Mannaz A/S

Kogle Allé 1, 2970 Hørsholm

CVR no. 17 96 92 34

Annual report 2017

Approved at the Company's annual general meeting on 22 March 2018

Chairman:

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Building a better
working world

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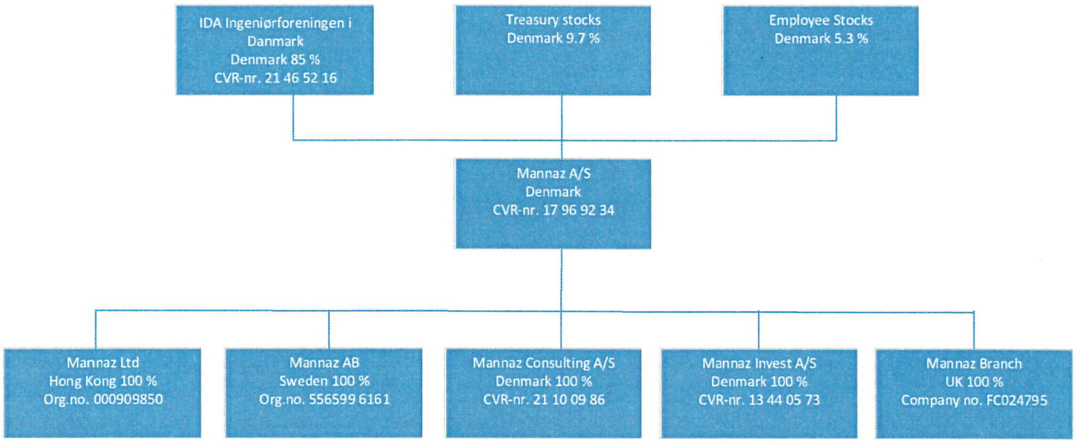
Management's review

Company details

Name	Mannaz A/S
Address, zip code, city	Kogle Allé DK-2970 Hørsholm
CVR no.	17 96 92 34
Established	1 July 1975
Registered office	Rudersdal
Financial year	1 January - 31 December
Webpage	www.mannaz.com
E-mail	info@mannaz.com
Telephone	+45 45 17 60 00
Board of Directors	Christian Herskind Jørgensen, Chairman Carl Aage Dahl, Vice Chairman Gitte Møller Hesselholt Dorthe Thyrri Rasmussen (employee representative) Peter Busted (employee representative)
Executive Board	Claus Rydkjær, CEO Peter Følbæk Nielsen, CFO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4 DK-2000 Frederiksberg

Management's review

Group chart



Management's review

Financial highlights for the Group

Million DKK	2017	2016	2015	2014	1/7-31/12 2013
Key figures					
Revenue	151.2	134.4	129.6	110.5	61.8
Gross margin	88.2	68.5	63.8	54.0	28.4
Operating profit/loss	0.6	0.7	-2.1	-3.3	1.7
Net financials	0.7	0.7	1.3	2.2	0.8
Profit/loss for the year	**1.0**	**1.1**	**-0.6**	**-1.2**	**1.6**
Non-current assets	31.6	30.4	7.6	3.2	6.2
Current assets	58.4	54.7	54.5	49.3	58.7
Balance sheet total	90.0	85.1	62.1	52.5	64.9
Equity	**29.9**	**28.2**	**26.1**	**27.2**	**30.3**
Cash flows from operating activities	-2.5	5.6	4.7	7.9	2.3
Cash flows from investing activities	-3.5	-12.7	-3.9	-0.2	-0.5
Portion relating to investment in intangible assets and property, plant and equipment	-3.6	-25.2	-3.5	-0.4	-0.6
Total cash flows	**-6.0**	**-6.6**	**0.8**	**5.4**	**1.1**
Financial ratios					
Profit margin	0.4%	0.5%	-1.6%	-3.0%	2.8%
Gross margin	58.4%	51.0%	49.2%	48.9%	45.9%
Equity ratio	33.2%	33.1%	42.0%	52.9%	47.7%
Return on equity	3.5%	3.9%	-2.2%	-4.1%	5.3%
Average number of full-time employees	**105**	**77**	**72**	**68**	**71**

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Effective 1 January 2015, the Group prepares financial statements in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act. The "Financial highlights" section has been restated accordingly.

Management's review

Principal activities of the Company

Mannaz A/S is a leading international provider of education, consulting and outsourcing services in the areas of organisational, leadership and talent development as well as change management.

Mannaz provides innovative business thinking to empower organisations and people with the capabilities required to meet today's and tomorrow's challenges. By stimulating change within an organisation, newly-inspired leaders can encourage all employees to work together to help an organization realise its full potential. With a "people-first" emphasis, Mannaz offers three interconnected resources for creative business solutions: open enrollment and custom education programs, consulting and academy outsourcing. The goal of each is to develop greater human potential so organisations and people can overcome challenges today and develop opportunities for tomorrow.

No other organisation takes this three-tiered approach. By helping companies solve issues from within its own ranks, Mannaz also maintains the stability of greatly-valued personnel. With roots in Scandinavia, but with global reach and understanding, the Mannaz model for success is network-oriented. It promotes the development of people by building, empowering and trusting their confidence and abilities through delegation.

Scandinavian leadership principles have become a hallmark of progressive management thinking worldwide. Open and collaborative, it has repeatedly proven that people achieve more when they feel valued, engaged and motivated. Based on these principles, Mannaz upgrades the capabilities and skills of more than 12,000 executives, leaders, project managers, talents and specialists each year.

The Company was founded in 1975 under the name of DIEU and today has offices in Hørsholm, Aarhus, Malmö, London and Hong Kong with 110 employees and a global network of more than 400 associates.

Business review

In 2016 Mannaz defined the "Moving Mannaz - The Road to 2020" plan, which laid out the growth aspiration and business priorities for the years to come, and already in 2016 activities to streamline operations, professionalise marketing and sales, and prepare for both organic growth and acquisitions were initiated. In 2017 the focus was on the continued implementation of the 2020 plan.

Generally, the market situation in 2017 was characterised by fierce competition from a large and very fragmented number of providers both in Denmark and internationally. The fierce competition resulted in a constant pressure on price ultimately forcing providers to rethink solutions and consider more digital and effective ways of servicing clients.

Despite having to deal with a high degree of change, Mannaz was able to realise growth in 2017. The realised growth in 2017 was a result of both organic growth and an acquisition. As per 31 December 2016 Mannaz acquired Attractor, a Danish provider of open enrollment programmes and consulting, from the Rambøll Group. As a result of the acquisition, Mannaz improved its position in the Danish open enrollment and consulting market, particularly in the public sector - and thus strengthened Mannaz' overall position as the obvious partner for both private and public sector organisations. This acquisition made a positive contribution to the open enrolment and consulting business in Denmark, which both grew in 2017. Additionally, the consulting business in Sweden also grew.

To deal with the high degree of change, Mannaz successfully introduced a number of important changes in 2017. First, an effort to professionalise and streamline operations drove efficiencies across all businesses. Second, the introduction of several new offerings in areas such as multispeed leadership, newtech leadership, and diversity and inclusion expanded the offerings portfolio. Last, the September launch of a digital learning agency, ViSiR, enabled Mannaz to respond to the increased demand for virtual and digital solutions.

ViSiR operates independently in the market as well as together with Mannaz, combines management consulting, design thinking and analytics in order to design and deliver virtual and digital capability development leveraging a modern cloud-based platform:

Management's review

Business review (cont.)

- ViSiR enables Mannaz to offer impactful, highly scalable, cost-efficient virtual and digital services and programmes to clients
- ViSiR focuses primarily targets large international and global organisations with a need high-impact learning at scale across multiple locations - with compromising learning impact
- ViSiR offers an alternative to traditional e-learning, it is a new way of learning, which combines live virtual facilitation, digital learning snippets, self-paced learning, social learning, virtual coaching and educational analytics
- In addition to a large number of off-the-shelf programs, ViSiR also offer consulting services that uncover future learning requirements, design and deliver custom learning journeys, and document and follow-up on impact

Another notable change in 2017 was the November launch of the new Danish and international websites leveraging a new and modern marketing technology platform. The intention of the new websites is not only to help automate future marketing efforts but also to present Mannaz as a single coherent company fully embracing all the acquired companies during the period from 2014 to 2017. The new website embrace the depth and width of Mannaz' business and presents the open enrolment programmes, consulting and outsourcing services making it possible to dive into the individual offerings to stimulate current and future clients to learn about the wide array of Mannaz offerings, and to engage in dialogue directly from the websites.

At the end of 2017, more than 25% of total revenue was generated from the activities outside of Denmark.

Financial review

Revenue in the Mannaz Group increased from DKK 134.4 million in 2016 to DKK 151.2 million in 2017, corresponding to 12.5 % revenue growth.

The operating profit amounted to DKK 0.6 million.

Cash flows from operating activities amounted to DKK -2.5 million in 2017, and equity amounted to DKK 29.9 million. Profit for the year totalled DKK 1.0 million.

Management considers the financial performance in the year unsatisfactory.

2017 was characterised by a great effort on the part of Mannaz' employees. Mannaz employees have engaged in major investments, especially the efforts in integrating new colleagues from Attractor have been high.

Appropriation of profit

DKK 0.3 million of the DKK 1.0 million profit for the year is distributed as dividend.

Knowledge resources

Mannaz is committed to the traditional values of "people-first" organisations. Our combination of leadership research, practical experiences from several of the most vibrant organisations in the world and diverse expertise of our staff is a critical factor in establishing and maintaining long-term collaborative partnerships with our clients.

Management's review

Knowledge ressources (cont.)

Mannaz believes that multi-faceted backgrounds and a mix of skills contribute significantly to strategic thinking, particularly when our teams are charged with enabling organisations to see differently and facilitating change from within.

At Mannaz, our core team of 100 employees boasts a rich background in specific professional fields, as well as academics and the study of human behaviour. They are joined by 400 facilitators and experts from 40 countries, who collectively speak more than 40 languages.

For Mannaz to be successful, it is crucial to have knowledgeable and experienced employees who know how to translate capability development efforts into tangible business results.

Special Risks

As a provider of leadership education, organisational consulting and process outsourcing services, the risks that Mannaz may be exposed to are consequently the same risks found within the education, consulting and outsourcing industry in general. There are no special financial risks with respect to the development of interest rates or exchange rates.

Outlook

The efforts in 2017 to streamline core operations together with the release of several new services and the launch of ViSiR have strengthened Mannaz' basis for growth in 2018 - both in Denmark as well as internationally. Mannaz forecasts continued revenue growth as well as solid EBIT growth in 2018 while the number of employees is expected to remain stable. Key priorities for Mannaz in 2018 will be to continue strengthening core operations, build-out the consulting footprint in all markets while to an even larger extent leverage the investments already made in ViSiR and services development.

Corporate responsibility and sustainability

Corporate responsibility and sustainability is inherent in every aspect of Mannaz' operations. Mannaz strives to go beyond our statutory obligations to be a positive contributor to the realisation of the UN Sustainable Development Goals. As a leading international provider of education, consulting and outsourcing services, Mannaz' seeks to make a notable contribution to the realisation of the UN Sustainable Development Goals - through our business conduct, behaviour and services.

General Data Protection Regulation

The General Data Protection Regulation (GDPR) is an EU regulation that was adopted on 24 May 2016. It is a revised version of the 1995 EU Privacy Directive and it will apply directly to all EU/EEA countries from 25 May 2018. The new rules are based on the same general principles as the former ones, but the updated version with require more obligations from companies and the rules will strengthen the protection of individuals.

Mannaz has a dedicated GDPR project that are guiding the efforts towards overall GDPR compliance. The work pertaining to documenting these processes is key to GDPR readiness. This is why Mannaz is establishing inventories of processing activities through local mapping exercises. The work is well underway.

All Mannaz employees are responsible for getting familiar with the new rules and understanding what is needed for them to be compliant. The dedicated GDPR project is doing its outmost to make sure the right information and tools reach the right people throughout the company.

Consolidated financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
2	Revenue	151,202	134,374
	Selling expenses	-39,443	-43,013
	Other external expenses	-23,513	-22,891
	Gross profit	88,246	68,470
3	Staff costs	-85,391	-66,203
4	Amortisation/depreciation	-2,281	-1,611
	Operating profit	574	656
5	Financial income	1,244	1,002
6	Financial expenses	-568	-330
	Profit for the year before tax	1,250	1,328
7	Tax for the year	-241	-267
	Profit for the year	1,009	1,061
	Appropriation:		
13	Shareholders in Mannaz A/S	1,009	1,061

Statement of comprehensive income

Note	DKK'000	2017	2016
	Profit/loss for the year	1,009	1,061
	Items which may be reclassified to the income statement:		
	Exchange rate adjustments resulting from translation of foreign entities	640	-147
		640	-147
	Other comprehensive income after tax	640	-147
	Total comprehensive income	1,649	914
	Appropriation:		
	Shareholders in Mannaz A/S	1,649	914

Consolidated financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
8	Goodwill	24,073	24,073
8	Rights	330	529
8	Business systems	4,337	3,147
10	Property, plant and equipment	1,198	882
7	Deferred tax assets	1,634	1,793
	Total non-current assets	31,572	30,424
	Current assets		
11	Receivables	34,298	28,499
	Income taxes receivable	761	135
	Prepayments	432	4,393
12	Securities	19,604	18,684
	Cash	3,326	2,961
	Total current assets	58,421	54,672
	TOTAL ASSETS	89,993	85,096
	EQUITY AND LIABILITIES		
13	**Equity**		
	Share capital	10,000	10,000
	Foreign exchange rate adjustments	733	93
	Transfer, comprehensive income	18,842	17,767
	Dividend proposed for the year	300	300
	Total equity	29,875	28,160
	Liabilities		
	Non-current liabilities		
7	Deferred tax	151	108
	Total non-current liabilities	151	108
	Current liabilities		
	Credit institutions	13,681	7,344
	Trade payables	6,151	6,531
	Income taxes	336	0
	Other payables	22,264	31,060
	Deferred income	17,535	11,893
	Total current liabilities	59,967	56,828
	Total liabilities	60,118	56,936
	TOTAL EQUITY AND LIABILITIES	89,993	85,096

Consolidated financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2017	2016
	Profit/loss for the year	1,009	1,061
15	Adjustments (non-cash transactions)	1,415	1,058
	Cash generated from operations before changes in working capital	2,424	2,119
16	Changes in working capital	-5,998	2,983
	Cash generated from operations before net financials	-3,574	5,102
	Financial income	1,244	1,356
	Financial expenses	-568	-684
	Cash generated from operations before extraordinary items and tax	-2,898	5,774
	Income taxes paid	430	-224
	Cash flows from operating activities	-2,468	5,550
	Acquisition of intangible assets	-2,735	-24,593
	Acquisition of property, plant and equipment	-835	-633
	Securities traded	0	11,903
	Dividend paid	-300	0
	Divided received from treasury shares	33	0
	Sale/Acquisition of treasury shares	333	1,187
	Cash flows from investing activities	-3,504	-12,136
	Net cash flows	-5,972	-6,586
	Cash and cash equivalents at 1 January	-4,383	2,203
	Cash and cash equivalents at 31 December	-10,355	-4,383

DKK'000	2017	2016
Cash and cash equivalents at 31 December comprise:		
Cash	3,326	2,961
Credit institutions	-13,681	-7,344
Cash and cash equivalents at 31 December, see the cash flow statement	-10,355	-4,383

Consolidated financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Foreign exchange adjustments	Transfer, comprehensive income	Dividend proposed for the year	Total equity
Equity at 1 January 2017	10,000	93	17,767	300	28,160
Comprehensive income in 2017					
Profit for the year	0	0	709	300	1,009
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	640	0	0	640
Total other comprehensive income	0	640	0	0	640
Total comprehensive income for the period	0	640	709	300	1,649
Transactions with owners					
Acquisition/Sale of treasury shares	0	0	333	0	333
Dividend paid	0	0	33	-300	-267
Total transactions with owners	0	0	366	-300	66
Equity at 31 December 2017	10,000	733	18,842	300	29,875
Equity at 1 January 2016	10,000	240	15,819	0	26,059
Total comprehensive income for 2016					
Profit/loss for the year	0	0	761	300	1,061
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-147	0	0	-147
Total other comprehensive income	0	-147	0	0	-147
Total comprehensive income for the period	0	-147	761	300	914
Transactions with owners					
Acquisition/Sale of treasury shares	0	0	1,187	0	1,187
Total transactions with owners	0	0	1,187	0	1,187
Equity at 31 December 2016	10,000	93	17,767	300	28,160

Consolidated financial statements 1 January - 31 December

List of notes to the consolidated financial statements

Consolidated financial statements 1 January - 31 December

Notes

1 Accounting policies

Mannaz A/S is a public limited company registered in Denmark. The financial statements section of the annual report for the period 1 January - 31 December 2017 comprises both the consolidated financial statements of Mannaz A/S and its subsidiaries (the Group) and a separate set of parent company financial statements.

The consolidated financial statements and the parent company financial statements of Mannaz A/S for 2017 are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS) for standards that are effective for financial years commencing on or after 1 January 2017.

On 8 March 2018, the Board of Directors and the Executive Board discussed and approved the annual report for Mannaz A/S for 2017. The annual report will be presented to the shareholders of Mannaz A/S for adoption at the annual general meeting on 22 March 2018.

Basis of preparation

The consolidated financial statements are presented in Danish kroner, rounded to the nearest amount in DKK thousand.

The accounting policies described below were applied consistently in the financial year and in respect of the comparative figures. For standards implemented prospectively, comparative figures are not restated.

Summary of significant accounting policies

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Mannaz A/S (the Company), and subsidiaries controlled by Mannaz A/S.

The Group controls an entity if the Group is exposed to or is entitled to variable returns due to its interest in the entity and can impact these returns through its controlling interest in the entity.

In the assessment as to whether the Group exercises control, allowance is made for de facto control and potential voting rights that are real and of substance at the reporting date.

The Management's review includes a group chart.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

The items of subsidiaries are recognised in full in the consolidated financial statements.

Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations and assets held for sale are presented separately, see below.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

The acquisition date is the date when the Group effectively obtains control of the acquired entity.

Any excess of the consideration transferred, the value of non-controlling equity interests in the acquired enterprise and the fair value of any previously held equity interests over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised, but is tested annually for evidence of impairment. The first impairment test is performed before the end of the year of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

Negative differences (negative goodwill) are recognised in profit or loss at the acquisition date.

The consideration paid for a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition.

Expenses incurred in connection with corporate acquisitions are recognised in administrative expenses in the year in which the expenses are incurred.

If uncertainties regarding identification or measurement of acquired assets, liabilities or contingent liabilities or determination of the consideration exist at the acquisition date, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. After that, goodwill will not be adjusted. Changes in estimates of contingent purchase considerations are recognised in profit or loss for the year.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal and costs of disposal.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in other currencies than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as finance income or finance costs.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the date of the statement of financial position.

Consolidated financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in profit or loss as financial income or financial expenses.

In the consolidated financial statements, the statements of comprehensive income of foreign operations with a functional currency other than Danish kroner are translated at the exchange rate at the transaction date, and the statement of financial position items are translated at closing rates. An average exchange rate for each month is used as the transaction date exchange rate to the extent that this does not significantly distort the presentation of the underlying transactions.

Foreign exchange differences arising on translation of the opening equity of such entities at closing rates and on translation of the statements of comprehensive income from the exchange rate at the transaction date to closing rates are recognised in other comprehensive income in a separate translation reserve under equity.

On full or partial disposal of wholly-owned foreign entities resulting in a loss of control, the foreign currency translation adjustments which have been recognised in other comprehensive income and which are attributable to the foreign entity are reclassified from other comprehensive income to profit/loss for the year together with any gains or losses resulting from the disposal.

Revenue

Revenue from the sale of consultancy services and activities is recognised in the income statement provided that the relevant service or activity has been rendered / taken place and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Selling expenses

Selling expenses comprise activity expenses paid to teachers, accommodation, etc. incurred in generating the year's revenue.

Other external expenses

Other external expenses comprise expenses related to marketing, properties, administration and IT.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses, losses and gains related to receivables, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the advance-payment-of-tax scheme, etc.

Income taxes

Tax for the year

The Company is jointly taxed with all of its Danish subsidiaries. The current Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income (full absorption with refunds regarding tax losses). The jointly taxed entities are subject to the advance-payment-of-tax scheme.

The Parent Company, Mannaz A/S acts as management company in the joint taxation arrangement and accordingly settles all income taxes vis-à-vis the tax authorities.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Current and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the year's estimated tax charge, adjusted for tax on prior-year taxable income and tax paid in advance.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting the profit/loss for neither the year nor the taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the comprehensive income for the year.

Intangible assets

Goodwill

Goodwill is initially recognised in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Identification of cash-generating units is based on the management structure and internal financial control.

As a result of the integration of acquired entities in the existing Group and the Group's reportable entities, Management finds that the smallest cash-generating units to which the carrying amount of goodwill can be allocated is the Group's aggregate revenue, as investments and activities have been made/acquired for group synergy purposes.

Consolidated financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

Other intangible assets

Business systems

Expenses related to develop business systems comprise expenses and payroll costs directly attributable to the Company's development of business systems.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling expenses and administrative expenses and development costs.

Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Software development:

Capitalised IT software is measured at the lower of cost, less accumulated amortisation and impairment losses, and the recoverable amount.

On completion of the development work, IT development costs are amortised over 3-5 years.

However, intangible assets with an indefinite useful life are not amortised, but are tested for impairment annually.

Property, plant and equipment

IT equipment, fixtures and fittings as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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

Where individual components of an item of property, plant and equipment have different useful lives, they are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components, as follows:

IT hardware	3 years
Fixtures and fittings, office machines	5 years
Leasehold improvements	5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Consolidated financial statements 1 January - 31 December

Notes

1 Accounting policies (continued)

Impairment testing of non-current assets

Goodwill, intangible assets with indefinite useful lives and development projects in progress

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, initially before the end of the year of acquisition. Similarly, in-process development projects are subject to an annual impairment test.

The carrying amount of goodwill is tested for impairment together with the other non-current assets of the cash-generating unit or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount of a cash-generating unit is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which the goodwill relates.

Other non-current assets

The carrying amount of other non-current assets is tested annually for evidence of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

Recognition of impairment losses in the income statement

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Impairment losses in respect of goodwill are not reversed. Impairment losses recognised in respect of other assets are reversed in so far as the assumptions and estimates underlying the impairment losses have changed. Impairment losses are reversed only in so far as the new carrying amount of the asset does not exceed the carrying amount that would have resulted (net of amortisation/depreciation) had no impairment loss been recognised in respect of the asset in prior years.

Receivables

Receivables are measured at amortised cost. Provisions are made for bad debts where there is objective evidence that an individual receivable is impaired.

Provisions are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used on initial recognition is used as the discount rate for each individual receivable.

Recognition as income of interest on written-down receivables is calculated based on the written-down value using the effective interest rate for each individual receivable.

Securities

Securities recognised under non-current assets are measured at fair value at the balance sheet date, corresponding to the market price.

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1 Accounting policies (continued)

Reserves

Dividend

Dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). Dividend proposed for the year is disclosed as a separate item under equity until declared by the company in general meeting.

Currency translation reserve

The currency translation reserve comprises the share held by equity holders in the Parent Company of foreign exchange differences arising on translation of financial statements of entities that have a functional currency different from DKK, foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in such entities and foreign exchange adjustments concerning transactions to hedge the Group's net investment in such entities.

The reserve is dissolved on the sale of foreign entities, or if the conditions for effective hedging no longer exist.

Financial liabilities

Amounts owed to mortgage credit institutions, etc. are recognised at the date of borrowing at fair value less transaction costs paid. On subsequent recognition, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortised cost.

Leases

For financial reporting purposes, lease liabilities are classified as finance lease liabilities and operating lease liabilities.

A finance lease is classified as a lease which in all material respects transfers the risk and benefits associated with ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Assets held under operating leases are recognised, measured and presented in the statement of financial position as the Group's other, similar assets. Lease income is recognised in the income statement on a straight-line basis over the lease term.

Fair value measurement

The Group uses the fair value option in connection with certain disclosure requirements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants ("exit price").

The fair value is a market-based and not an entity-specific measurement. The Company uses the assumptions that the market participants would use for the pricing of the asset or liability based on the current market conditions, including risk assumptions. The Company's purpose of holding the asset or settling the liability is thus not taken into account when the fair value is determined.

Fair value is determined based on the principal market. If a principal market does not exist, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and transport costs.

All assets and liabilities measured at fair value, or in respect of which the fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest income and expenses, dividends received and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and activities, addition and disposal of intangible assets, property, plant and equipment and other non-current assets as well as securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the size and composition of the share capital and associated expenses as well as borrowings, repayment of interest-bearing debt, purchase and sale of treasury shares and distribution of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the date of acquisition, which are subject to an insignificant risk of changes in value.

Consolidated financial statements 1 January - 31 December

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1 **Accounting policies (continued)**

Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviate significantly from the rates ruling at the transaction date.

Financial ratios

Other financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015". The financial ratios stated in the annual report have been calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Operating profit/loss x 100}}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity excl. minority interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss on ordinary activities after tax x 100}}{\text{Average equity}}$

	DKK'000	2017	2016
2	**Revenue**		
	Sale of consultancy services	151,202	134,374
3	**Staff costs**		
	Wages and salaries	71,861	56,851
	Pension	5,554	4,160
	Other social security costs	98	363
	Other staff costs	7,878	4,829
	Total staff costs	85,391	66,203
	Average number of employees	105	77

Staff costs include remuneration of the Executive Board totalling DKK 4,534 thousand (2016: DKK 4,018 thousand) and fees to the Board of Directors totalling DKK 941 thousand (2016: DKK 965 thousand).

Members of the Executive Board and other executive officers are eligible for bonus dependent on the Company's financial performance for the year in question.

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	DKK'000	2017	2016
4	**Amortisation and depreciation**		
	Amortisation, intangible assets	1,744	1,113
	Depreciation, property, plant and equipment	537	498
		2,281	1,611
5	**Financial income**		
	Interest income, cash, etc.	830	1,002
	Net foreign exchange gain	414	0
		1,244	1,002
6	**Financial expenses**		
	Interest expenses, credit institutions, etc.	568	314
	Net foreign exchange loss	0	16
		568	330
7	**Income taxes**		
	Analysis of tax for the year:		
	Tax on profit/loss for the year	241	267
	Analysis of tax for the year:		
	Current tax charge for the year	411	0
	Deferred tax adjustment for the year	-536	231
	Adjustment of prior-year taxes	366	36
		241	267
	Tax on the profit/loss for the year is explained as follows:		
	Estimated tax on the pre-tax profit/loss, 22% (22% in 2016)	275	292
	Tax effect of:		
	Non-taxable income	-160	-90
	Non-deductible expenses, etc.	35	29
	Adjustment of prior-year taxes	366	36
		241	267
	Effective tax rate	19.28%	20.10%

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Deferred tax

DKK'000	2017	2016
Deferred tax at 1 January	1,685	2,276
Deferred tax for the year recognised in profit/loss for the year	-202	-231
Additions on acquisition of subsidiary	0	-360
	-202	-591
Deferred tax at 31 December	1,483	1,685
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	1,634	1,793
Deferred tax liabilities	-151	-108
Deferred tax at 31 December, net	1,483	1,685

Deferred tax concerns accrued expenses, intangible assets and property plant and equipment, unutilised tax losses and securities expected to crystallise as current tax.

8 **Intangible assets**

DKK'000	Goodwill	Business systems	Rights	Total
Cost at 1 January 2017	24,073	15,944	595	40,612
Additions	0	2,735	0	2,735
Cost at 31 December 2017	24,073	18,679	595	43,347
Amortisation and impairment losses at 1 January 2017	0	12,797	66	12,863
Amortisation	0	1,545	199	1,744
Amortisation and impairment losses at 31 December 2017	0	14,342	265	14,607
Carrying amount at 31 December 2017	24,073	4,337	330	28,740
Cost at 1 January 2016	1,777	14,242	0	16,019
Additions	22,296	1,702	595	24,593
Cost at 31 December 2016	24,073	15,944	595	40,612
Amortisation and impairment losses at 1 January 2016	0	11,750	0	11,750
Amortisation	0	1,047	66	1,113
Amortisation and impairment losses at 31 December 2016	0	12,797	66	12,863
Carrying amount at 31 December 2016	24,073	3,147	529	27,749

With the exception of goodwill, all intangible assets are considered to have a limited useful life.

Consolidated financial statements 1 January - 31 December

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9 **Impairment testing**

Goodwill

At 31 December 2017, Management tested the carrying amount of goodwill for impairment, based on the allocation of the cost of goodwill on the Group's cash-generating units.

In each individual case, the recoverable amount is calculated as the highest of the value in use and fair value less selling expenses. The below descriptions state the value on which the recoverable amount is based.

The recoverable amount is based on the value in use determined using expected net cash flows based on budgets for the years 2017-2020 (2016: 2016-2019) approved by Management and with a pre-tax discount factor of 11% (2016: 11%).

Goodwill

Mannaz A/S Group acquired all of the shares in Conmoto A/S and the activities in Attractor A/S in 2016. The purpose of these acquisitions is to achieve synergies by combining the activities in the Group in the longer term. As Management's monthly follow-up is based on the Group's total results of operations, Management finds that the smallest cash-generating unit for purposes of the impairment test is the Group's total results of operations.

The carrying amount of goodwill totalled DKK 24,073 thousand at 31 December 2017 (2016: DKK 24,073 thousand).

Results of operations for the forecast period are based on Management's budgets and expectations as to the forecast period. Annual revenue growth in the order of 4% is expected.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2021 is estimated to 2 %. The growth rate is not assessed to exceed the long-term average growth rate within the Company's markets. The expectations as to revenue growth are based on the existing customer base and the addition of new services and new business areas taken over in connection with the acquisition of Conmoto A/S.

The forecast market share for the forecast period is based on the market share realised in 2017. As capitalisation of the acquired synergies is expected to contribute positively to the continued product development, Management expects to increase the market share by 10 percentage points over the coming 5-year period.

Our impairment test did not give rise to any need for impairment write-down.

Other non-current assets

Management did not in neither 2017 nor 2016 identify any factors indicating a need to perform impairment tests in respect of other non-current assets.

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10 Property, plant and equipment

DKK'000	Leasehold improvements	Fixtures and fittings	IT	Total
Cost at 1 January 2017	1,997	1,919	1,213	5,129
Additions	0	628	225	853
Disposals	0	0	0	0
Cost at 31 December 2017	1,997	2,547	1,438	5,982
Depreciation and impairment losses at 1 January 2017	1,740	1,860	647	4,247
Depreciation	127	146	264	537
Disposals	0	0	0	0
Depreciation and impairment losses at 31 December 2017	1,867	2,006	911	4,784
Carrying amount at 31 December 2017	130	541	527	1,198
Cost at 1 January 2016	2,614	2,434	1,243	6,291
Additions	0	157	476	633
Disposals	-617	-672	-506	-1,795
Cost at 31 December 2016	1,997	1,919	1,213	5,129
Depreciation and impairment losses at 1 January 2016	2,178	2,274	1,092	5,544
Depreciation	179	258	61	498
Disposals	-617	-672	-506	-1,795
Depreciation and impairment losses at 31 December 2016	1,740	1,860	647	4,247
Carrying amount at 31 December 2016	257	59	566	882

DKK'000	2017	2016
11 Receivables		
Trade receivables	32,604	27,137
Other receivables	1,694	1,362
	34,298	28,499

12 Securities

The Group's portfolio of securities, which is measured at fair value in accordance with quoted prices (level 1 for shares and level 2 for bonds), comprises shares and bonds which are administered by the Company's external wealth manager company.

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13 Equity

Share capital

In the financial year 2017, treasury shares totalling DKK 900 thousand were sold and treasury shares totalling DKK 567 thousand were purchased, corresponding to a net movement of 1.0% of the share capital. At 31 December 2017, the portfolio of treasury shares totalled 9.73 % (nominally 9,733 shares).

The Company's share capital is DKK 10,000,000, consisting of shares of nominally DKK 100 each or multiples hereof. No share confers any special rights upon any shareholder. The share capital has not changed over the past four financial years.

Dividend

The Board of Directors propose distribution of dividend of DKK 0.3 million for the financial year ended 31 December 2017, corresponding to a dividend pr. share of DKK 3. (2016: DKK 0.3 million, corresponding to a dividend pr. share of DKK 3).

14 Contingent assets/liabilities and collateral

	Group		Parent Company	
DKK'000	2017	2016	2017	2016
Contingent liabilities				
Lease liabilities	182	147	182	147
Rent commitments	10,521	15,465	10,031	14,531

Neither the Group nor the Parent Company has any contingent assets. All lease liabilities and rent commitments are classified as operating leases.

DKK'000	2017	2016
15 Non-cash transactions		
Financial adjustments	-676	-820
Exchange rates etc.	-431	0
Amortisation of intangible assets and depreciation of property, plant and equipment	2,281	1,611
Tax adjustments	241	267
Total non-cash transactions	1,415	1,058

16 Changes in working capital		
Change in receivables, etc.	-6,425	-14,806
Change in trade payables	-370	1,463
Change in prepayments	3,961	7,244
Change in current liabilities	-3,164	9,082
Total change in working capital	-5,998	2,983

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17 Acquisition of subsidiaries and activities

There has been no acquisition of subsidiaries and activities during 2017.

On 12 February 2016, Mannaz A/S acquired all of the shares in Conmoto A/S. The entity subsequently sold its activities to Mannaz Consulting A/S and was finally liquidated on 10 January 2017.

At 31 December 2016, Mannaz A/S acquired the activities in Attractor A/S.

In connection with these acquisitions, Management recognised assets and liabilities at fair value at the date of acquisition.

Specification of recognised acquired assets and liabilities at the date of acquisition in 2016

DKK'000	Conmoto A/S (shares)	Attractor A/S (activities)
Property, plant and equipment	184	50
Investments	103	0
Work in progress	0	3,600
Inventories	30	0
Receivables	1,826	100
Cash	2,670	0
Deferred tax liabilities	-360	0
Prepayments from customers	-1,265	0
Trade payables	-592	0
Income taxes payable	-572	0
Other payables	-1,327	0
Net assets taken over	697	3,750
Goodwill	7,296	15,000
Cash consideration	7,993	18,750

18 Financial risks and financial instruments

The Group's risk management policy

The Group's risk exposure or risk management has not changed relative to 2016.

The Group's Executive Board manages financial risks at centralised level. Every month, Management supervises the Group's risk concentration in areas such as customers, geographical segments, currencies, etc. In addition, Management supervises if the Group's risks correlate and if the Group's risk concentration has changed.

It is the Group's policy not to engage in active speculation in financial risks. Thus, the Group's financial management is aimed solely at managing and reducing the financial risks directly associated with the Group's operations, investments and financing.

Consolidated financial statements 1 January - 31 December

Notes

18 Financial risks and financial instruments (continued)

The Group is exposed to a number of financial risks. The disclosures in this note solely concern the most critical financial risks, which are:

- Market risks (currencies)
- Liquidity risks
- Credit risks.

The Group's most critical risks are described in the sections below. Each section first provides a summary description of the financial risk, the relating business activity, impacts, risk management related to the financial risk and the effect in the financial year.

Market risks

The Group is to some extent exposed to exchange rate fluctuations in respect of GBP, HKD and SEK. However, most of the Group's sales are effected in DKK through the Parent Company.

Liquidity risks

The Group's liquidity risks are associated with the Group's ability to settle its obligations as they fall due. The Executive Board is responsible for ensuring and for supervising that the Group's capital resources are at any time adequate and sufficient to mitigate identified risks.

The Group's liquidity reserves consist of bank balances, other securities and investments as well as a credit line of DKK 15 million in credit institutions.

Analysis of term to maturity

The Group's financial liabilities fall due as follows:

2017 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Credit institutions and banks	13,681	13,681	0	0	0
Trade payables	6,151	6,151	0	0	0
Other payables	22,264	22,264	0	0	0
Deferred income	17,535	17,535	0	0	0
31 December 2017	59,631	59,631	0	0	0

2016 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Credit institutions and banks	7,344	7,344	0	0	0
Trade payables	6,531	6,531	0	0	0
Other payables	31,060	31,060	0	0	0
Deferred income	11,893	11,893	0	0	0
31 December 2016	56,828	56,828	0	0	0

Consolidated financial statements 1 January - 31 December

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18 Financial risks and financial instruments (continued)

Assumptions underlying the analysis of term to maturity

- The analysis of term to maturity is based on all non-discounted cash flows, including estimated interest payments. Interest payments are estimated based on the existing market conditions.
- Liabilities under operating leases are not included, but are reflected in the note regarding contingent liabilities.

On the basis of the Group's expectations as to its future operations and current liquidity resources, no other critical liquidity risks have been identified.

Credit risks

The Group's credit risks are considered immaterial, as course fees, etc. are prepaid for most of the Group's activities. No significant bad debts were recorded in 2017 or 2016.

Trade receivables

Historically, the Group has not recorded any significant bad debts. The Group is not exposed to any significant risks in relation to individual customers or business partners (which is in line with 2016 and 2015).

The maximum credit risk associated with financial assets is reflected in the carrying amounts in the balance sheet, without taking collateral received into consideration.

Credit risks associated with the individual receivables are primarily dependent on the debtors' domicile. On the basis of the Group's internal credit rating procedures and external assessments, the credit quality of non-impaired, non-due receivables is considered to be high, and the risk of loss is considered to be low.

Non-impaired receivables appear from the table below:

DKK'000	2017	2016
Trade receivables	32,604	27,137
	32,604	27,137

Consolidated financial statements 1 January - 31 December

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18 Financial risks and financial instruments (continued)

Financial instrument categories

DKK'000	2017	2016
Financial assets measured at fair value through the income statement	19,604	18,684
Loans, receivables and cash	38,818	35,988
Financial liabilities measured at amortised cost	59,631	56,828

Methods and assumptions underlying the fair value determination

The methods and assumptions applied to determine the fair value of financial instruments are described per class of financial instruments. The methods applied are unchanged compared to 2016.

19 Related parties

Mannaz A/S has no related parties exercising control.

Mannaz A/S has registered the following shareholders as holding more than 5% of the share capital:

- IDA Ingeniørforeningen i Danmark
- Mannaz A/S (treasury shares).

Besides sale of treasury shares to members of the Executive Board, no related party transactions took place in the year.

Executive officers

The Group's related parties with significant influence include members of the Group's Board of Directors and the Executive Board as well as executive officers in the Parent Company and their close relatives. Related parties further include entities in which the above-mentioned persons hold significant interests.

Remuneration of members of Management is mentioned in note 3.

20 Events after the balance sheet date

No events have occurred after the balance sheet date, which affect the Group's financial position at 31 December 2017.

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21 New financial reporting regulation

IASB has prepared three new standards:

IFRS 9 Financial Instruments

IFRS 9 reduces the current categories of financial assets to two: amortised cost and fair value. The standard is to be implemented in financial years beginning on or after 1 January 2018.

The Group has assessed the expected implications of the new standard, finding that it will not have any material effect on the consolidated financial statements.

IFRS 16 Leases

IFRS 16 regulates lessees' accounting treatment of leases. The standard is going to imply that operating leases must be recognised as an asset in the balance sheet and that a liability must be recognised as well. The standard is to be implemented in financial years beginning on or after 1 January 2019. The effect of the implementation of the standard is that all of the Group's lease liabilities must be recognised in the balance sheet.

The Group is presently considering the impact of this standard on the consolidated financial statements.

IFRS 15 Revenue

IFRS 15 regulates the accounting treatment of revenue. The standard is part of IASB's work to replace IAS 18. IFRS 15 will result in an overall standard regulating the accounting treatment of revenue. The standard is to be implemented in financial years beginning on or after 1 January 2018.

The Group has assessed the expected implications of the new standard, finding that it will not have any material effect on the consolidated financial statements.

22 Group chart

Name	Registered office	Ownership interest 2017	Ownership interest 2016
Mannaz Invest A/S	Rudersdal	100%	100%
Mannaz Consulting A/S	Rudersdal	100%	100%
Mannaz Ltd.	Hong Kong	100%	100%
Mannaz AB	Sweden	100%	100%

Parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017	2016
2	Revenue	128,325	100,495
	External expenses	-38,744	-33,991
	Other external expenses	-19,616	-18,479
	Gross profit	69,965	48,025
3	Staff costs	-69,200	-46,790
4	Amortisation/depreciation	-2,281	-1,438
	Operating loss	-1,516	-203
5	Share of profit in subsidiaries	1,324	-455
6	Financial income	1,129	1,299
7	Financial expenses	-678	-674
	Profit for the year before tax	259	-33
8	Tax for the year	750	1,094
	Profit for the year	1,009	1,061
	Appropriation:		
13	Shareholders in Mannaz A/S	1,009	1,061
		1,009	1,061

Statement of comprehensive income

Note	DKK'000	2017	2016
	Profit/loss for the year	1,009	1,061
	Items which may be reclassified to the income statement:		
	Exchange rate adjustments resulting from translation of foreign entities	640	-147
		640	-147
	Other comprehensive income after tax	640	-147
	Total comprehensive income	1,649	914
	Appropriation:		
	Shareholders in Mannaz A/S	1,649	914

Parent company financial statements 1 January – 31 December

Balance sheet

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
9	Goodwill	15,000	15,000
9	Rights	330	529
9	Business systems	4,337	3,147
10	Property, plant and equipment	1,187	871
5	Investments in subsidiaries	7,657	11,842
8	Deferred tax asset	1,517	1,162
	Total non-current liabilities	30,028	32,551
	Current assets		
11	Receivables	28,921	20,968
	Receivables from group entities	13,053	2,278
	Income taxes receivable	761	1,616
	Prepayments	397	4,281
12	Securities	19,604	18,684
	Cash	469	1,126
	Total current assets	63,205	48,953
	TOTAL ASSETS	93,233	81,504
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	10,000	10,000
	Foreign exchange adjustment	733	93
	Transfer, comprehensive income	18,842	17,767
	Dividend proposed for the year	300	300
	Total equity	29,875	28,160
	Liabilities		
	Current liabilities		
	Credit institutions	13,610	7,327
	Trade payables	14,475	5,583
	Payables to group entities	0	4,356
	Other payables	21,762	25,023
	Deferred income	13,511	11,055
	Total current liabilities	63,358	53,344
	Total liabilities	63,358	53,344
	TOTAL EQUITY AND LIABILITIES	93,233	81,504

Parent company financial statements 1 January – 31 December

Cash flow statement

Note	DKK'000	2017	2016
	Profit/loss for the year	1,009	1,061
17	Adjustments (non-cash transactions)	-976	-249
	Cash generated from operations before changes in working capital	33	812
18	Changes in working capital	4,873	1,248
	Cash generated from operations before net financials	4,906	2,060
	Financial income	1,066	1,160
	Financial expenses	-613	-535
	Cash generated from operations before extraordinary items and tax	5,359	2,685
	Income taxes paid	430	-658
	Cash flows from operating activities	5,789	2,027
	Acquisition of intangible assets	-2,735	-17,297
	Acquisition of property, plant and equipment	-835	-476
	Securities traded	0	11,903
	Acquisition/sale of subsidiary	5,606	-7,993
	Dividend received from treasury shares	33	0
	Sale/Acquisition of treasury shares	333	1,187
	Cash flows from investing activities	2,402	-12,676
	Receivables from group entities	-15,131	5,926
	Cash flows from financing activities	-15,131	5,926
	Net cash flows	-6,940	-4,723
	Cash and cash equivalents, beginning of year	-6,201	-1,478
	Cash and cash equivalents, year-end	-13,141	-6,201

DKK'000	2017	2016
Cash and cash equivalents at 31 December comprise:		
Cash	469	1,126
Credit institutions	-13,610	-7,327
Cash and cash equivalents at 31 December, see the cash flow statement	-13,141	-6,201

Parent company financial statements 1 January - 31 December

Statement of changes in equity

		Shareholders in Mannaz A/S			
DKK'000	Share capital	Foreign exchange adjustments	Transfer, comprehensive income	Dividend proposed for the year	Total equity
Equity at 1 January 2017	10,000	93	17,767	300	28,160
Comprehensive income in 2017					
Profit for the year	0	0	709	300	1,009
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	640	0	0	640
Total other comprehensive income	0	640	0	0	640
Total comprehensive income for the period	0	640	709	300	1,649
Transactions with owners					
Acquisition/Sale of treasury shares	0	0	333	0	333
Dividend paid	0	0	33	-300	-267
Total transactions with owners	0	0	366	-300	66
Equity at 31 December 2017	10,000	733	18,842	300	29,875
Equity at 1 January 2016	10,000	240	15,819	0	26,059
Total comprehensive income for 2016					
Profit	0	0	761	300	1,061
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-147	0	0	-147
Total other comprehensive income	0	-147	0	0	-147
Total comprehensive income for the period	0	-147	761	300	914
Transactions with owners					
Acquisition/Sale of treasury shares	0	0	1,187	0	1,187
Total transactions with owners	0	0	1,187	0	1,187
Equity at 31 December 2016	10,000	93	17,767	300	28,160

Parent company financial statements 1 January – 31 December

List of notes to the parent company financial statements

Parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The separate parent company financial statements are incorporated in the annual report, because the Danish Financial Statements Act provides that preparers of financial statements under IFRS must prepare separate parent company financial statements.

The parent company financial statements are prepared in accordance with International Financial Reporting as adopted by the EU and additional Danish disclosure requirements.

The accounting policies applied in the parent company financial statements deviates from the accounting policies applied in the consolidated financial statements (see note 1 to the consolidated financial statements) in the following respects:

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the Parent Company's proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group gains and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity if the carrying amount exceeds cost.

	DKK'000	2017	2016
2	**Revenue**		
	Sale of consultancy services	128,325	100,495
		128,325	100,495

		2017	2016
3	**Staff costs**		
	Wages and salaries	60,195	40,149
	Defined contribution plans	4,964	3,427
	Other social security costs	448	309
	Other staff costs	3,593	2,905
	Total staff costs	69,200	46,790
	Average number of employees	78	44

Staff costs include remuneration of the Executive Board totalling DKK 4,534 thousand (2016: DKK 4,018 thousand) and fees to the Board of Directors totalling DKK 942 thousand (2016: DKK 965 thousand).

Members of the Executive Board and other executive officers are eligible for bonus the payment of which is dependent on the Company's financial performance for the year in question.

Parent company financial statements 1 January – 31 December

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DKK'000		2017	2016
4	**Depreciation and amortisation**		
	Amortisation, intangible assets	1,744	1,113
	Depreciation, property, plant and equipment	537	325
		2,281	1,438
5	**Investments in subsidiaries**		
	Cost at 1 January	18,459	10,466
	Additions in the year	0	7,993
	Disposals in the year	-7,993	0
	Cost at 31 December	10,466	18,459
	Adjustments 1 January	-6,617	-4,748
	Share of profit/loss for the year	1,322	-455
	Reversal of adjustments on disposals	1,331	0
	Foreign exchange adjustment	640	-147
	Transfer to be set off against receivables	909	215
	Dividends received	-402	-1,482
	Adjustments 31 December	-2,817	-6,617
	Carrying amount at 31 December	7,649	11,842
	Hereof goodwill	1,776	9,071

Details of impairment testing of goodwill are provided in note 9 to the consolidated financial statements.

For details of investments in subsidiaries, reference is made to note 17 to the consolidated financial statements.

		2017	2016
6	**Financial income**		
	Interest income, group entities	63	45
	Interest and dividend income	525	1,254
	Net foreign exchange gain	541	0
		1129	1,299
7	**Financial expenses**		
	Interest expenses, group entities	0	5
	Interest expenses, etc.	678	531
	Net foreign exchange loss	0	138
		678	674

Parent company financial statements 1 January – 31 December

Notes

DKK'000	2017	2016
8 Income taxes		
Analysis of tax for the year:		
Tax on profit/loss for the year	-750	-1,094
Analysis of tax for the year:		
Current tax charge for the year	-761	0
Deferred tax adjustments for the year	-355	-1,328
Adjustment prior years	366	234
	-750	-1,094
Tax on the profit/loss for the year is explained as follows:		
Estimated tax on the pre-tax profit/loss, 22% (22 % in 2016)	57	-7
Tax effect of:		
Non-taxable income	-1,198	-1,350
Non-deductible expenses, etc.	25	29
Adjustment	366	234
	-750	-1,094
Effective tax rate	-300 %	3,315.2%

The effective tax rate is significantly affected by discontinued international joint taxation.

Deferred tax

DKK'000	2017	2016
Deferred tax at 1 January	1,162	-166
Foreign exchange adjustment	0	0
Deferred tax for the year recognised in profit/loss for the year	355	1,328
Deferred tax at 31 December	1,517	1,162
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	1,517	1,162
Deferred tax liabilities	0	0
Deferred tax at 31 December, net	1,517	1,162

Deferred tax concerns accrued expenses, intangible assets and property plant and equipment, unutilised tax losses and securities expected to crystallise as current tax.

Parent company financial statements 1 January - 31 December

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9 Intangible assets

DKK'000	Goodwill	Business systems	Rights	Total
Cost at 1 January 2017	15,000	15,944	595	31,539
Additions	0	2,735	0	2,735
Cost at 31 December 2017	15,000	18,679	595	34,274
Amortisation and impairment losses at 1 January 2017	0	12,797	66	12,863
Amortisation	0	1,545	199	1,744
Amortisation and impairment losses at 31 December 2017	0	14,342	265	14,607
Carrying amount at 31 December 2017	15,000	4,337	330	19,667
Cost at 1 January 2016	0	14,242	0	14,242
Additions	15,000	1,702	595	17,297
Cost at 31 December 2016	15,000	15,944	595	31,539
Amortisation and impairment losses at 1 January 2016		11,750	0	11,750
Amortisation	0	1,047	66	1,113
Amortisation and impairment losses at 31 December 2016	0	12,797	66	12,863
Carrying amount at 31 December 2016	15,000	3,147	529	18,676

Details of impairment testing of goodwill are provided in note 10 to the consolidated financial statements.

Parent company financial statements 1 January - 31 December

Notes

10 Property, plant and equipment

DKK'000	Leasehold improvements	Fixtures and fittings	IT	Total
Cost at 1 January 2017	1,997	1,722	1,213	4,932
Additions	0	628	225	853
Disposals	0	0	0	0
Cost at 31 December 2017	1,997	2,350	1,438	5,785
Depreciation and impairment losses at 1 January 2017	1,740	1,674	647	4,061
Depreciation	127	146	264	537
Disposals	0	0	0	0
Depreciation and impairment losses at 31 December 2017	1,867	1,820	911	4,598
Carrying amount at 31 December 2017	130	530	527	1,187
Cost at 1 January 2016	2,614	2,394	1,243	6,251
Additions	0	0	476	476
Disposals	-617	-672	-506	-1,795
Cost at 31 December 2016	1,997	1,722	1,213	4,932
Depreciation and impairment losses at 1 January 2016	2,178	2,261	1,092	5,531
Depreciation	179	85	61	325
Disposals	-617	-672	-506	-1,795
Depreciation and impairment losses at 31 December 2016	1,740	1,674	647	4,061
Carrying amount at 31 December 2016	257	48	566	871

11 Receivables

DKK'000	2017	2016
Trade receivables	28,108	20,119
Other receivables	813	849
	28,921	20,968

12 Securities

The Company's portfolio of securities, which is measured at fair value in accordance with quoted prices (level 1 for shares and level 2 for bonds), comprises shares and bonds which are administered by the Company's external wealth manager company.

Parent company financial statements 1 January – 31 December

Notes

13 Equity

Share capital

In the financial year 2017, treasury shares totalling DKK 900 thousand were sold and treasury shares totalling DKK 567 thousand were purchased, corresponding to a net movement of 1.0% of the share capital. At 31 December 2017, the portfolio of treasury shares totalled 9.73 % (nominally 9,733 shares).

The Company's share capital is DKK 10,000,000, consisting of shares of nominally DKK 100 each or multiples hereof. No share confers any special rights upon any shareholder. The share capital has not changed over the past four financial years.

Dividend

The Board of Directors propose distribution of dividend of DKK 0.3 million for the financial year ended 31 December 2017, corresponding to a dividend pr. share of DKK 3. (2016: DKK 0.3 million, corresponding to a dividend pr. share of DKK 3).

14 Contingent assets/liabilities and collateral

Reference is made to note 14 to the consolidated financial statements.

15 Financial risks and financial instruments

The Parent Company's risk management policy

The overall financial risk management framework is the same in the Group and in the Parent Company. Reference is made to note 18 to the consolidated financial statements.

Analysis of term to maturity

The Parent Company's financial liabilities fall due as follows:

2017 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Credit institutions and banks	13,610	13,610	0	0	0
Trade payables	14,475	14,475	0	0	0
Other payables	21,762	21,762	0	0	0
Deferred income	13,511	13,511	0	0	0
31 December 2017	63,358	63,358	0	0	0

2016 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Credit institutions and banks	7,327	7,327	0	0	0
Trade payables	5,583	5,583	0	0	0
Payables to group entities	4,356	4,356	0	0	0
Other payables	25,023	25,023	0	0	0
Deferred income	11,055	11,055	0	0	0
31 December 2016	53,344	53,344	0	0	0

Parent company financial statements 1 January - 31 December

Notes

15 **Financial risks and financial instruments (continued)**

Assumptions underlying the analysis of term to maturity

- The analysis of term to maturity is based on all non-discounted cash flows, including estimated interest payments. Interest payments are estimated based on the existing market conditions.
- Liabilities under operating leases are not included, but are reflected in the note regarding contingent liabilities.

On the basis of the Group's expectations as to its future operations and current liquidity resources, no other critical liquidity risks have been identified.

Credit risks

The Parent Company's credit risks are considered immaterial, as course fees, etc. are prepaid for most of the Group's activities. No significant bad debts were recorded in 2017 or 2016.

Trade receivables

Historically, the Parent Company has not recorded any significant bad debts. The Group is not exposed to any significant risks in relation to individual customers or business partners (which is in line with 2016 and 2015).

The maximum credit risk associated with financial assets is reflected in the carrying amounts in the balance sheet, without taking collateral received into consideration.

Credit risks associated with the individual receivables are primarily dependent on the debtors' domicile. On the basis of the Group's internal credit rating procedures and external assessments, the credit quality of non-impaired, non-due receivables is considered to be high, and the risk of loss is considered to be low.

Non-impaired receivables appear from the table below:

DKK'000	2017	2016
Trade receivables	28,108	20,119
	28,108	20,119

Parent company financial statements 1 January - 31 December

Notes

15 Financial risks and financial instruments (continued)

Financial instrument categories

DKK'000	2017	2016
Financial assets measured at fair value through the income statement	19,604	18,684
Loans, receivables and cash	43,601	30,269
Financial liabilities measured at amortised cost	63,358	53,344

Methods and assumptions underlying the fair value determination

The methods and assumptions applied to determine the fair value of financial instruments are described per class of financial instruments. The methods applied are unchanged compared to 2016.

16 Related parties

Besides what appears from note 19 to the consolidated financial statements, the Parent Company's related parties comprise subsidiaries, see note 22 to the consolidated financial statements.

As the Danish group entities are jointly taxed, the Parent Company is liable for all Danish corporate income taxes and withholding taxes on dividends, interest and royalties within the group of jointly taxed entities. In the financial year, the Parent Company received dividends from subsidiaries in the amount of DKK 392 thousand (2016: DKK 1,482).

Remuneration/fees to members of the Executive Board and the Board of Directors are reflected in note 3. No other transactions with members of the Board of Directors, Executive Board, major shareholders or other related parties were carried through in the year.

	DKK'000	2017	2016
17	**Non-cash transactions**		
	Financial adjustments	-1,183	-1,048
	Amortisation of intangible assets and depreciation of property, plant and equipment	2,281	1,438
	Profit from investments	-1,324	2,145
	Tax adjustments	-750	-2,784
	Total non-cash transactions	-976	-249
18	**Changes in working capital**		
	Change in receivables, etc.	-7,098	-12,012
	Change in trade payables	8,892	515
	Change in prepayments	3,884	6,406
	Change in current liabilities	-805	6,339
	Total change in working capital	4,873	1,248

Parent company financial statements 1 January - 31 December

Notes

19 **Events after the balance sheet date**

No events have occurred after the balance sheet date which affect the Company's financial position at 31 December 2017.

Statement by Management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Mannaz A/S for the financial year 2017.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2017.

In our opinion, the Management's review includes a fair review of the development in the Group's and the Parent Company's activities and financial circumstances, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

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

Hørsholm, 8 March 2018
Executive Board:

Claus Rydkjær CEO	Peter Følbæk Nielsen CFO

Board of Directors:

Christian Herskind Jørgensen Chairman	Carl Aage Dahl Vice Chairman	Gitte Møller Hesselholt
Dorthe Thyrri Rasmussen*)	Peter Busted*)	

*) employee representative

Independent auditor's report

To the shareholders of Mannaz A/S

Opinion

We have audited the financial statements of Mannaz A/S for the financial year 1 January - 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The 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 financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2017 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatements of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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, 8 March 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Hedemann State Authorised Public Accountant MNE no.: mne14949	Anders Flymer-Dindler State Authorised Public Accountant MNE no.: mne35423