Mannaz A/S

Dr Neergaards Vej 5A, DK-2970 Hørsholm

CVR no. 17 96 92 34

Annual report 2020

Approved at the Company's annual general meeting on 24 March 2021

Chairman:

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Martin Søgaard Nielsen

Building a better working world

Contents

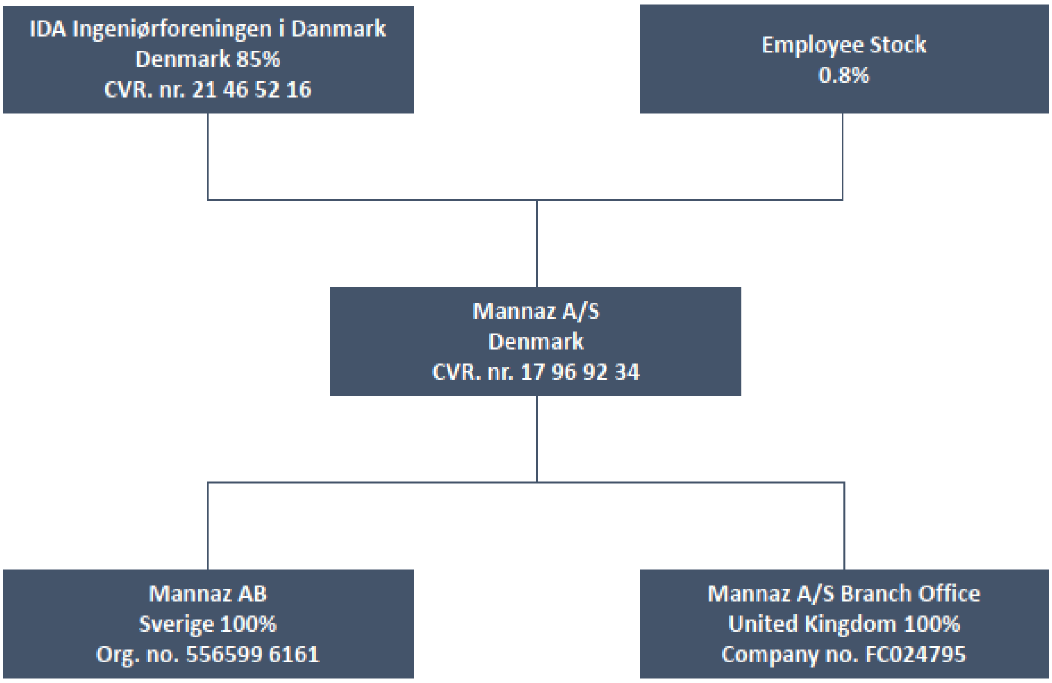
Management's review

Company details

Name	Mannaz A/S
Address, zip code, city	Dr Neergaards Vej 5A DK-2970 Hørsholm
CVR no.	17 96 92 34
Established	20 June 1994
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	Lilian Merete Mogensen, Chairman Carl Aage Dahl, Deputy Chairman Eva Charlotte Rindom Jesper Dalsgaard Jensen Stefanie Baptiste Morten Flørnæss Kerrn-Jespersen
Executive Board	Marianne Egelund Siig, CEO Martin Søgaard Nielsen, Director Mette Skøt, Director
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Alle 36, DK-2000 Frederiksberg

Management's review

Group chart



Further, Mannaz A/S owns treasury shares at 31 December 2020 of approx. 14.2%.

Management's review

Financial highlights for the Group

Million DKK	*2020	*2019	**2018	**2017	**2016
Key figures					
Revenue	84.1	118.4	143.9	151.2	134.4
Gross profit	48.1	70.3	81.7	88.2	68.5
Operating profit/loss	-7.3	3.6	0.3	0.6	0.7
Net financials	0.5	0.1	-0.8	0.7	0.7
Profit/loss for the year	**-6.1**	**2.9**	**-2.8**	**1.0**	**1.1**
Non-current assets	26.4	33.8	27.8	31.6	30.4
Current assets	41.6	48.1	50.3	58.4	54.7
Balance sheet total	67.9	81.9	78.1	90.0	85.1
Equity	**20.3**	**27.5**	**24.3**	**29.9**	**28.2**
Cash flows from operating activities	5.9	12.0	-2.1	-2.5	5.6
Cash flows from investing activities	-2.6	-1.4	1,2	-3.5	-12.7
Portion relating to investment in intangible assets and property, plant and equipment	0.0	-0.2	-0.9	-3.7	-25.2
Total cash flows	**-1.5**	**2.2**	**-0.9**	**-6.0**	**-6.6**
Financial ratios (%)					
Profit margin	-8.7%	3.4%	0.2%	0.4%	0.5%
Gross margin	57.2%	59.4%	56.8%	61.9%	51.0%
Equity ratio	29.9%	33.6%	31.1%	33.2%	33.1%
Return on equity	-26.5%	3.6%	-3.3%	3.5%	3.9%
Average number of full-time employees (number)	**57**	**73**	**93**	**104**	**77**

* The figures comprise the effect of the implementation of IFRS 16.

** The figures do not comprise the effect of the implementation of IFRS 16.

Financial ratios are calculated as presented in accounting policies.

Management's review

Principal activities of the Company

Mannaz' purpose is to release the potential of individuals, organisations and societies.

Mannaz is a leading international provider of learning and consulting services combining capabilities in strategy and organizational development, leadership, project & program development with digital and blended learning from a human perspective. We facilitate impactful learning and transformation that results in ambitious and sustainable results - with people and for people.

With a "people-first" emphasis, Mannaz offers an approach to solving business critical challenges which also results in the development of more competent and resilient organizations and leaders. With roots in the Scandinavian leadership principles which have become a hallmark of progressive management thinking worldwide, Mannaz helps clients solve business problems from within their own ranks.

While our home is in Scandinavia, we have a global reach and understanding and the Mannaz model for success is network oriented. The Company was founded in 1975 under the name of DIEU and today has offices in Hørsholm, Aarhus, Malmö, and London with 70 employees and a global network of up to 300 associates. Mannaz' client engagements and programmes upgrade the capabilities and skills of more than 5,000 executives, leaders, project managers, talents, and specialists each year, in both the private and public labour market.

Business review

2020 was in all ways affected by the ongoing Corona pandemic, which has strained the organisation and limited the possibility to act in the market. However, we have benefited from the fact that we were well on the way on digitalization of our business and developed our digital offerings even further enabling us to support our customers.

In our *Learning* Business we have focused on developing the team and processes and prioritized the core portfolio during 2020. Continued sales in these portfolios prove that the quality and brand of Mannaz is strong, and that we are a preferred supplier in Leadership, Project Management and Process Consultation. In Learning we have benefited from the digitalized development of our company. In 2020 we have further converted many of our courses into virtual offerings with great success. We have renewed parts of the portfolio and will introduce new programmes and certifications at the beginning of 2021. Sales have been above the previous year, and with a "Bright Friday" campaign reaching the target we have entered 2021 with a solid backlog.

Our programmes have run flawlessly, despite the additional processes and communications during the pandemic.

We have built a stronger cooperation with our owner IDA (Danish Society of Engineers This to complement each other for the benefit of the members of IDA and customers of Mannaz.

We have introduced app. 10 new programmes e.g. "Situational Leadership" certification programme, "ICF accredited coaching programme" & "Scrummaster" certification. Aside from that we have made lasting sustainable virtual conversions of several Project Management certifications and courses. In 2021 we are prepared to introduce 25 new programme titles.

Our *Consulting* Business struggled to reach 2020 financial targets due to lockdowns in both Nordic and International markets. However, it is encouraging that in the last part of the year we were winning projects with new clients.

In parallel, we have successfully converted in-person service delivery to virtual and digital and created new digital offerings, like digital facilitation of large group/conferences.

We see our portfolio and client base is growing within *new areas for our consultancy, Digitalisation, Sustainability, Diversity & Inclusion & Digital Transformation.*

Management's review

Business review (cont.)

- New very reputable clients; and more in pipeline
- Successful delivery of "Leading Women" conference in collaboration with IDA
- Successful delivery of "Leading Green Transformation" conference in collaboration with IDA
- New strategic partners in progress and in place
- Mannaz represented around the table of "Dansk Standard" creating a new Danish standard for Gender Equality in Denmark.
- Launching open enrolment courses on "Sustainable results with the UN's 17 world goals" & "Transforming into greater sustainability"

We have succeeded in staffing *Mannaz Digital* in a more sustainable way to match the demands, rapid development, and requests from customers for digital learning. All employees in Mannaz have been through "Digital Champions" a development programme for all in Mannaz.

Our *Marketing* efforts have made Mannaz more visible through both digital sales, and video production, putting people in Mannaz in focus, being present at SoMe, and branding e.g., Leading Green Transformation conferences.

Our focus in a challenging year with the Corona Pandemic for 2020 has been on cost cutting, increasing sales, converting to digital, and seizing new opportunities.

Furthermore we have focused on sharpening, restructuring and updating our internal processes and yearly cycles the efforts includes:

- Re-certifying Mannaz' Quality System (ISO 9001-2015), gearing our organization with new processes; easier to onboard new people, updated policies, new and better bid process and structure etc.
- Improved project management and profitability on projects
- Improved financial administration efficiency following the implementation of zExpense.

At the end of 2020, we have secured a lease for a new office of Mannaz in Central Copenhagen. The new surroundings will support our vision for Mannaz as a sustainable and attractive partner for customers and employees. London lease has expired and Mannaz is seeking an agile solution that is better suited to our 'new normal' business needs and client networking.

Financial review

Revenue in the Mannaz Group decreased from DKK 118.3 million in 2019 to DKK 84.1 million in 2020, this 29% drop in revenue is entirely due to the impact of the Corona pandemic, which has severely affected sales and delivery of the Mannaz Group.

The operating profit amounted to DKK - 7.3 million.

Cash flows from operating activities amounted to DKK 5.6 million in 2020, and equity amounted to DKK 20.3 million. Loss for the year totalled DKK - 6.1 million.

Management considers the financial performance in the year to be highly unsatisfactory but has seen a positive trend during the last part of 2020.

Appropriation of profit.

No dividend will be appropriated for 2020.

Management's review

Special Risks

As a provider of both traditional and digitally enabled leadership open enrolment and organisational consulting services, the risks that Mannaz may be exposed to are the same risks found within the open enrolment and consulting industry in general. There are no special financial risks with respect to interest rates or exchange rates.

During the ISO-certification, we identified our major risks based on severity and possibility, and in all cases made mitigating measures to limit the possible effect on Mannaz. The risks identified are all normal to the business in which Mannaz is acting.

Outlook

The ambition for 2021 is to bring Mannaz back on track after the disruptions in 2020. We expect 2021 performance to be better, despite the continued impact of the pandemic, because of the resilience we have built through 2020 with a strong online presence, both from a sales perspective, but also through virtual delivery.

To strengthen Mannaz, we will be focusing on six core strategic initiatives for 2021;

- Being close to customers
- Building a sustainable foundation both towards our clients and internally
- Working towards creating synergy in our services and create scalability.
- Develop strategic partnerships to extend our reach.
- Continue to expand our digital delivery model.
- To market our signature portfolio for the benefit of our customers.

In conclusion, we expect to deliver a substantial revenue growth compared to 2020 with a profit exceeding that achieved in 2019. With 2021 bringing Mannaz on track on our key competitive areas, we expect in the years to come to benefit from our sustainable position and further increase revenue with a stronger profit.

Knowledge resources

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

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

Our core team of 70 employees boasts a rich background, both in terms of their fields of professional expertise and their academic study of human behaviour. They are joined by approximately 300 facilitators and experts from 40 countries enabling us to deliver in most requested languages and locations.

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.

Management's review

Corporate responsibility and sustainability

At Mannaz, we see a natural link between the global sustainability agenda and our corporate responsibility.,

We have chosen to raise the bar beyond compliance, bringing our capabilities to help clients achieve their ambitions for improved sustainability impact. To focus our work, we have, in January 2020, chosen five SDGs where we partner to co-initiate and co-develop initiatives that will make a difference for our clients' impact as well as our own internal sustainable performance. We are working with two interconnected approaches: (1) being a sustainable company, and (2) offering sustainable solutions and inspiration to our clients and network.

In 2020, we have upgraded our data-driven approach to track our impact. As our clients strive to achieve the results and make the impact they aim for, they face challenges that are slowing them down. We have improved the scope and quality of our tools for developing leaders and project managers to lead sustainability transformation. We have used our platform to build momentum to the sustainability agenda offering free inspiration in both the area of Leading the Green Transformation and Leading the Diversity & Inclusion Transformation.

We are committed to the UN Global Compact Principles. We are proud to start 2021 with a partnership with the UN Global Compact Denmark on Target Gender Equality and contributing to a diversity and inclusion agenda. We strongly believe in moving the sustainability agenda through partnerships across value chains, industries, and sectors. We will use the first half of 2021 to choose key partnerships and eco-systems where our contributions can be amplified to make a bigger difference.

General Data Protection Regulation

Mannaz operates in compliance with the existing regulations and has a dedicated GDPR project guiding the efforts of further documenting processes and making sure the right information and tools reach the right people throughout the company. We will always put the protection of the data of our customers first.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

Note	DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
3	Revenue	84,119	118,363	76,978	102,911
	Selling expenses	-24,673	-32,526	-21,791	-28,348
2	Other external expenses	-11,309	-15,568	-9,197	-12,429
	Gross profit	48,137	70,269	45,990	62,134
	Other operating income	0	0	0	0
2,4	Staff costs	-51,383	-60,437	-48,193	-54,114
5	Amortisation/depreciation	-4,065	-6,219	-4,065	-6,209
	Operating profit/loss	-7,311	3,613	-6,268	1,811
	Share of result in subsidiaries	0	0	-894	1,465
6	Financial income	1,150	1,819	1,184	1,946
7	Financial expenses	-625	-1,685	-568	-1,610
	Profit/loss for the year before tax	-6,786	3,747	-6,546	3,612
8	Tax for the year	656	-849	416	-714
	Profit/loss for the year	-6,130	2,898	-6,130	2,898
	Appropriation:				
15	Shareholders in Mannaz A/S	-6,130	2,898	-6,130	2,898

Statement of comprehensive income

	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Profit/loss for the year	-6,130	2,898	-6,130	2,898
Items which may be reclassified to the income statement:				
Exchange rate adjustments resulting from translation of foreign entities	78	-73	78	-73
	78	-73	78	-73
Other comprehensive income after tax	78	-73	78	-73
Total comprehensive income	6,052	2,825	-6,052	2,825
Appropriation:				
Shareholders in Mannaz A/S	-6,052	2,825	-6,052	2,825

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
Note	DKK'000	2020	2019	2020	2019
	ASSETS				
	Non-current assets				
9	Goodwill	24,073	24,073	22,300	15,000
9	Rights	0	0	0	0
9	Business systems	736	1,647	736	1,647
11	Property, plant and equipment	542	482	542	482
11	Right-of-use assets	736	7,646	736	7,646
12	Investments in subsidiaries	0	0	2,998	10,078
8	Deferred tax	274	0	98	0
	Total non-current assets	26,361	33,848	27,410	34,853
	Current assets				
13	Receivables	18,515	25,336	15,926	22,419
	Income taxes receivable	427	175	191	176
	Receivables from group entities	603	0	1,144	0
	Prepayments	1,156	1,203	1,116	1,123
14	Securities	18,872	17,911	18,872	17,911
	Cash	1,998	3,450	1,034	1,579
	Total current assets	41,571	48,075	38,283	43,208
	TOTAL ASSETS	67,932	81,923	65,693	78,061
	EQUITY AND LIABILITIES				
15	Equity				
	Share capital	10,000	10,000	10,000	10,000
	Foreign exchange rate adjustments	-837	-915	-837	-915
	Transfer, comprehensive income	11,151	18,450	11,151	18,450
	Dividend proposed for the year	0	0	0	0
	Total equity	20,314	27,535	20,314	27,535
	Liabilities				
	Non-current liabilities				
8	Deferred tax	0	1,466	0	655
	Lease liabilities	0	3,275	0	3,275
	Other payables	3,361	1,302	3,361	1,249
	Total non-current liabilities	3,361	6,043	3,361	5,179
	Current liabilities				
	Credit institutions	8,155	8,300	8,155	8,300
	Lease liabilities	852	4,610	852	4,610
	Trade payables	5,148	5,620	4,569	4,928
	Income taxes	0	266	0	0
	Payables to group entities	136	0	136	224
	Other payables	8,868	12,577	7,979	10,382
	Contract liabilities	21,098	16,972	20,327	16,903
	Total current liabilities	44,256	48,345	42,018	45,347
	Total liabilities	47,617	54,388	45,379	50,526
	TOTAL EQUITY AND LIABILITIES	67,932	81,923	65,693	78,061

Consolidated financial statements and parent company financial statements 1 January – 31 December

Cash flow statement

		Group		Parent Company	
Note	DKK'000	2020	2019	2020	2019
	Profit/loss for the year	-6,130	2,898	-6,130	2,898
17	Adjustments (non-cash transactions)	2,884	6,664	3,927	5,091
	Cash generated from operations before changes in working capital	-3,246	9,562	-2,203	7,989
18	Changes in working capital	8,874	2,420	8,100	4,979
	Cash generated from operations before net financials	5,628	11,982	5,897	12,968
	Financial income	1,188	966	1,184	1,135
	Financial expenses	-663	-832	-568	-799
	Cash generated from operations before extraordinary items and tax	6,153	12,116	6,513	13,304
	Income taxes	-247	-84	-12	-84
	Cash flows from operating activities	5,906	12,032	6,501	13,220
	Acquisition of intangible assets	-98	-100	-98	-100
	Acquisition of property, plant and equipment	-342	-74	-342	-84
	Securities traded	-961	-1,659	-961	-1,659
	Dividend paid	0	0	0	0
	Dividend received	0	0	0	0
	Divided received from treasury shares	0	0	0	0
	Sale/acquisition of treasury shares	-1,169	428	-1,169	428
	Cash flows from investing activities	-2,570	-1,405	-2,570	-1,415
	Receivables/Payables from group entities	-467	0	-158	-2,526
	Credit institutions	-145	-4,169	-142	-4,692
	Repayment of lease commitments	-4,176	-4,265	-4,176	-4,265
	Cash flows from financing activities	-4,788	-8,434	-4,476	-11,483
	Net cash flows	-1,452	2,193	-545	322
	Cash and cash equivalents at 1 January	3,450	1,257	1,579	1,257
	Cash and cash equivalents at 31 December	1,998	3,450	1,034	1,579

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity (Group)

	Group				
DKK'000	Share capital	Foreign exchange adjustments	Transfer, comprehen-sive income	Dividend proposed for the year	Total equity
Equity at 1 January 2019	10,000	-842	15,124	0	24,282
Total comprehensive income for 2019					
Profit/loss for the year	0	0	2,898	0	2,898
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-73	0	0	-73
Total other comprehensive income	0	-73	0	0	-73
Total comprehensive income for the year	-0	-73	2,898	0	2,825
Transactions with owners					
Acquisition/sale of treasury shares	0	0	428	0	428
Dividend paid	0	0	0	0	0
Total transactions with owners	0	0	428	0	428
Equity at 31 December 2019	10,000	-915	18,450	0	27,535
Equity at 1 January 2020	10,000	-915	18,450	0	27,535
Total comprehensive income for 2020					
Profit/loss for the year	0	0	-6,130	0	-6,130
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	78	0	0	78
Total other comprehensive income	0	78	0	0	78
Total comprehensive income for the year	0	78	-6,130	0	-6,052
Transactions with owners					
Acquisition/sale of treasury shares	0	0	-1,169	0	-1,169
Dividend paid	0	0	0	0	0
Total transactions with owners	0	0	-1,169	0	-1,169
Equity at 31 December 2020	10,000	-837	11,151	0	20,314

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity (Parent)

	Parent Company				
DKK'000	Share capital	Foreign exchange adjustments	Transfer, comprehen-sive income	Dividend proposed for the year	Total equity
Equity at 1 January 2019	10,000	-842	15,124	0	24,282
Total comprehensive income for 2019					
Profit/loss for the year	0	0	2,898	0	2,898
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-73	0	0	-73
Total other comprehensive income	0	-73	0	0	-73
Total comprehensive income for the year	0	-73	2,898	0	2,825
Transactions with owners					
Acquisition/sale of treasury shares	0	0	428	0	428
Dividend paid	0	0	0	0	0
Total transactions with owners	0	0	428	0	428
Equity at 31 December 2019	10,000	-915	18,450	0	27,535
Equity at 1 January 2020	10,000	-915	18,450	0	27,535
Total comprehensive income for 2020					
Profit/loss for the year	0	0	-6,130	0	-6,130
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	78	0	0	78
Total other comprehensive income	0	78	0	0	78
Total comprehensive income for the year	0	78	-6,130	0	-6,052
Transactions with owners					
Acquisition/sale of treasury shares	0	0	-1,169	0	-1,169
Dividend paid	0	0	0	0	0
Total transactions with owners	0	0	-1,169	0	-1,169
Equity at 31 December 2020	10,000	-837	11,151	0	20,314

Consolidated financial statements and parent company financial statements 1 January – 31 December

List of notes to the consolidated financial statements

Consolidated financial statements and parent company 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 2020 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 2020 are prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

On 24 February 2021, the Board of Directors and the Executive Board discussed and approved the annual report for Mannaz A/S for 2020. The annual report will be presented to the shareholders of Mannaz A/S for adoption at the annual general meeting on 24 March 2021.

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.

Changes in accounting policies

Effective from 1 January 2020, Mannaz A/S has implemented the following amended standards and interpretations:

- Amendments to References to the Conceptual Framework in IFRS
- Amendments to IFRS 3 Definition of a Business
- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7
- Amendments to IFRS 16: Covid-19 Related Rent Concessions (effective as of 1 June 2020).

None on the above standards have affected recognition and measurement in the annual report.

Merger between Mannaz A/S, and Mannaz Consulting A/S and Mannaz Invest A/S

As per 1 January 2020, Mannaz A/S merged with its 100% owned subsidiaries Mannaz Consulting A/S and Mannaz Invest A/S, with Mannaz A/S as the continuing entity. The book value method has been applied. Consequently, the comparative figures are not restated.

The effect on the Group's and Parent Company's equity is 0.

Special items

Special items comprise subsidies received from the Danish Government due to the COVID-19 pandemic. The subsidies are recognised when it is reasonably certain that the Company will receive the subsidy. Special items are presented on a net basis, refer also to note 2.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Revenue

Revenue from the sale of courses and 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 recognised when control over the individual identifiable performance obligation is transferred to the customer.

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.

Sale of consultancy services

Sale of consultancy services typically comprise a performance obligation, which is recognised in revenue on a straight-line basis over the period in which the services are provided.

Sale of courses

Sale of courses typically comprise a performance obligation, which is recognised in revenue on a straight-line basis over the period in which the courses are provided.

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, administration and IT.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including intercompany fees.

Share of result in subsidiaries

The aggregate of the Group's share of profit or loss in subsidiaries is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax in the subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income taxes

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 years 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 and parent company financial statements 1 January – 31 December

Notes

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.

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	2-5 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 and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

Right-of-use assets and lease liabilities are recognised in the balance sheet when the right-of-use asset under a lease entered into regarding a specific identifiable asset is made available to the Group and/or the Parent Company in the lease term, and when the Group and/or the Parent Company obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease commitment:

- Fixed payments.
- Variable payments that change concurrently with changes to an index and an interest rate based on said index or interest rate.
- Payments overdue subject to a residual value guarantee.
- Exercise price of call options that it is highly probable that Management will exercise.
- Payments subject to an extension option that it is highly probable that the Group will exercise.
- Penalty related to a termination option unless it is highly probable that the Group will not exercise the option.

The lease commitment is measured at amortised cost according to the effective interest method. The lease commitment is recalculated when the underlying contractual cash flows change due to changes in an index or an interest rate if the Group's estimate of a residual value guarantee changes or if the Group changes its assessment of whether call options, extension options or termination options can reasonably be expected to be exercised.

On initial recognition, the right-of-use asset is measured at cost, corresponding to the value of the lease commitment adjusted for prepaid lease payments plus directly related costs and estimated costs for demolition, repairs or the like and less discounts or other types of incentive payments received from the lessor.

Subsequently, the asset is measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The right-of-use asset is adjusted for changes to the lease commitment due to changes to the terms of the lease or changes to the cash flows of the lease concurrently with changes to an index or an interest rate.

Right-of-use assets are depreciated on a straight-line basis over the expected lease term, which is:

Operating equipment	2-3 years
Sale and administration properties	2-3 years

The Group and the Parent Company presents the right-of-use asset and the lease commitment separately in the balance sheet.

The Group and the Parent Company has chosen not to recognise right-of-use assets of a low value and short-term leases in the balance sheet. Instead, related lease payments are recognised on a straight-line basis in the income statement.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Goodwill

Goodwill is tested for impairment annually, initially before the end of the year of acquisition.

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.

Equity investments in subsidiaries

Equity investments in subsidiaries are measured at equity value in the parent company financial statements.

If there is any indication of impairment, impairment tests are performed as described in the accounting policies applied in the consolidated financial statements. Equity investments are written down to the lower of the carrying amount and the recoverable amount.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments are measured at cost.

Securities

Securities recognised under current assets are measured at fair value at the balance sheet date, corresponding to the market price. Changes to the fair value are recognised in the profit and loss on an ongoing basis.

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.

Reserve for treasury shares

Reserve for treasury shares comprises the cost of acquisition of the Company's treasury shares. Dividends received from treasury shares are recognised directly in transferred comprehensive income in equity.

Gains and losses on the sale of treasury shares are taken to "Retained earnings".

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.

Employee share purchase plan

When the Group's employees are granted the right to subscribe for shares at a price below the market price, the bonus element is recognised under staff costs. The counter entry is recognised directly in equity as an owner transaction. The bonus element is determined at the subscription date as the difference between the fair value and the subscription price of the shares.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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.

Contract liabilities

Contract liabilities comprise prepayments from customers on courses etc. held in subsequent years.

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).

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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, including interests on the recognised lease commitment, 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, repayment of lease commitments, 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.

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

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

2 Special items

Mannaz A/S has in 2020 received government subsidies of total DKK 1,192 thousand due to the COVID-19 pandemic (2019: nil), which is outside the normal course of business, and of which DKK 676 thousand is recognised in 'Staff cost' and DKK 516 thousand in 'Other external expenses'.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
3 Revenue				
Sale of courses and consultancy services	84,119	118,363	76,978	102,911

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
4 Staff costs				
Wages and salaries	42,763	49,895	40,049	45,059
Pension	6,062	5,999	5,674	5,391
Other social security costs	253	380	253	330
Other staff costs	2,305	4,163	2,217	3,334
Total staff costs	51,383	60,437	48,193	54,114
Average number of employees	57	73	53	65

Staff costs include remuneration of the Executive Board totalling DKK 4,637 thousand (2019: DKK 7,925 thousand) and fees to the Board of Directors totalling DKK 965 thousand (2019: DKK 948 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.

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
5 Amortisation and depreciation				
Amortisation, intangible assets	1,009	1,256	1,009	1,256
Depreciation, property, plant and equipment	282	472	282	462
Depreciation, right-of-use assets	2,715	4,491	2,715	4,491
Loss, disposal of right-of-use assets	59	0	59	0
	4,065	6,219	4,065	6,209
6 Financial income				
Interest income, cash, etc.	194	117	190	103
Interest income, group entities	0	0	2	141
Net foreign exchange gain	0	0	36	0
Fair value changes on listed securities, etc.	956	1,702	956	1,702
	1,150	1,819	1,184	1,946
7 Financial expenses				
Interest expenses, credit institutions, etc.	514	488	483	455
Interest expenses, lease commitments	85	344	85	344
Net foreign exchange loss	26	853	0	811
	625	1,685	568	1,610

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DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
8 Income taxes				
Analysis of tax for the year:				
Tax on profit/loss for the year	-656	849	-416	714
Analysis of tax for the year:				
Current tax charge for the year	0	182	0	639
Deferred tax adjustment for the year	-1,487	667	-1,244	75
Tax asset not capitalised	500	0	500	0
Adjustment of prior-year taxes	331	0	328	0
	-656	849	-416	714
Tax on the profit/loss for the year is explained as follows:				
Estimated tax on the pre-tax profit/loss, 22% (22% in 2019)	-1,683	919	-1,440	888
Tax effect of:				
Non-taxable income	196	-70	196	-322
Non-deductible expenses, etc.	0	0	0	148
Adjustment of prior-year taxes	331	0	328	0
Write-down of tax asset (tax loss carry-forward)	500	0	500	0
	-656	849	-416	714
Effective tax rate	10%	20%	6%	18%
Deferred tax				
Deferred tax at 1 January	-1,466	-799	-655	-580
Foreign exchange adjustment	-9	0	0	0
Merger IFRS adjustment	0	0	-753	0
Reclassification adjustment	762	0	762	0
Deferred tax for the year recognised in profit/loss for the year	987	-667	744	-75
Deferred tax at 31 December	274	-1,466	98	-655
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	274	0	98	0
Deferred tax liabilities	0	-1,466	0	-655
Deferred tax at 31 December, net	274	-1,466	98	-655

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

The merger between Mannaz A/S, Mannaz Consulting A/S and Mannaz Invest A/S was conducted as a non-taxable merger. No tax losses have been carried forward from the merged entity Mannaz Consulting A/S into the continuing entity Mannaz A/S.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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9 Intangible assets

	Group			
DKK'000	Goodwill	Business systems	Rights	Total
Cost at 1 January 2020	24,073	16,850	595	41,518
Additions	0	98	0	98
Disposals	0	0	0	0
Cost at 31 December 2020	24,073	16,948	595	41,616
Amortisation and impairment losses at 1 January 2020	0	15,203	595	15,798
Amortisation	0	1,009	0	1,009
Amortisation on disposals	0	0	0	0
Amortisation and impairment losses at 31 December 2020	0	16,212	595	16,807
Carrying amount at 31 December 2020	24,073	736	0	24,809
Cost at 1 January 2019	24,073	16,750	595	41,418
Additions	0	100	0	100
Disposals	0	0	0	0
Cost at 31 December 2019	24,073	16,850	595	41,518
Amortisation and impairment losses at 1 January 2019	0	14,079	463	14,542
Amortisation	0	1,124	132	1,256
Amortisation on disposals	0	0	0	0
Amortisation and impairment losses at 31 December 2019	0	15,203	595	15,798
Carrying amount at 31 December 2019	24,073	1,647	0	25,720

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

9 Intangible assets (continued)

	Parent Company			
DKK'000	Goodwill	Business systems	Rights	Total
Cost at 1 January 2020	15,000	16,850	595	32,445
Additions from merger	7,300	0	0	7,300
Additions	0	98	0	98
Disposals	0	0	0	0
Cost at 31 December 2020	22,300	16,948	595	39,843
Amortisation and impairment losses at 1 January 2020	0	15,203	595	15,798
Amortisation	0	1,009	0	1,009
Amortisation on disposal	0	0	0	0
Amortisation and impairment losses at 31 December 2020	0	16,212	595	16,807
Carrying amount at 31 December 2020	22,300	736	0	23,036
Cost at 1 January 2019	15,000	16,750	595	32,345
Additions	0	100	0	100
Disposals	0	0	0	0
Cost at 31 December 2019	15,000	16,850	595	32,445
Amortisation and impairment losses at 1 January 2019	0	14,079	463	14,542
Amortisation	0	1,124	132	1,256
Amortisation on disposals	0	0	0	0
Amortisation and impairment losses at 31 December 2019	0	15,203	595	15,798
Carrying amount at 31 December 2019	15,000	1,647	0	16,647

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

Consolidated financial statements and parent company financial statements 1 January – 31 December

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10 Impairment testing

Goodwill

At 31 December 2020, 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 2021-2023 (2019: 2020-2022) approved by Management and with a pre-tax discount factor of 14.4% (2019: 13.7%).

In 2016, the Mannaz A/S Group acquired all the shares in Conmoto A/S and the activities in Attractor A/S. The purpose of these acquisitions was 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 2020 (2019: 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 for the Consulting business of 20.9% is expected for 2021 and 5.0% for 2022. Annual revenue growth for the Learning business of 15.0% is expected for 2021 and 10.0% for 2022.

The weighted average growth rate used in connection with extrapolation of future net cash flows for the years after 2022 is estimated at 1.5%. 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 2020, as capitalisation of the acquired synergies is expected to contribute positively to the continued product development.

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

Other non-current assets

Management did not identify any factors indicating a need to perform impairment tests in respect of other non-current assets neither in 2020 nor in 2019.

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11 Property, plant and equipment

	Group				
DKK'000	Leasehold improve-ments	Fixtures and fittings	IT	Right-of-use assets	Total
Cost at 1 January 2020	1,997	2,685	1,566	12,137	18,385
Additions	0	169	173	975	1317
Disposals	0	0	0	-7,988	-7,988
Cost at 31 December 2020	1,997	2,854	1,739	5,124	11,714
Depreciation and impairment losses at 1 January 2020	1,997	2,335	1,434	4,491	10,257
Depreciation	0	162	120	2,715	2,997
Disposals	0	0	0	-2,818	-2,818
Depreciation and impairment losses at 31 December 2020	1,997	2,497	1,554	4,388	10,436
Carrying amount at 31 December 2020	0	357	185	736	1,278
Cost at 1 January 2019	1,997	2,685	1,492	0	6,174
Additions, including IFRS 16 effect	0	0	74	12,137	12,211
Disposals	0	0	0	0	0
Cost at 31 December 2019	1,997	2,685	1,566	12,137	18,385
Depreciation and impairment losses at 1 January 2019	1,979	2,161	1,164	0	5,304
Depreciation	18	174	270	4,491	4,953
Disposals	0	0	0	0	0
Adjustments	0	0	0	0	0
Depreciation and impairment losses at 31 December 2019	1,997	2,335	1,434	4,491	10,257
Carrying amount at 31 December 2019	0	350	132	7,646	8,128

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11 Property, plant and equipment (continued)

	Parent Company				
DKK'000	Leasehold improve-ments	Fixtures and fittings	IT	Right-of-use assets	Total
Cost at 1 January 2020	1,997	2,487	1,576	12,137	18,197
Additions	0	169	173	975	1317
Disposals	0	0	0	-7,988	-7,988
Cost at 31 December 2020	1,997	2,656	1,749	5,124	11,526
Depreciation and impairment losses at 1 January 2020	1,997	2,137	1,444	4,491	10,069
Depreciation	0	162	120	2,715	2,997
Disposals	0	0	0	-2,818	-2,818
Depreciation and impairment losses at 31 December 2020	1,997	2,299	1,564	4,388	10,248
Carrying amount at 31 December 2020	0	357	185	736	1,278
Cost at 1 January 2019	1,997	2,487	1,492	0	5,976
Additions	0	0	84	12,137	12,221
Disposals	0	0	0	0	0
Cost at 31 December 2019	1,997	2,487	1,576	12,137	18,197
Depreciation and impairment losses at 1 January 2019	1,979	1,973	1,164	0	5,116
Depreciation	18	164	280	4,491	4,953
Disposals	0	0	0	0	0
Adjustment	0	0	0	0	0
Depreciation and impairment losses at 31 December 2019	1,997	2,137	1,444	4,491	10,069
Carrying amount at 31 December 2019	0	350	132	7,646	8,128

Consolidated financial statements and parent company financial statements 1 January – 31 December

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DKK'000	Parent Company 2020	Parent Company 2019
12 Investments in subsidiaries		
Cost at 1 January	10,466	10,466
Additions in the year	0	0
Merger adjustment	-5,689	0
Cost at 31 December	4,777	10,466
Adjustments 1 January	-388	-1,205
Share of profit/loss for the year	-894	1,465
Other adjustments	0	-575
Foreign exchange adjustment	78	-73
Merger adjustment	-575	0
Transfer to be offset against intangible asses	0	0
Dividends received	0	0
Adjustments at 31 December	-1,779	-388
Carrying amount at 31 December	2,998	10,078
Hereof	1,773	1,773

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

Investments in subsidiaries

Company	Domicile	Ownership interest
Mannaz AB	Sweden	100%
Mannaz Branch	United Kingdom	100%

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DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
13 Receivables				
Trade receivables	16,726	24,235	14,160	21,700
Other receivables	1,789	1,101	1,766	719
	18,515	25,336	15,926	22,419

14 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.

15 Equity

Share capital

In the financial year 2020, 3,295 treasury shares totalling DKK 1,169 thousand were bought corresponding to a movement of 3.3% of the share capital. The shares were bought due to employees leaving the company.

At 31 December 2020, the portfolio of treasury shares totalled 14.18% (nominally 14,183 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 does not propose distribution of dividend for the financial year ended 31 December 2020 (2019: nil).

16 Contingent assets/liabilities and collateral

Neither the Group nor the Parent Company has any contingent assets.

All lease liabilities and rent commitments are recognised in the balance sheet in accordance with IFRS 16.

The Group and Parent Company has provided payment guarantees of a total of DKK 6 thousand.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
17 Non-cash transactions				
Financial adjustments	-525	-134	-616	-336
Other adjustments	0	-270	0	-31
Amortisation of intangible assets and depreciation of property, plant and equipment	4,065	6,219	4,065	6,209
Profit from investments	0	0	894	-1,465
Tax adjustments	-656	849	-416	714
Total non-cash transactions	2,884	6,664	3,927	5,091

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
18 Changes in working capital				
Change in receivables, etc.	6,870	6,163	6,500	5,251
Change in trade payables, other payables, etc.	-2,582	-1,594	-2,625	3,566
Change in deferred income, etc.	4,586	-2,149	4,225	-3,838
Total change in working capital	8,874	2,420	8,100	4,979

19 Acquisition and/or merger of subsidiaries and activities

As per 1 January 2020, Mannaz Consulting A/S and Mannaz Invest A/S merged with its parent company Mannaz A/S with Mannaz A/S as the continuing entity.

Otherwise, there has been no acquisition of subsidiaries and activities during 2020 and 2019.

20 Financial risks and financial instruments

The Group's risk management policy

The Group's risk exposure or risk management has not changed relative to 2019.

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.

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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20 Financial risks and financial instruments (continued)

Market risks

The Group is to some extent exposed to exchange rate fluctuations in respect of GBP and SEK. However, most of the Group's sales are affected 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 25 million in credit institutions.

Analysis of term to maturity

The Group's financial liabilities fall due as follows:

2020 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Lease liabilities	852	852	0	0	0
Credit institutions and banks	8,155	8,155	0	0	0
Trade payables	5,148	5,148	0	0	0
Payables to group entities	136	136	0	0	0
Other payables	12,229	8,868	0	0	3,361
Deferred income	21,097	21,097	0	0	0
31 December 2020	47,617	44,256	0	0	3,361

2019 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Lease liabilities	7,885	4,610	3,275	0	0
Credit institutions and banks	8,300	8,300	0	0	0
Trade payables	5,620	5,620	0	0	0
Other payables	13,879	12,577	0	0	1,302
Deferred income	16,972	16,972	0	0	0
31 December 2019	52,656	48,079	3,275	0	1,302

Consolidated financial statements and parent company financial statements 1 January – 31 December

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20 Financial risks and financial instruments (continued)

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

2020 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Lease liabilities	852	852	0	0	0
Credit institutions and banks	8,155	8,155	0	0	0
Trade payables	4,569	4,569	0	0	0
Payables to group entities	136	136	0	0	0
Other payables	11,340	7,979	0	0	3,361
Deferred income	20,326	20,326	0	0	0
31 December 2020	45,378	42,017	0	0	3,361

2019 (DKK'000)	Contractual cash flows	Within one year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments					
Lease liabilities	7,885	4,610	3,275	0	0
Credit institutions and banks	8,300	8,300	0	0	0
Trade payables	4,928	4,928	0	0	0
Payables to group entities	224	2,929	0	0	0
Other payables	11,631	10,382	0	0	1,249
Deferred income	16,903	16,903	0	0	0
31 December 2019	49,871	48,052	3,275	0	1,249

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 2020 or 2019.

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 2019 and 2018).

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.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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20 Financial risks and financial instruments (continued)

Financial instrument categories

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
Financial assets measured at fair value through the income statement	18,872	17,911	18,872	17,911
Receivables and cash	21,114	28,786	17,104	24,860
Financial liabilities measured at amortised cost	26,521	36,487	22,983	35,059

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 2019.

21 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).

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 4.

22 Events after the balance sheet date

No events have occurred after the balance sheet date, which affect the Group's and/or Parent Company's financial position at 31 December 2020.

Consolidated financial statements and parent company financial statements 1 January – 31 December

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23 New financial reporting regulation

IASB has prepared the following new or changed accounting standards and interpretations, which are not yet mandatory for Mannaz A/S when preparing the annual report for 2020:

- IFRS 17 *Insurance Contracts*
- IAS 1 *Presentation of Financial Statements - Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- IFRS 3 *Business Combinations - Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework*

  IAS 16 *Property, Plant and Equipment - Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use*
- IAS 37 *Provisions, Contingent Liabilities and Contingent Assets - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract*
- Annual Improvements to IFRSs 2018-2020 Cycle.

None of the standards or interpretations are expected to have effect on Mannaz A/S' financial statements.

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 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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 2020 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 2020.

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, 24 February 2021
Executive Board:

Marianne Egelund Siig CEO	Mette Skøt Director	Martin Søgaard Nielsen Director

Board of Directors:

Lilian Merete Mogensen Chairman	Carl Aage Dahl Deputy Chairman	Eva Charlotte Rindom
Jesper Dalsgaard Jensen	*Stefanie Baptiste	*Morten Flørnæss Kerrn-Jespersen

*) employee representative

Independent auditor's report

To the shareholders of Mannaz A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Mannaz A/S for the financial year 1 January – 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company 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 company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 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 2020 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group 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 our procedures, 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 misstatement of the Management's review.

Independent auditor's report

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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

- 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, 24 February 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Hedemann
State Authorised
Public Accountant
mne14949