-	-
Reversal regarding disposals	3.4	-	4.5
Depreciation and impairment losses at 31.05.2023	**(369.0)**	**(17.3)**	**(115.9)**
Carrying amount at 31.05.2023	**277.6**	**10.7**	**53.0**

§

2.4 Other non-current assets

Accounting policies

Other non-current assets include investments in associates, deposits in connection with the inception of lease contracts, which are repaid when such contracts expire, other non-current receivables and for the parent financial statements also investments in subsidiaries. As a rule, the deposits are indexed on an annual basis. The deposits are recognised as collateral given and are measured at cost.

Deloitte Statsautoriseret Revisionspartnerselskab holds 20% of the shares in the associate Deloitte Nordic A/S and 40% of the shares in the associate Deloitte Nordic Holding ApS, both registered in Copenhagen. The purpose of these companies is for the Nordic Deloitte member firms to share investments and costs related to joint investments in activities, business development and development of market activities. These companies are therefore not expected to make either profits or losses. The companies are recognised according to the equity method, and Deloitte Statsautoriseret Revisionspartnerselskab's share of net profit in these companies amounts to DKK 0.0m for FY23 (FY22: DKK 0.0m). The share of the companies' total equity is DKK 0.1m (31 May 2022: DKK 0.1m), which has been recognised as investment in associate.

Deloitte Statsautoriseret Revisionspartnerselskab has granted a long-term interest-bearing loan to Deloitte Nordic Holding ApS in the amount of DKK 27.3m, which will be repaid at par value when Deloitte Nordic Holding ApS recovers the underlying investment financed by this loan. The loan is at initial recognition designated as being measured at fair value through profit and loss. The fair value of the loan is estimated at DKK 10.2m based on the estimated time of repayment and an associated required return on the investment. The difference between the par value and the fair value of the loan, DKK 17.1m, is con-sidered a deemed capital contribution to Deloitte Nordic Holding ApS which is presented as part of the investment in this associate.

In the parent financial statements, investments in subsidiaries are recognised according to the equity method. This means that investments are measured at the pro rata share of the subsidiaries' equity value less unrealised intragroup profits. The Parent's share of the subsidiaries' profits or losses after elimination of unrealised intra-group profits is recognised in the statement of comprehensive income.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity value to the extent the receivable is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised in provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise and expects to incur a loss due to such obligation.

Impact report FY23 | Moments that matter

2.4 Other non-current assets (continued)

For the parent company, positive net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method in equity.

The purchase method is applied in the acquisition of investments in subsidiaries; refer to the description in Note 4.1 to the consolidated financial statements.

During the year goodwill related to acquisitions have been reclassified from investment in subsidiaries to goodwill in accordance with relocation of activities in subsidiaries to the parent company.

	Parent
	Investments in subsidiaries DKK'm
Cost at 01.06.2021	70.6
Additions	0.0
Cost at 31.05.2022	**70.6**
Adjustment at 01.06.2021	(8.8)
Share of profit for the year	0.0
Adjustment at 31.05.2022	**(8.8)**
Carrying amount at 31.05.2022	**61.8**
Cost at 01.06.2022	70.6
Additions	20.4
Reclassification transferred business	(53.9)
Cost at 31.05.2023	**37.1**
Adjustment at 01.06.2022	(8.8)
Share of profit for the year	(2.2)
Adjustment at 31.05.2023	**(11.0)**
Carrying amount at 31.05.2023	**26.1**

Investments in subsidiaries comprise:

- Struensee & Co. Komplementar ApS, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%
- Struensee & Co. Management Consulting P/S, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%
- Deloitte PensionManagement Brokers P/S, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%
- Framework Digital P/S, Masnedøgade 22, 1., 2100 Copenhagen Ø, Denmark, 100%
- Framework Digital Komplementar ApS, Masnedøgade 22, 1., 2100 Copenhagen Ø, Denmark, 100%
- Deloitte ApS, Weidekampsgade 6, 2300 Copenhagen, Denmark, 100%

SUMMARY OF NOTES TO THE FINANCIAL STATEMENTS

2.5 Receivables

Accounting policies

Receivables comprise trade receivables and other receivables.

On initial recognition, trade receivables are measured at the transaction price and other receivables at fair value and subsequently at amortised cost, which usually equals the nominal value less any loss allowance for bad debts. Loss allowance for trade receivables is recognised at an amount equal to lifetime expected credit losses (ECL).

Significant accounting estimates

The expected credit losses are estimated using a provision matrix by reference to past default experience of the debtor, general economic conditions, and an assessment of both the current and the forecast direc-tion of conditions at the reporting date. Refer also to Note 3.5 for a description of credit risks.

	FY23 DKK'm	FY22 DKK'm
Trade receivables	981.7	937.7
Allowance for expected lifetime credit losses	(31.3)	(29.0)
Net trade receivables	**950.4**	**908.7**
Not due for payment	749.1	756.1
Overdue less than 30 days	134.4	102.8
Overdue 31-60 days	33.5	19.2
Overdue 61-90 days	8.0	11.5
Overdue 91-120 days	7.5	8.7
Overdue more than 121 days	49.2	39.4
Trade receivables	**981.7**	**937.7**
Loss allowance for trade receivables		
Loss allowance at 01.06.	29.0	27.0
Additions	7.9	9.5
Reversals	(3.7)	(4.5)
Realised	(1.9)	(3.0
Loss allowance at 31.05.2022	**31.3**	**29.0**

Impact report FY23 | Moments that matter

2.5 Receivables (continued)

	Expected default rate FY23 %	Expected default rate FY22 %	Balance FY23 DKK'm	Balance FY22 DKK'm	Loss allowance FY23 DKK'm	Loss allowance FY22 DKK'm
Not due for payment	0.2	0.3	749.1	756.1	1.8	2.0
Overdue less than 30 days	1.9	2.2	134.4	102.8	2.5	2.3
Overdue 31-60 days	3.5	4.2	33.5	19.2	1.1	0.8
Overdue 61-90 days	6.3	7.0	8.0	11.5	0.5	0.8
Overdue 91-120 days	7.1	12.6	7.5	8.7	0.5	1.1
Overdue more than 121 days	50.4	55.8	49.2	39.4	24.9	22.0
Trade receivables			**981.7**	**937.7**	**31.3**	**29.0**

2.6 Contract assets

Accounting policies

Contract assets are measured at the selling price of the work performed at the balance sheet date, net of amounts invoiced on account.

For time and materials arrangements, the Firm recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Firm has the right to invoice its customers for.

For fixed fee arrangements, the Firm uses an input method based upon the value of the hours charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.

Contingent fees are recognised when the contingency is resolved.

Each contract asset is recognised in the balance sheet in receivables or liabilities, depending on whether the net asset value, calculated as the selling price less amounts invoiced on account, is positive or negative.

Significant accounting judgements and estimates

The selling price of the work carried out at the balance sheet date is determined based on time spent and Management's assessment of the expected consideration to which the Firm will be entitled.

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2.6 Contract assets (continued)

	FY23 DKK'm	FY22 DKK'm
Contract assets at selling price	3,470.1	2,434.9
Invoiced on account	(3,206.6)	(2,344.6)
	263.5	**90.3**
Net value is recognised in the balance sheet as follows:		
Contract assets	390.3	185.1
Contract liabilities	(126.8)	(94.8)
	263.5	**90.3**

Impairment losses and loss allowances on contract assets are considered immaterial.

The table below summarises the key changes in the contract assets and liabilities of the Firm during the year:

	Consolidated		Parent	
	Contract assets DKK'm	Contract liabilities DKK'm	Contract assets DKK'm	Contract liabilities DKK'm
At 01.06.2021	248.9	68.2	248.4	68.2
Increase/decrease	(63.8)	26.6	(63.7)	26.6
At 31.05.2022	**185.1**	**94.8**	**184.7**	**94.8**
At 01.06.2022	185.1	94.8	184.7	94.8
Increase/decrease	205.2	32.0	205.6	32.0
At 31.05.2023	**390.3**	**126.8**	**390.3**	**126.8**

Outstanding performance obligations
In all business units apart from Audit & Assurance, both the customer and Deloitte generally have the right to terminate the contracts applying a notice period of up to three months. Therefore, as per IFRS 15, contracts in these business units are exempt from the requirement to disclose outstanding performance obligations, as the expected duration of the contracts is less than one year.

An analysis of the recognised revenue for previous years shows that only insignificant revenue of a given year's total revenue relate to contracts which were set up more than one year before the financial year in question. For this reason, no further disclosure of outstanding performance obligations is considered necessary.

Impact report FY23 | Moments that matter

§ **2.7 Employee liabilities**

Accounting policies
Employee liabilities comprise amounts payable under bonus plans etc., incl. residual payments to partners, holiday pay obligations and provisions for jubilee benefits etc.

Provisions for jubilee benefits etc.
It is the Firm's policy to grant a jubilee benefit on 25-year and 40-year anniversaries of employment with Deloitte corresponding to 1 and 1½ month's salary, respectively. Expected future jubilee benefits for the Firm's partners and employees are recognised based on an actuarial calculation of the present value of expected jubilee benefits based on the current salary levels, expected future salary increases and time of termination of service.

Long-term vacation allowance
In 2019, the Danish Holiday Act was amended. As a result, holiday pay earned by the employees from 1 September 2019 to 31 August 2020 is deferred and settled only when the employees retire. The long-term vacation allowance is measured at the present value of the amount being payable when the employee is expected to retire. The vacation allowance is presented as a current or a non-current employee liability depending on the estimated retirement date.

Short-term vacation allowance and other employee liabilities
Short-term vacation allowance represents the amount the Firm expects to pay to the employee when absent due to vacation. Other short-term employee liabilities consist of payable bonusses, residual payments to partners, termination benefits, etc.

	FY23 DKK'm	FY22 DKK'm
Provisions for jubilee benefits at 01.06.	7.6	7.7
Adjustment for the financial year (recognised as 'Other staff costs')	0.5	0.6
Interest expenses (recognised as 'Other staff costs')	0.2	0.0
Actuarial (gains)/losses (recognised as 'Other staff costs')	0.8	(0.2)
Jubilee benefits paid	(0.3)	(0.5)
Transfer to short-term jubilee benefits	(0.9)	(0.2)
Provisions for jubilee benefits at 31.05	**7.9**	**7.4**
Long-term vacation allowance	196.1	187.2
Long-term employee liabilities at 31.05.	**204.0**	**194.6**
Short-term jubilee benefits	0.9	0.2
Short-term vacation allowance	173.3	158.7
Other short-term employee liabilities	631.0	677.4
Short-term employee liabilities at 31.05.	**805.2**	**836.3**

2.8 Provisions

Accounting policies

Provisions comprise expected costs in connection with known professional liability claims.

Provisions for professional liability claims are measured as the best estimate of the costs required to settle the claims on the balance sheet date, based on Management's assessment of the specific circumstances in each case and after offsetting any insurance cover.

Estimated net costs expected to be incurred more than one year after the balance sheet date are discounted to present value if this has a material effect on the measurement of the liability.

	FY23 DKK'm	FY22 DKK'm
Professional liability claims at 01.06.2022	0.3	-
Used in the financial year	(0.3)	-
Reversed in the financial year	-	-
Provisions in the financial year	1.0	0.3
Professional liability claims at 31.05.2023	**1.0**	**0.3**
Provisions at 31.05.2023	**1.0**	**0.3**

The Firm is a party to various lawsuits and disputes. The outcome and timing of settlement of professional liability claims is inherently uncertain but most of the claims are assessed as being closed in full within the next few years. Fees for legal assistance etc. in connection with handling the claims are recognised when the services are received and not included in the provision. The liabilities are presented after offsetting any insurance cover, as information about expected claims etc. is considered to seriously prejudice the position of the Firm.

3. Capital structure and financing

3.1 Share capital

	FY32 DKK'm	FY22 DKK'm
The share capital is made up of:		
A shares, 114 shares at a nominal value of DKK 0.4m	45.6	42.0
B shares, 30 shares at a nominal value of DKK 0.0m	0.0	0.0
Nominal value at 31.05.	**45.6**	**42.0**

No shares have special rights, except that at the annual general meeting, both each A share (nominal value 0.4m) gives one vote, as well as each B share (nominal value 0.0m). Shareholders of B shares are not entitled to dividend.

§ **3.2 Dividend**

Accounting policies

Dividend is recognised as a liability at the time of declaration at the Annual General Meeting.

For the financial year FY23, the Board of Directors has proposed a dividend of DKK 65.6m (FY22: DKK 60.3m), equivalent to DKK 0.6m per share (FY22: DKK 0.6m per share), which will be paid to the equity partners after the Firm's Annual General Meeting on 24 October 2023, provided that the Annual General Meeting adopts the Board of Directors' proposal. Each equity partner holds directly or indirectly one A-share in the Firm. As the dividend is conditional upon adoption by the Annual General Meeting, it has not been recognised as a liability in the balance sheet at 31 May 2023.

§ **3.3 Financial liabilities**

Accounting policies

Financial liabilities comprise debt instruments, payables to credit institutions and other lenders, deferred consideration for business acquisitions, accounts payable and other payables.

On initial recognition, financial liabilities are measured at fair value, which usually corresponds to the proceeds received, less any transaction costs. Subsequently, contingent consideration for business acquisitions is measured at fair value through profit or loss, while other financial liabilities are measured at amortised cost.

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	FY23 DKK'm	FY22 DKK'm
VAT, A tax and social security expenses	104.9	107.6
Other expenses payable	14.4	20.8
Other liabilities at 31.05.	**119.3**	**128.4**
Other financial liabilities at 01.06., refer to Note 3.5	412.8	451.9
Net borrowings in long-term other financial liabilities	(2.1)	(2.4)
Net borrowings in short-term other financial liabilities	0.6	(36.7)
Other financial liabilities at 31.05., refer to Note 3.5	**411.3**	**412.8**

3.3 Financial liabilities (continued)

	FY23 DKK'm	FY22 DKK'm
Contingent consideration for business acquisitions at 01.06., refer to Note 3.5	14.5	5.6
Deferred consideration in long-term	(9.6)	9.6
Deferred consideration in short-term	10.2	(0.7)
Contingent consideration for business acquisitions at 31.05., refer to Note 3.5	**15.1**	**14.5**

§ **3.4 Lease liabilities**

Accounting policies

As from 1 June 2019, the Firm has recognised right-of-use assets and corresponding lease liabilities with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group recognises the lease payments as an operating cost on a straight-line basis over the term of the lease. For recognised right-of-use assets, refer to note 2.3,

Lease liabilities are measured at amortised cost and include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate at the commencement date.

Lease payments to be made under reasonably certain extension options are included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Firm's leases, the Firm´s incremental borrowing rate ('IBR') is used, being the rate that the Firm would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Firm is exposed to potential future increases in variable lease payments based on an index or rate that are not included in the lease liability until they take effect. When such adjustments to lease payments take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Firm remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset, when (a) the lease term changes; (b) the lease payments change; or (c) a lease contract is modified and the lease modification is not accounted for as a separate lease.

3.4 Lease liabilities (continued)
Amounts recognised in the income statement relating to lease contracts:

	FY23 DKK'm	FY22 DKK'm
(included in 'Depreciation and amortisation')	90.9	87.5
Interest expenses on lease liabilities (included in 'Financial expenses')	3.7	4.3
Costs relating to low-value assets (included in 'External expenses')	24.4	24.1
Income from sub-leasing right-of-use assets (included in 'External expenses')	(2.3)	(3.0)
	116.7	**112.9**

The total cash outflow for leases in the year ended 31 May 2023 was DKK 95.7m (2021/22: DKK 92.5m).

Lease liabilities consist of DKK 205.8m long term (2021/22: DKK 213.2m) and DKK 91.9m short term (2021/22: DKK 94.3m).

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

	FY23 DKK'm	FY22 DKK'm
Trade receivables	950.4	908.7
Receivables from associates, refer to Note 2.4	27.3	31.1
Other receivables	8.9	3.4
Cash and bank balances	209.1	403.9
Financial assets measured at amortised cost	**1,195.7**	**1,347.1**
Lease liabilities	297.7	307.5
Other financial liabilities	411.3	412.8
Trade payables	232.7	148.0
Other liabilities	119.3	128.4
Financial liabilities measured at amortised cost	**1,061.0**	**996.7**
Contingent consideration for business acquisitions	15.1	14.5
Financial liabilities measured at fair value through profit or loss	**15.1**	**14.5**

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

Impact report FY23 | Moments that matter

3.5 Financial instruments and risks etc. (continued)
Policy for managing financial risks
Management continuously monitors the Firm's financial risks and coordinates its cash management, including funding. The Firm is not considered exposed to significant financial risks, see below.

Currency risks
The Firm's sales transactions are mainly conducted in Danish kroner. 8% of total revenue is denominated in foreign currencies (FY22: 7%), primarily in USD, EUR and GBP.

Services purchased abroad, such as insurance, and services purchased from other Deloitte member firms primarily take place in USD, EUR and GBP. In the financial year, services purchased in USD totalled DKK127.2m, in EUR they totalled DKK 512.0m, and in GBP they totalled DKK 95.2m (FY22: DKK 260.0m in USD, DKK 410.0m in EUR, and DKK 66.6m in GBP).

At the balance sheet date, the Firm has net receivables of DKK 43.7m in USD (FY22: net receivables of DKK 135.3m), net receivables of DKK 194.9m in EUR (FY22: net receivables of DKK 95.0m) and net receivables of DKK 17.1m in GBP (FY22: net receivables of DKK 5.7m).

All things being equal, earnings and equity would be negatively affected by DKK 0.7m (FY22: DKK 0.5m), if the USD exchange rate had increased by 10% at the balance sheet date. If the GBP exchange rate had increased by 10%, it would have a negative impact on earnings and equity by DKK 0.3m (FY22: DKK 0.1m). If the exchange rates had increased, it would have a similar positive impact on earnings and equity. Reasonably possible changes in the EUR exchange rate would only have an insignificant impact on the Firm's earnings and equity.

Interest rate risks
As a result of its financing activities, the Firm is exposed to fluctuations in interest rate levels in Denmark. The interest rate risk has not been hedged.

The Firm's net interest-bearing debt at the balance sheet date (excluding lease liabilities) consists of floating-rate liquid assets (bank deposits) of DKK 209.1m (FY22: DKK 403.9m) and financial liabilities of DKK 426.3m (FY22: DKK 427.3m).

Interest rate risk mainly related to interest-bearing debt and cash and cash equivalents. As of 31 May 2023, cash and cash equivalents amounted to DKK 209.1m and interest-bearing debt with amounted to DKK 387.5m. An increase in relevant rate of 0.5%-point would have a negative net impact on earnings and equity of DKK 1.0m for FY23 (FY22: DKK 0.1m).

Credit risks
As a result of its operations, the Firm is exposed to credit risks, which mainly relate to trade receivables, contract assets and bank deposits. The maximum credit risk is consistent with the carrying amount of these items.

The bank deposits, which are placed with well-established credit institutions, are not considered to be subject to particular credit risk.

Trade receivables and contract assets are monitored on an ongoing basis, including an individual as-sessment of the risk of bad debts.

Before write-down, trade receivables amount to DKK 981.8m at 31 May 2023 (31 May 2022: DKK 937.7m). These receivables have been written down by a total of DKK 31.3m (31 May 2023: DKK 29.0m) to match the lifetime expected credit loss, refer to Note 2.5. Impairment losses amount to an average of 3.2% of the total receivables (31 May 2022: 3.1%).

3.5 Financial instruments and risks etc. (continued)

Liquidity risks

The Firm has primarily financed its activities through overdraft facilities with credit institutions with related undrawn credit facilities and other short-term and long-term financial liabilities.

The Firm's activities are not deemed to involve any particular liquidity risk, and its borrowing and credit facilities are not subject to special terms or conditions.

The Firm's financial liabilities fall due as specified below, where the amounts reflect the non-discounted nominal amounts that fall due in accordance with the contracts entered into, including future interest payments calculated based on current market conditions.

Because of, for example, seasonal fluctuations in the Firm's activities, its liquidity requirements vary over the financial year. Allowance is made for these seasonal fluctuations by securing sufficient credit facilities etc. In addition, the equity partners' remuneration is profit-related, and the Firm's liquidity requirements to settle this remuneration is, therefore, dependent on the results realised by the Firm.

	0-1 years DKK'm	1-5 years DKK'm	> 5 years DKK'm	Total 31.05 DKK'm	Carrying amount 31.05 DKK'm
FY22					
Lease liabilities	94.3	197.9	22.8	315.0	307.5
Contingent consideration for business acquisitions	4.9	9.6	-	14.5	14.5
Other financial liabilities	123.8	280.6	15.3	419.7	412.8
Trade payables	148.0	-	-	148.0	148.0
Other liabilities	128.4	-	-	128.4	128.4
Employee liabilities	836.3	7.3	187.3	1,030.9	1,030.9
Financial liabilities etc.	**1,335.7**	**495.4**	**225.4**	**2,056.5**	**2,042.1**
FY23					
Lease liabilities	95.0	193.4	16.1	304.4	297.7
Contingent consideration for business acquisitions	15.1	-	-	15.1	15.1
Other financial liabilities	144.0	289.7	14.2	447.9	426.3
Trade payables	232.7	-	-	232.7	232.7
Other liabilities	119.3	-	-	119.3	119.3
Employee liabilities	805.2	5.2	198.8	1,009.2	1,009.2
Financial liabilities etc.	**1,411.3**	**488.3**	**229.1**	**2,128.6**	**2,100.3**

Optimal capital structure

It is the Firm's policy to distribute earnings on a regular basis, if possible, with due consideration of the need for consolidation, to its equity partners as profit-related remuneration which is recognised in staff costs in the financial statements. Management regularly monitors the Firm's capital structure.

§ **3.6 Cash and cash equivalents**

Accounting policies

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and end of the year. Cash flows from operating activities are presented using the indirect method.

Cash and cash equivalents comprise cash and bank balances.

3.7 Financial expenses

	FY23 DKK'm	FY22 DKK'm
Interest income	3.0	1.0
Financial income	**3.0**	**1.0**

3.8 Financial expenses

	FY23 DKK'm	FY22 DKK'm
Interest expenses on lease liabilities	3.7	4.3
Other interest expenses	23.7	15.0
Interest from financial liabilities measured at amortised cost	**27.4**	**19.3**
Net foreign currency translation adjustments	3.4	1.5
Financial expenses	**30.8**	**20.8**

4. Other notes

§ **4.1 Acquisition and divestment of businesses**
Accounting policies

Acquisition of businesses
Businesses acquired from third parties are recognised in the financial statements from the time of acquisition, which is the date when control of the business is actually obtained, and by using the purchase method under which the newly acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date.

Cost of businesses acquired before 1 June 2010 has been calculated at fair value of the agreed consideration plus the costs directly attributable to the acquisition of the business.

For businesses acquired on or after 1 June 2010, cost is calculated as the fair value of the agreed consideration, including any contingent consideration. Costs directly attributable to the acquisition of the business are recognised in profit or loss as and when incurred.

If the final amount of the consideration agreed is conditional on one or more future events, the consideration payable is recognised at fair value at the acquisition date. Subsequent changes therein are recognised as financial income or expenses in profit or loss.

Positive differences between cost of the acquired business and fair value of the acquired assets, liabilities and contingent liabilities are recognised as goodwill which is allocated to the relevant cash-generating units, which are consistent with the Firm's business units. This allocation serves as a basis for the subsequent impairment test, refer to Note 2.1.

Business combinations within the Group are recognised using the book value method, according to which goodwill, assets and liabilities are recognised at book value at the transaction date.

Divestment of businesses
Businesses and activities that are divested are recognised in the financial statements until the time of divestment, which is the date of actual transfer of control of the business.

Profits on the divestment of businesses and activities are calculated as the difference between fair value of the sales proceeds and carrying amount of net assets in the business at the date of divestment, including a proportionate share of goodwill associated with the relevant cash-generating unit. Profits or losses are recognised in profit or loss at the date of divestment.

FY23
With effect from 1 July 2022 the Firm acquired the Danish SAP service provider Framework Digital P/S. With the strategic acquisition of the consultancy company, Deloitte strengthened its position in the Danish SAP market, within project management, and solutions to support digital transformation. As the acquired activities have been fully integrated into existing activities in the consulting segment, it is considered impracticable to disclose revenue and profit from the acquired business.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed in the acquisition are set out in the table below

4.1 Acquisition and divestment of businesses (continued)

	Total DKK'm
Goodwill	103.1
Order backlog	0.2
Intangible assets	**103.3**
Operating equipment and fixtures	0.4
Property, plant and equipment	**0.4**
Deposit	0.6
Other non-current assets	**0.6**
Non-current assets	**104.3**
Trade receivables	13.8
Other receivables and prepaid expenses	8.9
Receivables	**22.7**
Current assets	**22.7**
Assets	**127.0**
Equity	**115.5**
Trade payables	1.7
Employee liabilities	6.6
Other liabilities	3.0
Current liabilities	**11.3**
Deferred tax liabilities	**0.2**
Equity and liabilities	**127.0**

The deferred contingent consideration could be a nominal maximum amount of DKK 4m and a minimum amount of DKK 0 depending on retention of employees.

Goodwill relates primarily to employee capabilities etc. that could not be recognised as separate assets and are allocated to the consulting segment.

FY22
With effect from 1 July 2021 Deloitte acquired the assets activities, rights, and liabilities in Syncronic ApS for a total consideration of DKK 40.9m, of which DKK 26.4m, where paid in cash and DKK 14.5m as deferred contingent consideration. If of the total net assets of DKK -3.1m, goodwill amounted to DKK 44.0.m. By the acquisition, the Firm took a decisive step towards becoming the leading supply chain consulting firm in the Nordics.

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

4.3 Fees to the auditor elected at the Annual General Meeting

	Consolidated		Parent	
	FY23 DKK'm	**FY22 DKK'm**	**FY23 DKK'm**	**FY22 DKK'm**
Other external expenses include fees to the Group's auditor elected at the Annual General Meeting in the amount of:				
Statutory audit	0.5	0.5	0.5	0.4
Other assurance engagements	0.2	0.2	0.2	0.2
	0.7	**0.7**	**0.7**	**0.6**

4.4 Related parties

Related parties

No party has control of the Firm.

Related party transactions

Remuneration to Key Management is disclosed in Note 1.2.

Key Management has as equity partners directly or indirectly received dividend, refer to Note 3.2.

Interest-bearing debt to Key Management on 31 May 2023 amounts to DKK 6.9m (31 May 2022: DKK 7.0m). The related interest expenses amount to DKK 0.2m for FY23 (FY22: DKK 0.1m).

Receivables from associates on 31 May 2023 total DKK 10.6m (31 May 2022: DKK 31.1m). The related interest income amounts to DKK 0.5m for FY23 (FY22: DKK 0.4m).

Deloitte Denmark General Partner ApS is a general partner of the Firm and has received a payment of DKK 10k for its general partner liability for the financial year FY23 (FY22: DKK 10k).

Apart from receivables from and liabilities to subsidiaries, which are presented in the balance sheet, refer to Note 2.4, and income from subsidiaries, which are presented in the statement of comprehensive income, the only significant transaction between the parent company and the subsidiaries have been the reclassification of goodwill related to businesses transferred from the subsidiaries to the parent company at book value, refer to Note 2.4.

4.5 Authorisation of the annual report for issue

The Board of Directors has authorised this annual report for issue at the Board meeting on 1 September 2023. The annual report will be submitted to the Firm's equity partners for adoption at the Annual General Meeting on 24 October 2023.

4.6 Events after the balance sheet date

After the balance sheet date, the share capital has been increased by a nominal share amount at DKK 7.2m by a total cash contribution of DKK 89.4m due to new equity partners joining the Firm.

Besides the above no events have occurred from the balance sheet date and until the date of issue that could influence the evaluation of this annual report.

Apart from this, no events have occurred from the balance sheet date and until the date of issue that would influence the evaluation of this annual report.

Impact report FY23 | Moments that matter

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Moments that matter 2022/23

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