Mannaz A/S

Kogle Allé 1, DK-2970 Hørsholm

CVR no. 17 96 92 34

Annual report 2019

Approved at the Company's annual general meeting on 24 March 2020

Chairman:

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Martin Søgaard Nielsen

Building a better
working world

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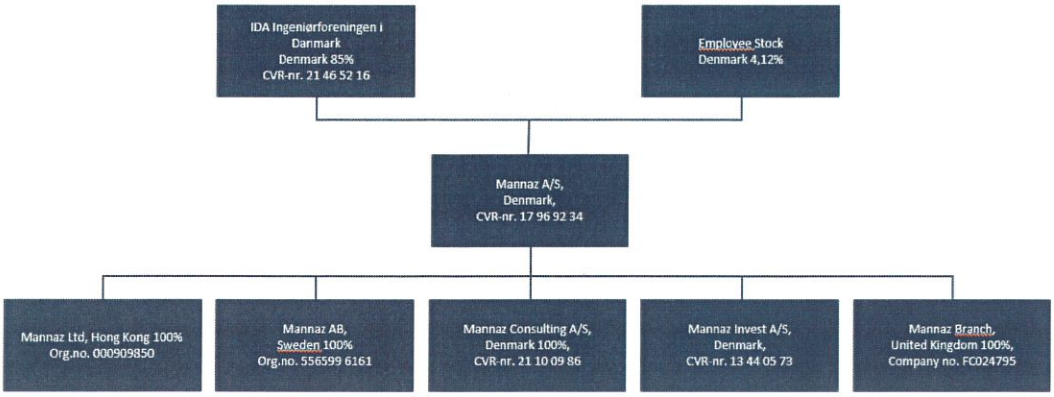
Management's review

Company details

Name	Mannaz A/S
Address, zip code, city	Kogle Allé 1 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	Lillian Merete Mogensen, Chairman Carl Aage Dahl, Deputy Chairman Eva Charlotte Rindom Jesper Dalsgaard Jensen Stefanie Baptiste Morten Flørnæss Kerrn-Jespersen
Executive Board	Martin Søgaard Nielsen, CEO Mette Skøt, Director
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Alle 36 DK-2000 Frederiksberg

Management's review

Group chart



Management's review

Financial highlights for the Group

Million DKK, except per share data	*2019	**2018	**2017	**2016	**2015
Key figures					
Revenue	118.4	143.9	151.2	134.4	129.6
Gross margin	70.3	81.7	88.2	68.5	63.8
Operating profit/loss	3.6	0.3	0.6	0.7	-2.1
Net financials	0.1	-0.8	0.7	0.7	1.3
Profit/loss for the year	2.9	-2.8	1.0	1.1	-0.6
Non-current assets	33.8	27.8	31.6	30.4	7.6
Current assets	48.1	50.3	58.4	54.7	54.5
Balance sheet total	81.9	78.1	90.0	85.1	62.1
Equity	27.5	24.3	29.9	28.2	26.1
Cash flows from operating activities	12.0	-2.1	-2.5	5.6	4.7
Cash flows from investing activities	-8.4	1,2	-3.5	-12.7	-3.9
Portion relating to investment in intangible assets and property, plant and equipment	-0.2	-0.9	-3.7	-25.2	-3.5
Total cash flows	2.2	-0.9	-6.0	-6.6	0.8
Financial ratios					
Profit margin	3.4%	0.2%	0.4%	0.5%	-1.6%
Gross margin	59.4%	56.8%	61.9%	51.0%	49.2%
Equity ratio	33.6%	31.1%	33.2%	33.1%	42.0%
Return on equity	3.6%	-3.3%	3.5%	3.9%	-2.2%
Average number of full-time employees	73	93	104	77	72

* 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.

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

As a leading international provider of learning and consulting services, Mannaz A/S delivers in the areas of strategic, organisational, leadership and talent development as well as change and transformation.

Within these services, Mannaz' purpose is to fulfil the potential of individuals, organisations and societies. As such, Mannaz works to enable organisations to drive ambitious and sustainable results - with people and for people. With a "people-first" emphasis, Mannaz offers an approach to solving business critical challenges through the development of more competent and resilient organisations and leaders. Combining the capabilities within strategy and organisation development, leadership and project & program development with the perspective of working through human competencies and mindsets, Mannaz offers capabilities which help enable clients' transformation journeys in a sustainable manner. Mannaz operates through three main business areas: open enrolment and custom learning programs as well as consulting within the above-mentioned services in both the Nordic region and internationally. Mannaz has capabilities within digital and blended learning, which are a strategic focus area.

Mannaz' roots are within the Scandinavian leadership principles which have become a hallmark of progressive management thinking worldwide. It is repeatedly proven that people achieve more when they feel valued, engaged and motivated, supported by an open and collaborative style of leadership. This promotes the development of people by building, empowering and trusting their competencies and abilities through delegation. By helping companies solve issues from within its own ranks, Mannaz also maintains the stability of greatly-valued personnel. We have been working in 2019 to understand in more depth how Mannaz is perceived in the market and how we can differentiate Mannaz from the competition.

With roots in Scandinavia, but with global reach and understanding, 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 80 employees and a global network of more than 300 associates. Mannaz' client engagements and courses upgrade the capabilities and skills of more than 10,000 executives, leaders, project managers, talents and specialists each year.

Business review

Generally, the market situation in 2019 was characterised by competition from a large and very fragmented number of providers both in Denmark and internationally. In some sectors this put demand on prices, in others, particularly with the larger clients, this resulted in increasing demand for digital solutions to maximise the effect and reach of tight development budgets.

2019 was characterised by a sharp cost focus to ensure a sustainable cost structure. The strategic aim is sustaining bottom line results and position for long-term organic top line growth. Focus on uniting and transforming the company culture after acquisitions in 2017 has continued in 2019, with the objective of improving the business acumen and sales capabilities & culture of the organisation. This journey deserves some of the credit for ensuring profitability.

In 2019, Mannaz succeeded in bringing costs under control, which is a large part of the positive result. Now Mannaz is well poised for the expected 2-3-year push towards organic growth without compromising bottom line results. The anticipation of material financial results in 2019 was conservative and while they have been met, and more, anticipations for 2020 will remain conservative.

Several actions and activities have supported the strategic efforts in 2019. We continued upskilling the entire organisation in business development as well as strengthening individual and overall business acumen. This includes a high focus on recruiting the right commercial profiles, focus on pricing across the business, training in the commercial role of a consultant as well as improving open enrolment key metrics across the portfolio. In 2019, the portfolio of Mannaz open enrolment has gone through a revamp.

Management's review

Business review (cont.)

Of the approximately 85 courses now on sale, over 40 are new and the format, contents and pricing of the remaining courses have been reviewed in context of the market situation. Two new areas of business stand out: Leading the sustainability transformation and Digital Transformation, which are focus areas for both Learning and Consulting.

Within Marketing and Sales, Mannaz has continued the focus on a more digital and automated setup which enables a much more client-needs focused effort based on CRM and data. In 2019, Mannaz has recruited the needed competencies and established new partnerships with vendors, enhancing reach, profitability and, ultimately, sales.

The in-house production of digital learning in Mannaz is an integral part of the business. Through 2019 this production has enabled the delivery of a wide range of blended, digital and virtual services to clients within the consulting business and of stand-alone digital courses for the Learning business, which will be launched in 2020.

The organisation was strengthened in 2019. Mannaz employees have engaged greatly in the endeavour to turn towards an increased commercial focus and are committed to continue this effort in 2020.

Financial review

Revenue in the Mannaz Group decreased from DKK 143.9 million in 2018 to DKK 118.4 million in 2019, corresponding to a 17.7% decline in revenue.

The operating profit amounted to DKK 3.6 million.

Cash flows from operating activities amounted to DKK 12.0 million in 2019, and equity amounted to DKK 27.5 million. The result for the year totalled DKK 2.9 million.

Management considers the financial performance in the year unsatisfactory yet anticipated.

Appropriation of profit

DKK 2.9 million result for the year is transferred to equity.

Special Risks

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

Knowledge resources

In Mannaz, we are 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. In 2019, we forged a strategic partnership with "Digitaliseringsinstituttet" to support Mannaz' entry into digital transformation services and courses.

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 80 employees boasts a rich background in specific professional fields, as well as academics and the study of human behaviour. They are joined by 250 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.

Management's review

Corporate responsibility and sustainability

Corporate responsibility and sustainability are 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 - through our business conduct, behaviour and services. By nature, Mannaz' business model of associates builds on networking fundamentals. It provides flexible work-lives to more than 250 partners and pools the combined skills diversity and brain-power to better service our clients and extend the reach of our purpose to fulfil the potential of individuals, organisations and societies.

Outlook

In 2020, the efforts will be focused on achieving organic growth with a positive bottom line result. We will continue to strengthen the business commercially with a high focus on business development skills and will still work to streamline core operations, as cost containment is still important. However, in 2020, we will also recruit many new employees and leaders to help Mannaz grow, not least a new CEO to lead and inspire Mannaz, hopefully for many years to come. Combining recruiting with the positive track record of 2019, Mannaz is positioned to realise organic growth and positive results in 2020 - in Denmark as well as internationally. Mannaz forecasts revenue growth in 2020 at a sustained EBIT level, and recruitment is expected to be on-going throughout 2020.

Key priorities for Mannaz in 2020 will be to continue strengthening business development and business acumen and to expand the consulting footprint in both the public and the private sector. This is to happen both through an increased focus on transformational services to clients and through leveraging our track record in delivering digital, virtual and blended services. In Learning, the efforts will center on developing the portfolio even further, including more digitally supported flexible learning opportunities, and on continuing the positive developments within marketing and sales.

Differentiating Mannaz and building our brand will be a strategic project in 2020, internally in the Company and externally as part of our go to market strategy and branding efforts. We aim to include co-branding with universities and other partners in this work, in Denmark as well as internationally. Mannaz House will move closer to Copenhagen in a new, modern location closer to our clients and customers.

General Data Protection Regulation

Mannaz operates in compliance with the regulation 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.

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

Income statement

Note	DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
2	Revenue	118,363	143,867	102,911	119,785
	Selling expenses	-32,526	-38,714	-28,348	-32,321
	Other external expenses	-15,568	-23,420	-12,429	-18,759
	Gross margin	70,269	81,733	62,134	68,705
3	Staff costs	-60,437	-79,388	-54,114	-66,611
4	Amortisation/depreciation	-6,219	-2,084	-6,209	-2,084
	Operating profit/loss	3,613	261	1,811	10
	Share of profit in subsidiaries	0	0	1,465	-116
5	Financial income	966	494	1,135	610
6	Financial expenses	-832	-1,323	-799	-1,241
	Profit/loss for the year before tax	3,747	-568	3,612	-737
7	Tax for the year	-849	-2,266	-714	-2,097
	Profit/loss for the year	2,898	-2,834	2,898	-2,834
	Appropriation:				
14	Shareholders in Mannaz A/S	2,898	-2,834	2,898	-2,834

Statement of comprehensive income

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Profit/loss for the year	2,898	-2,834	2,898	-2,834
Items which may be reclassified to the income statement:				
Exchange rate adjustments resulting from translation of foreign entities	-73	-1,575	-73	-1,575
	-73	-1,575	-73	-1,575
Other comprehensive income after tax	-73	-1,575	-73	-1,575
Total comprehensive income	2,825	-4,409	2,825	-4,409
Appropriation:				
Shareholders in Mannaz A/S	2,825	-4,409	2,825	-4,409

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

Balance sheet

		Group		Parent Company	
Note	DKK'000	2019	2018	2019	2018
	ASSETS				
	Non-current assets				
8	Goodwill	24,073	24,073	15,000	15,000
8	Rights	0	132	0	132
8	Business systems	1,647	2,671	1,647	2,671
10	Property, plant and equipment	482	870	482	860
10	Right-of-use assets	7,646	0	7,646	0
11	Investments in subsidiaries	0	0	10,078	9,261
	Total non-current assets	33,848	27,746	34,853	27,924
	Current assets				
12	Receivables	25,336	32,071	22,419	28,294
	Income taxes receivable	175	112	176	112
	Prepayments	1,203	631	1,123	499
13	Securities	17,911	16,252	17,911	16,252
	Cash	3,450	1,257	1,579	1,257
	Total current assets	48,075	50,323	43,208	46,414
	TOTAL ASSETS	81,923	78,069	78,061	74,338
	EQUITY AND LIABILITIES				
14	Equity				
	Share capital	10,000	10,000	10,000	10,000
	Foreign exchange rate adjustments	-915	-842	-915	-842
	Transfer, comprehensive income	18,450	15,124	18,450	15,124
	Dividend proposed for the year	0	0	0	0
	Total equity	27,535	24,282	27,535	24,282
	Liabilities				
	Non-current liabilities				
7	Deferred tax	1,466	799	655	580
	Lease liabilities	3,275	0	3,275	0
	Other payables	1,302	0	1,249	0
	Total non-current liabilities	6,043	799	5,179	580
	Current liabilities				
	Credit institutions	8,300	12,469	8,300	12,992
	Lease liabilities	4,610	0	4,610	0
	Trade payables	5,620	6,529	4,928	5,809
	Income taxes	266	305	0	0
	Payables to group entities	0	0	224	2,750
	Other payables	13,380	15,367	11,185	10,037
	Contract liabilities	16,169	18,318	16,100	17,888
	Total current liabilities	48,345	52,988	45,347	49,476
	Total liabilities	54,388	53,787	50,526	50,056
	TOTAL EQUITY AND LIABILITIES	81,923	78,069	78,061	74,338

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

Cash flow statement

Note	DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
	Profit/loss for the year	2,898	-2,834	2,898	-2,834
16	Adjustments (non-cash transactions)	6,664	4,641	5,091	4,408
	Cash generated from operations before changes in working capital	9,562	1,807	7,989	1,574
17	Changes in working capital	2,420	-3,712	4,979	-15,489
	Cash generated from operations before net financials	11,982	-1,905	12,968	-13,915
	Financial income	966	497	1,135	610
	Financial expenses	-832	-1,323	-799	-1,241
	Cash generated from operations before extraordinary items and tax	12,116	-2,731	13,304	-14,546
	Income taxes	-84	649	-84	649
	Cash flows from operating activities	12,032	-2,082	13,220	-13,897
	Acquisition of intangible assets	-100	-718	-100	-718
	Acquisition of property, plant and equipment	-74	-192	-84	-192
	Securities traded	-1,659	3,352	-1,659	3,352
	Dividend paid	0	-300	0	-300
	Dividend received	0	0	0	465
	Divided received from treasury shares	0	29	0	29
	Sale/acquisition of treasury shares	428	-946	428	-946
	Cash flows from investing activities	-1,405	1,225	-1,415	1,690
	Receivables/Payables from group entities	0	0	-2,526	13,613
	Credit institutions	-4,169	-1,212	-4,692	-618
	IFRS 16 lease payments	-4,265	0	-4,265	0
	Cash flows from financing activities	-8,434	-1,212	-11,483	12,995
	Net cash flows	2,193	-2,069	322	788
	Cash and cash equivalents at 1 January	1,257	3,326	1,257	469
	Cash and cash equivalents at 31 December	3,450	1,257	1,579	1,257

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

Statement of changes in equity (Group)

DKK'000	Share capital	Foreign exchange adjustments	Group Transfer, comprehensive income	Dividend proposed for the year	Total equity
Equity at 1 January 2018	10,000	733	18,842	300	29,875
Total comprehensive income for 2018					
Profit/loss for the year	0	0	-2,834	0	-2,834
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-1,575	0	0	-1,575
Total other comprehensive income	0	-1,575	0	0	-1,575
Total comprehensive income for the year	0	-1,575	-2,834	0	-4,409
Transactions with owners					
Acquisition/sale of treasury shares	0	0	-917	0	-917
Dividend paid	0	0	33	-300	-267
Total transactions with owners	0	0	-884	-300	-1,184
Equity at 31 December 2018	10,000	-842	15,124	0	24,282
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

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 2018	10,000	733	18,842	300	29,875
Total comprehensive income for 2018					
Profit/loss for the year	0	00	-2,834	0	-2,834
Other comprehensive income					
Exchange rate adjustments resulting from translation of foreign entities	0	-1,575	0	0	-1,575
Total other comprehensive income	0	-1,575	0	0	-1,575
Total comprehensive income for the year	0	-1,575	-2,834	0	-4,409
Transactions with owners					
Acquisition/sale of treasury shares	0	0	-917	0	-917
Dividend paid	0	0	33	-300	-267
Total transactions with owners	0	0	-884	-300	-1,184
Equity at 31 December 2018	10,000	-842	15,124	0	24,282
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

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 2019 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 2019 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 2019.

On 26 February 2020, the Board of Directors and the Executive Board discussed and approved the annual report for Mannaz A/S for 2019. The annual report will be presented to the shareholders of Mannaz A/S for adoption at the annual general meeting on 24 March 2020.

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 2019, Mannaz A/S has implemented the following amended standards and interpretations:

- IFRS 16 Leases
- IFRIC 23 on uncertain tax positions
- Annual Improvements to IFRSs 2015-2017.

Only IFRS 16 has affected recognition and measurement in the annual report.

Effect of IFRS 16

Effective from 1 January 2019, Mannaz A/S has implemented the new standard on leases, IFRS 16, using the modified retrospective transition method and has therefore not restated the comparative figures, which are still presented in accordance with the rules of IAS 17 and IFRIC 4. The accounting policies of IAS 17 and IFRIC 4 are presented separately if they deviate significantly from the accounting policies of IFRS 16.

As opposed to previously, Mannaz A/S must now recognise all leases in the balance sheet, including operating leases, with a few exceptions. Consequently, a lease commitment measured at the present value of the future lease payments, see description below, must now be realised together with a corresponding leased asset adjusted for payments made to the lessor prior to the commencement of the lease and incentive payments received from the lessor.

In accordance with the transitional provisions of IFRS 16, when implementing the standard, Mannaz A/S has chosen:

- Not to recognise leases with a term of less than 12 months or of low value.
- Not to reassess whether a contract is or comprises a lease.
- To determine a discount rate on a portfolio of leases with similar characteristics.

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

Notes

1 Accounting policies (continued)

When assessing the future lease payments, Mannaz A/S reviewed its operating leases and identified the lease payments related to a lease component that are fixed or variable but change in line with changes in an index or an interest rate.

When assessing the expected lease term, Mannaz A/S identified the non-cancellable lease term of the lease plus periods covered by an extension option that Management is reasonably likely to exercise and plus periods covered by a termination option that Management is reasonably unlikely to exercise.

For leases on equipment, Mannaz A/S has assessed that the expected lease term is the non-cancellable lease term in the leases, as Mannaz A/S has not historically exercised the extension options in similar leases.

When assessing the expected lease term of leases on properties, Mannaz A/S has divided its portfolio into properties used for production and properties used for sale and administration. Mannaz A/S assesses that the expected lease term is 2-3 years for sale and administration properties.

When discounting the lease payments to present value, Mannaz A/S used its incremental borrowing rate, which is the costs of obtaining external financing for a corresponding asset with a financing period corresponding to the term of the lease denominated in the currencies in which lease payments are settled. Mannaz A/S has documented the incremental borrowing rate of each portfolio of leases with similar characteristics.

In the assessment of the Mannaz A/S' incremental borrowing rate, Mannaz A/S determined its incremental borrowing rate for its leases of properties based on an interest rate of a mortgage credit bond with a term corresponding to the term of the lease and denominated in the same currencies in which the lease payments are settled. The interest rate of the financing of the share for which a mortgage loan cannot be used is estimated based on a reference rate of a credit margin derived from Mannaz A/S' current credit facilities. Mannaz A/S has corrected the credit margin for the lessor's right to take back the asset in case of default on lease payments (secured debt).

When implementing IFRS 16, Mannaz A/S has recognised a leased asset of DKK 12,137 thousand and a lease commitment of DKK 12,137 thousand, and thus, the effect on equity is DKK 0.

Leased assets primarily comprise properties and operating equipment, and at the transfer date, total leased assets amounted to DKK 12,137 thousand (former operating leases).

The leased 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

When measuring the lease commitment, Mannaz A/S has used an average incremental borrowing rate for discounting future lease payments of 2.5% for operating equipment and 3.25% for sale and administration properties.

DKK'000 - Group	1 January 2019
Operating lease commitments at 31 December 2018 (IAS 17)	7,672
Lease commitment recognised at 1 January 2019 (IFRS 16)	12,137

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.

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.

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

Notes

1 Accounting policies (continued)

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.

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1 Accounting policies (continued)

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 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.

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 and parent company financial statements 1 January - 31 December

Notes

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 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

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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 and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases applicable from 1 January 2019

Leased assets and lease liabilities are recognised in the balance sheet when the leased 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 leased 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 leased asset is depreciated over the shorter of the lease term and the useful life of the leased asset. Depreciation charges are recognised on a straight-line basis in the income statement.

The leased 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.

Leased 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 leased asset and the lease commitment separately in the balance sheet.

The Group and the Parent Company has chosen not to recognise leased 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)

Leases applicable before 1 January 2019

All leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease.

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.

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

Notes

1 Accounting policies (continued)

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.

Securities

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

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.

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

Notes

1 Accounting policies (continued)

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.

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.

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, 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.

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

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DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
2 Revenue				
Sale of consultancy services	118,363	143,867	102,911	119,785
3 Staff costs				
Wages and salaries	49,467	64,865	44,631	54,512
Pension	5,999	6,029	5,391	4,969
Other social security costs	380	519	330	413
Other staff costs	4,163	7,975	3,334	6,717
Total staff costs	60,009	79,388	53,686	66,611
Average number of employees	73	93	65	68

Staff costs include remuneration of the Executive Board totalling DKK 7,925 thousand (2018: DKK 3,540 thousand) and fees to the Board of Directors totalling DKK 948 thousand (2018: DKK 870 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 2019	Group 2018	Parent Company 2019	Parent Company 2018
4 Amortisation and depreciation				
Amortisation, intangible assets	1,256	1,564	1,256	1,564
Depreciation, property, plant and equipment	472	520	462	520
Depreciation, right-of-use assets	4,491	0	4,491	0
	6,219	2,084	6,209	2,084
5 Financial income				
Interest income, cash, etc.	117	494	103	453
Interest income, group entities	0	0	141	157
Net foreign exchange gain	849	0	891	0
	966	494	1,135	610
6 Financial expenses				
Interest expenses, credit institutions, etc.	488	757	455	528
Interest expenses leases	344	0	344	0
Net foreign exchange loss	0	566	0	713
	832	1,323	799	1,241

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DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
7 **Income taxes**				
Analysis of tax for the year:				
Tax on profit/loss for the year	89	2,266	714	2,097
Analysis of tax for the year:				
Current tax charge for the year	-578	0	639	0
Deferred tax adjustment for the year	667	2,368	75	2,097
Adjustment of prior-year taxes	0	-102	0	0
	89	2,266	714	2,097
Tax on the profit/loss for the year is explained as follows:				
Estimated tax on the pre-tax profit/loss, 22% (22% in 2018)	919	171	888	-162
Tax effect of:				
Non-taxable income	-70	-63	-322	0
Non-deductible expenses, etc.	0	13	148	12
Adjustment of prior-year taxes	0	-102	0	0
Write-down of tax asset	0	2,247	0	2,247
	849	2,247	714	2,097
Effective tax rate	20%	391%	18%	285%
Deferred tax				
Deferred tax at 1 January	-799	1,483	-580	1,517
Foreign exchange adjustment	0	86	0	0
Deferred tax for the year recognised in profit/loss for the year	-667	-2,368	-75	-2,097
Deferred tax at 31 December	-1,466	-799	-655	-580
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax liabilities	-1,466	-799	-655	-580
Deferred tax at 31 December, net	-1,466	-799	-655	-580

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

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8 Intangible assets

	Group			
DKK'000	Goodwill	Business systems	Rights	Total
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
Cost at 1 January 2018	24,073	18,679	595	43,347
Additions	0	718	0	718
Disposals	0	-2,647	0	-2,647
Cost at 31 December 2018	24,073	16,750	595	41,418
Amortisation and impairment losses at 1 January 2018	0	14,342	265	14,607
Amortisation	0	1,366	198	1,564
Amortisation on disposals	0	-1,629	0	-1,629
Amortisation and impairment losses at 31 December 2018	0	14,079	463	14,542
Carrying amount at 31 December 2018	24,073	2,671	132	26,876

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

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8 Intangible assets (continued)

	Parent Company			
DKK'000	Goodwill	Business systems	Rights	Total
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 disposal	0	0	0	0
Amortisation and impairment losses at 31 December 2019	0	15,203	595	15,798
Carrying amount at 31 December 2018	15,000	1,647	0	16,647
Cost at 1 January 2018	15,000	18,679	595	34,274
Additions	0	718	0	718
Disposals	0	-2,647	0	-2,647
Cost at 31 December 2018	15,000	16,750	595	32,345
Amortisation and impairment losses at 1 January 2018	0	14,342	265	14,607
Amortisation	0	1,366	198	1,564
Amortisation on disposals	0	-1,629	0	-1,629
Amortisation and impairment losses at 31 December 2018	0	14,079	463	14,542
Carrying amount at 31 December 2018	15,000	2,671	132	17,803

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

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9 Impairment testing

Goodwill

At 31 December 2019, 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 2020-2022 (2018: 2019-2021) approved by Management and with a pre-tax discount factor of 13.7% (2018: 14.8%).

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 2019 (2018: 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 range of 5% is expected.

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 2019, 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 2019 nor in 2018.

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10 Property, plant and equipment

	Group				
DKK'000	Leasehold improve-ments	Fixtures and fittings	IT	Right-of-use assets	Total
Cost at 1 January 2019	1,997	2,685	1,492	0	6,174
Additions, including IFRS 16 effect	0	0	74	12,137	12,221
Disposals	0	0	0	0	0
Cost at 31 December 2019	1,997	2,685	1,566	12,137	18,395
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
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
Cost at 1 January 2018	1,997	2,547	1,438	0	5,982
Additions	0	138	54	0	192
Disposals	0	0	0	0	0
Cost at 31 December 2018	1,997	2,685	1,492	0	6,174
Depreciation and impairment losses at 1 January 2018	1,867	2,006	911	0	4,784
Depreciation	112	155	253	0	520
Disposals	0	0	0	0	0
Adjustments	0	0	0	0	0
Depreciation and impairment losses at 31 December 2018	1,979	2,161	1,164	0	5,304
Carrying amount at 31 December 2018	18	524	328	0	870

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10 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 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
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
Cost at 1 January 2018	1,997	2,349	1,438	0	5,784
Additions	0	138	54	0	192
Disposals	0	0	0	0	0
Cost at 31 December 2018	1,997	2,487	1,492	0	5,976
Depreciation and impairment losses at 1 January 2018	1,867	1,820	911	0	4,598
Depreciation	112	155	253	0	520
Disposals	0	0	0	0	0
Adjustment	0	-2	0	0	-2
Depreciation and impairment losses at 31 December 2018	1,979	1,973	1,164	0	5,116
Carrying amount at 31 December 2018	18	514	328	0	860

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

Notes

		Parent Company	
		2019	2018
11	Investments in subsidiaries		
	Cost at 1 January	10,466	10,466
	Additions in the year	0	0
	Disposals in the year	0	0
	Cost at 31 December	10,466	10,466
	Adjustments 1 January	-1,205	-2,817
	Share of profit/loss for the year	1,465	-116
	Other adjustments	-575	0
	Foreign exchange adjustment	-73	74
	Transfer to be offset against receivables	0	0
	Transfer to be offset against intangible asses	0	2,119
	Dividends received	0	-465
	Adjustments at 31 December	-388	-1,205
	Carrying amount at 31 December	10,078	9,261
	Hereof goodwill	1,776	1,776

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

Investments in subsidiaries

Company	Domicile	Ownership interest
Mannaz Ltd.	China	100%
Mannaz AB	Sweden	100%
Mannaz Branch	United Kingdom	100%
Mannaz Consulting A/S	Denmark	100%
Mannaz Invest A/S	Denmark	100%

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

Notes

DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
12 Receivables				
Trade receivables	24,235	29,782	21,700	26,752
Other receivables	1,101	2,289	719	1,542
	25,336	32,071	22,419	28,294

13 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.

14 Equity

Share capital

In the financial year 2019, 1,365 treasury shares totalling DKK 428 thousand were sold corresponding to a movement of 1.4% of the share capital.

At 31 December 2019, the portfolio of treasury shares totalled 10.89% (nominally 10,888 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 2019 (2018: nil).

15 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.

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

Notes

DKK'000	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
16 Non-cash transactions				
Financial adjustments	-134	828	-336	631
Other adjustments	-270	-537	-31	-520
Amortisation of intangible assets and depreciation of property, plant and equipment	6,219	2,084	6,209	2,084
Profit from investments	0	0	-1,465	116
Tax adjustments	849	2,266	714	2,097
Total non-cash transactions	6,664	4,641	5,091	4,408
17 Changes in working capital				
Change in receivables, etc	6,163	2,029	5,251	525
Change in trade payables, etc.	-3,743	-5,741	-272	-16,014
Total change in working capital	2,420	-3,712	4,979	-15,489

18 Acquisition of subsidiaries and activities

There has been no acquisition of subsidiaries and activities during 2019 and 2018.

19 Financial risks and financial instruments

The Group's risk management policy

The Group's risk exposure or risk management has not changed relative to 2018.

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

Notes

19 Financial risks and financial instruments (continued)

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 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 15 million in credit institutions.

Analysis of term to maturity

The Group's financial liabilities fall due as follows:

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	14,682	13,380	0	0	1,302
Deferred income	16,169	16,169	0	0	0
31 December 2019	52,656	48,079	3,275	0	1,302

2018 (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	12,469	12,469	0	0	0
Trade payables	6,529	6,529	0	0	0
Other payables	15,367	15,367	0	0	0
Deferred income	18,318	18,318	0	0	0
31 December 2018	52,683	52,683	0	0	0

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

Notes

19 Financial risks and financial instruments (continued)

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

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	12,434	11,185	0	0	1,249
Deferred income	16,100	16,100	0	0	0
31 December 2019	49,871	48,052	3,275	0	1,249

2018 (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	12,992	12,992	0	0	0
Trade payables	5,809	5,809	0	0	0
Payables to group entities	2,750	2,750	0	0	0
Other payables	10,037	10,037	0	0	0
Deferred income	17,888	17,888	0	0	0
31 December 2018	49,476	49,476	0	0	0

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 2019 or 2018.

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 2018 and 2017).

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

Notes

19 Financial risks and financial instruments (continued)

Financial instrument categories

	Group		Parent Company	
DKK'000	2019	2018	2019	2018
Financial assets measured at fair value through the income statement	17,911	16,252	17,911	16,252
Loans, receivables and cash	29,989	33,959	25,121	30,060
Financial liabilities measured at amortised cost	52,656	52,683	45,347	49,476

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 2018.

20 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:

- Ingeniørforeningen i Danmark (IDA)
- 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 3.

21 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 2019.

22 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 2019:

- IFRS 17 Insurance Contracts
- IFRS 3 Business Combinations - Amendments to IFRS 3
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 1 and IAS 8: Definition of Material.
- Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards.

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 2019.

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 2019 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 2019.

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, 26 February 2020

Executive Board:

Martin Søgaard Nielsen CEO	Mette Skött Director

Board of Directors:

Lillian 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 2019, 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 2019 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 2019 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, 26 February 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Ole Hedemann State Authorised Public Accountant mne14949	Anders Flymer-Dindler State Authorised Public Accountant mne35423