

Annual report 2016

ACCOUNTING PERIOD: 01.01.2016 – 31.12.2016
CENTRAL BUSINESS REGISTRATION NO: 24 20 83 70

COMPANY: EGN GROUP A/S
RYTTERMARKEN 8
5700 SVENDBORG

CHAIRMAN OF THE ANNUAL GENERAL MEETING: JØRGEN GLENN ANDERSEN

APPROVED BY THE ANNUAL GENERAL MEETING ON 25/4 2017

Jørgen Andersen



Company details

Company

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Central Business Registration No.: 24 20 83 70

Registered in: Svendborg

Accounting year: January 1, 2016 – December 31, 2016

Secondary names

Executives' Global Network A/S
EGN EGN Group A/S
Netværk Danmark A/S

Executive Board

Jonatan Åge Persson, Group Chief Executive Officer
Jørgen Glenn Andersen, Group Chief Financial Officer

Board of Directors

Jens Erik Karlskov Jensen, Chairman
Jørgen Galsgaard
Janne Karlskov Jensen
Jeanette Galsgaard

Company auditors

RevisionsFirmaet Edelbo Statsautoriseret Revisionspartnerselskab

Business registration no.: 35 48 61 78

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Consolidated key figures

Executives' Global Network A/S - Group

Statement of comprehensive income (DKK'000)

	2016	2015	2014	2013	2012
Revenue	162.817	162.890	141.199	118.300	97.840
Operating profit (EBIT)	17.301	14.607	17.781	8.893	10.091
Net financials	(199)	(637)	(104)	(115)	227
Profit before tax	17.102	13.970	17.677	8.777	10.317
Net profit for the year	11.736	9.929	12.075	5.890	6.953

Balance (DKK'000)

Trade receivables	23.845	21.644	16.650	12.773	9.712
Equity	7.649	3.489	7.777	3.125	7.707
Total assets	40.159	38.207	34.031	24.477	23.167

Key ratios (%)

ROIC excl. goodwill	44.15 %	40.44 %	60.78 %	37.33 %	46.18 %
Solvency ratio	19.05 %	9.13 %	22.85 %	12.77 %	33.27 %
Profit margin	10.63 %	8.97 %	12.59 %	7.52 %	10.31 %
Return on equity	210.73 %	176.26 %	221.53 %	108.75 %	115.53 %

The key figures are prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2015".

Management commentary

Primary activity

The objective of the company is to run and develop knowledge sharing groups for managers, top managers and key employees in Denmark under the name of Netværk Danmark (ND) and in 14 foreign countries under the name of Executives' Global Network (EGN).

Unusual circumstances and uncertainty relating to recognition and measurement

The management is of the opinion that there are neither actual uncertainties nor inconsistencies that affect the factoring or the measurement of the annual report.

Development in activities and finances

The Group made a profit of DKK 11,735,577 which is considered a satisfactory result.

In recent years the number of members have increased and this trend continued in 2016 throughout the group. At the end of 2016, the group had in total approx. 14,200 members.

It is the strategy of EGN / Netværk Danmark to offer as wide a range as possible which means that more than 70 different management functions from the Danish and international industry are represented in the network. The group has more than 800 network groups worldwide and approx. 3,200 network meetings were held in 2016. On a global scale, approximately 7,000 companies are represented in the member database including all the leading companies in the respective markets.

A membership creates personal value for the individual member and generates advantages for the company represented by the member. It is a unique opportunity to get free access to all the competences within the network and to share knowledge across functions and borders.

In spite of fluctuations in the Danish and international markets the interest for network is increasing continuously and this is reflected in the development of the number of members. Network is crucial for the individual and participation may often be compared to continuing professional development and education.

Positive export development

EGN Group has during the last years continued the positive development of activities outside Denmark, and are now active in 14 countries : Denmark, Sweden, Norway, Finland, Germany, Holland, Belgium, South Africa, Hong Kong, Singapore, Vietnam, Thailand (as from April 2017), Australia and New Zealand. The positive development throughout the Group implies that the expansion of the Group will continue, and activities in new markets are likely to be established in the years to come.

EGN has proven that the business concept for knowledge sharing peer groups is very well accepted, and can be introduced in all parts of the world. The concept includes detailed planning and description for establishment and development of the peer group, a DNA description for each peer group, a plan for which members could contribute to the peer group, and how the group should be run by a professional chair, and how the group should interact.

EGN is currently working on an increased digitalisation of the product, and expect during 2 half of the year to be able to present even further possibilities for the members when the comes to knowledge sharing – professionally as well as socially.

Based on the development through the last 25 years EGN is a good example of how a local Danish based concept/business has grown to be a leading Company in the industry globally with increasing activities outside the Danish market.

Outlook

The positive development in both Netværk Danmark as well as in Executives' Global Network is expected to continue. Consequently, the group is budgeting a satisfactory result for 2017.

Statement by the executive management and the board of directors

The Board of Directors and the Executive Group Management Board have today discussed and approved the annual report of EGN Group A/S for the financial year 2016.

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

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's assets, liabilities and financial position on December 31, 2016 and of the results of the group's and the parent company's operations and cash flows for the financial year January 1 - December 31, 2016.

Further, in our opinion the management's report includes a fair review of the development and performance of the group's and the parent company's business and financial condition, the profit/loss for the year and of the group's and the parent company's financial position together with a description of the principal risks and uncertainties that the group and the parent company face.

We recommend that the Annual Report 2016 is approved at the annual general meeting.

Svendborg, April 24, 2017

Executive Group Management Board


Jonatan Age Persson
Group Chief Executive Officer


Jørgen Glenn Andersen
Group Chief Financial Officer

Board of Directors


Jens Erik Karlshov Jensen
Chairman


Jørgen Galsgaard


Janne Jensen


Jeanette Galsgaard

Independent auditors' report

To the shareholders of EGN Group A/S

Our opinion

We have audited the consolidated financial statements and the parent company financial statements of EGN Group A/S for the financial year 1 January to 31 December 2016, which comprise income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements in 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 Group's and the parent company's financial position at 31 December 2016 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 2016 in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

Moreover, we considered whether the Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and Parent Company Financial Statements and has been prepared in accordance with the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company Financial Statements that give a true and fair view in accordance with 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 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 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair

presentation.

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Svendborg, April 24, 2017

Revisionsfirmaet Edelbo

Statsautoriseret Revisionspartnerselskab



Johan Groth
State Authorized
Public Accountant



Michael Jensby Jakobsen
State Authorized
Public Accountant

Financial

Consolidated income statement

1 January – 31 December

DKK	Note	2016	2015	2014
Revenue	3	162.816.905	162.889.754	141.199.405
Other external expenses		(27.309.488)	(29.617.193)	(28.610.799)
Staff expenses	4	(116.990.875)	(117.517.695)	(93.533.507)
Depreciation	5	(1.215.460)	(1.148.087)	(1.273.817)
Operating profit before other items		17.301.082	14.606.779	17.781.282
Other income and expenses, net		0	0	0
Operating profit (EBIT)		17.301.082	14.606.779	17.781.282
Financial income	6	481.899	342.249	285.558
Financial expenses	7	(680.817)	(978.815)	(389.360)
Profit/(loss) before tax (EBT)		17.102.164	13.970.213	17.677.480
Tax on profit/(loss) for the year	8	(5.366.586)	(4.041.220)	(5.602.428)
Net profit/(loss) for the year		11.735.577	9.928.993	12.075.052
Attributable to:				
Owners of EGN Group A/S		11.178.655	8.066.004	10.861.927
Non-controlling interests		556.922	1.862.989	1.213.125
Net profit/(loss) for the year		11.735.577	9.928.993	12.075.052

Financial

Statement of comprehensive income

1 January – 31 December

DKK	Note	2016	2015	2014
Profit/(loss) for the year		11.735.577	9.928.993	12.075.052
Foreign exchange adjustments, etc.		(35.324)	(40.645)	(265.727)
Other comprehensive income for the year, net of tax		(35.324)	(40.645)	(265.727)
Total comprehensive income for the year		11.700.253	9.888.348	11.809.325
Attributable to:				
Owners of EGN Group A/S		11.140.626	8.025.359	10.596.200
Non-controlling interests		559.627	1.862.989	1.213.125
Net profit/(loss) for the year		11.700.253	9.888.348	11.809.325

Statement of cash flows

1 January - 31 December

DKK	Note	2016	2015	2014
Net profit/(loss)		11.178.655	8.066.004	10.861.927
Depreciation and amortisation		1.215.460	1.148.087	1.273.817
Changes in working capital		(4.687.875)	(3.513.097)	215.157
Adjustment of tax of the year		5.366.586	4.041.220	5.602.428
Changes in provisions, pensions and similar obligations		(4.757.264)	11.068.772	(8.518.613)
Income taxes paid		(3.152.495)	(6.616.055)	(2.496.930)
Cash flow from operating activities		5.163.067	14.194.931	6.937.786
Cash flow from investing activities				
Acquisition of intangible assets, property, plant and equipment		(1.830.629)	(2.537.023)	(1.977.060)
(Acquisition)/disposal of financial assets		696.317	2.053.961	634.076
Cash flow from investing activities		(1.134.312)	(483.062)	(1.342.984)
Cash flow from financing activities				
Proceeds from borrowings		429.726	1.473.914	1.056.250
Repayment of borrowings		(238.200)	(2.193.574)	(806.563)
Change in intercompany receivables/liabilities		(2.811.209)	4.482.879	(5.749.796)
Change in other liabilities		(2.425.840)	(259.094)	3.967.180
Paid dividend		(6.000.000)	(13.000.000)	(6.000.000)
Cash flow from financing activities		(11.045.523)	(9.495.875)	(7.532.929)
Total cash flow		(7.016.768)	4.215.994	(1.938.127)
Cash and cash equivalents at 1 January		8.447.538	4.231.544	6.169.671
Total cash flow		(7.016.768)	4.215.994	(1.938.127)
Cash and cash equivalents at 31 December		1.430.770	8.447.538	4.231.544

Statement of consolidated financial position

at 31 December

DKK	Note	2016	2015	2014
Assets				
Intangible assets	10	168.028	748.884	631.425
Property, plant and equipment	11	2.940.799	2.562.140	3.330.197
Deferred tax assets	15	1.084.137	832.167	56.314
Amounts owed by group companies		583.053	460.217	251.364
Other financial assets		1.132.116	695.301	672.822
Non-current assets		5.908.133	5.298.709	4.942.122
Trade receivables	12	23.845.112	21.643.695	16.650.211
Receivables from group companies		2.909.489	221.116	4.912.848
Other receivables		3.910.266	1.258.792	1.658.863
Cash and cash equivalents	13	3.585.903	9.784.999	5.813.841
Prepayments		0	0	53.024
Current assets		34.250.770	32.908.602	29.088.787
Total assets		40.158.903	38.207.311	34.030.909

Statement of consolidated financial position (continued)

at 31 December

DKK	Note	2016	2015	2014
Equity and liabilities				
Total equity attributable to owners of EGN Group A/S		7.521.570	2.364.705	6.418.734
Non-controlling interests		127.431	1.124.470	1.358.296
Total equity		7.649.001	3.489.175	7.777.030
Leasing	14	486.913	345.566	172.320
Deferred tax	15	0	0	0
Non-current liabilities		486.913	345.566	172.320
Bank	13	2.155.134	1.337.461	1.582.297
Trade payables	16	4.659.925	3.160.315	2.273.166
Leasing, short-term debt	14	210.911	160.732	1.053.638
Tax payables		5.990.551	3.524.491	5.792.565
Other liabilities	17	5.785.460	8.211.300	8.470.394
Employee liabilities	18	5.994.671	11.123.561	4.436.392
Provisions		7.226.337	6.854.710	2.473.107
Current liabilities		32.022.989	34.372.570	26.081.559
Total liabilities		32.509.902	34.718.136	26.253.879
Total equity and liabilities		40.158.903	38.207.311	34.030.909

Consolidated Equity

1 January - 31 December

2016

DKK	Share capital	Retained earnings	Minority interests	Total
Equity at 1 January	500.000	1.864.705	1.124.470	3.489.175
Net profit/(loss) for the year	0	11.178.655	556.922	11.735.577
Other comprehensive income	0	(38.029)	2.705	(35.324)
Exchange rate adjustments	0	16.239	0	16.239
Adjustment to prior years	0	0	73.101	73.101
Transactions with owners				
Dividends paid	0	(6.000.000)	(1.629.767)	(7.629.767)
Total changes in equity	0	5.156.865	(997.039)	4.159.826
Equity at 31 December	500.000	7.021.570	127.431	7.649.001

Dividends

The parent has proposed a dividend of DKK 6.000.000 before the Annual Report was issued.

2015

DKK	Share capital	Retained earnings	Minority interests	Total
Equity at 1 January	500.000	5.918.734	1.358.296	7.777.030
Net profit/(loss) for the year	0	8.025.359	1.862.989	9.888.348
Other comprehensive income	0	0	0	0
Exchange rate adjustments	0	(32.153)	4.460	(27.693)
Adjustment to prior years	0	952.765	(952.765)	0
Transactions with owners				
Dividends paid	0	(13.000.000)	(1.148.510)	(14.148.510)
Total changes in equity	0	(4.054.029)	(233.826)	(4.287.855)
Equity at 31 December	500.000	1.864.705	1.124.470	3.489.175

Dividends

The parent has proposed a dividend of DKK 6.000.000 before the Annual Report was issued.

Consolidated Equity (continued)

1 January - 31 December

2014

DKK	Share capital	Retained earnings	Minority interests	Total
Equity at 1 January	500.000	1.453.744	1.170.874	3.124.618
Net profit/(loss) for the year	0	10.861.927	1.213.125	12.075.052
Other comprehensive income	0	(265.727)	0	(265.727)
Exchange rate adjustments	0	(131.210)	(81.955)	(213.165)
Transactions with owners				
Dividends paid	0	(6.000.000)	(943.748)	(6.943.748)
Total changes in equity	0	4.464.990	187.422	4.652.412
Equity at 31 December	500.000	5.918.734	1.358.296	7.777.030

Dividends

The parent has proposed a dividend of DKK 13.000.000 before the Annual Report was issued.

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1. ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements for 2016 are presented in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C enterprises. Please see the Danish Executive Order on IFRS adoption issued in accordance with the Danish Financial Statement Act.

The consolidated financial statements are presented in Danish Kroner (DKK), which is regarded as the primary currency in relation to the group's activities and the functional currency of the parent company.

The consolidated financial statements have been prepared on the historical cost basis, except for certain derivative financial instruments which are measured at fair value. The principal accounting policies adopted are set out below.

The consolidated financial statements are presented in accordance with the new and revised standards (IFRS/IAS) and Interpretations (IFRIC) which apply for the financial year.

Future IFRS changes

At the date of the publication of these consolidated financial statements, a number of new and amended standards and interpretations have not yet entered into force or have not yet been adopted by the EU. Therefore, they are not incorporated in the consolidated financial statements.

None of the new standards or amendments of existing standards are expected to have a material impact on future consolidated financial statements.

Recognition and measurement

Assets are recognized in the statement of financial position if it is probable that future financial benefits will flow to the group and the value of the asset can be measured reliably.

Liabilities are recognized in the statement of financial position if they are probable and can be measured reliably. On initial recognition assets and liabilities are measured at cost or fair value. Subsequently assets and liabilities are measured as described for each item below.

Income is recognized in the statement of comprehensive income as earned and includes value adjustments of financial assets and liabilities measured at fair value or amortized cost.

Consolidated financial statements

The consolidated financial statements comprise the parent company and the group enterprises (subsidiaries) that are

controlled by the parent company, see group chart on page 33. Control is achieved where the parent company, either directly or indirectly, holds more than 50% of the voting rights or in any other way possibly or actually exercises controlling influence over a subsidiary. If the parent company holds less than 50% of the share capital, control exists when the parent company under agreement has more than 50% of the voting rights, has the power to govern financial and operating policies of the subsidiary, to appoint members of the Board of Directors or to cast the majority of votes at meetings of the Board of Directors of the subsidiary.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the parent company and its subsidiaries, which are all prepared in accordance with the group's accounting policies. Upon consolidation, intra group income and expenses, balances, investments and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated.

Subsidiaries' financial statement items are recognized in full in the consolidated financial statements. Non-controlling interests' pro rata share of profit/loss and equity is shown as separate line items in the statement of comprehensive income and in the group's equity, respectively.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the transaction date exchange rate. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the end of the reporting period are translated using the exchange rate at the end of the reporting period. Exchange differences that arise between the rate at the transaction date and the exchange rate effective at the payment date or the exchange rate at the end of the reporting period are recognized in statement of comprehensive income as financial income or financial expenses. Property, plant equipment fleet, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the transaction date exchange rate. If non-monetary items are restated at fair value, they are translated using the exchange rate at the date of restatement.

When foreign subsidiaries that use a functional currency different from DKK are recognized in the consolidated financial statements, the statement of comprehensive income is translated at average exchange rates on a monthly basis unless such rates vary significantly from the actual exchange rates at the transaction dates.

Notes

In the latter case, the actual exchange rates are used. Statement of financial position items is translated using the exchange rates at the end of the reporting period. Goodwill is considered to belong to the relevant entity acquired and is translated using the exchange rate at the end of the reporting period.

Exchange differences resulting from the translation of foreign entities' equity at the beginning of the year using the end of the reporting period exchange rates and by translating statements of comprehensive income from average exchange rates to the exchange rates at the end of the reporting period are recognized in other comprehensive income. Similarly, exchange differences resulting from changes made in a foreign entity's other comprehensive income are also taken to other comprehensive income.

Exchange adjustments on receivables from, or payables to, subsidiaries that are considered part of the parent company's total investment in the subsidiary in question, are also recognized in other comprehensive income.

When foreign subsidiaries that use DKK as their functional currency but present their financial statements in another currency are recognized in the consolidated financial statements, monetary assets and liabilities are translated using the end of the reporting period exchange rate. Non-monetary assets and liabilities measured on the basis of historical cost are translated using the transaction date exchange rate. Non-monetary items measured at fair value are translated at the exchange rate at the time of the last fair value adjustment.

The items in profit or loss are translated at average exchange rates on a monthly basis, with the exception of items deriving from nonmonetary assets and liabilities, which are translated using the historical rates applicable to the relevant non-monetary assets and liabilities.

Income taxes and deferred tax

The EGN group's Danish subsidiaries are jointly taxed. The current Danish income tax is allocated among the jointly taxed companies in portion to their taxable income (full allocation subject to reimbursement in respect of tax losses).

Tax for the year consists of current tax for the year and changes in deferred tax. The portion of tax attributable to profit is recognized in the income statement, and the portion of tax attributable to entries directly in other comprehensive income is recognized in other comprehensive income. The portion of tax attributable to equity transactions is recognized in equity.

The current tax payable or receivable is recognized in the statement of financial position, computed as tax calculated on the taxable income for the year, adjusted for prepaid tax.

The current tax charge for the year is calculated based on the tax rates and tax legislation in each country applicable at the balance sheet date.

Deferred tax is recognized on all temporary differences between carrying values and tax-based values of assets and liabilities, except from deferred tax on all temporary differences on initial recognition of goodwill or on initial recognition of a transaction that is not a business combination, and for which the temporary difference found at the time of initial recognition neither affects profit nor loss for the year nor taxable income.

Deferred tax is calculated based on the expected use of each asset and the settlement of each liability, respectively.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on the tax rates and tax legislation that have been enacted or substantively enacted in the respective countries on the balance sheet date. Changes in deferred tax resulting from changed tax rates or tax rules are recognized in profit or loss, unless the deferred tax is attributable to items previously recognized in other comprehensive income or in equity. If so, such changes are also recognized in other comprehensive income or in equity.

Exchange adjustments on deferred tax are recognized as part of the year's adjustment in deferred tax.

Changes in local tax rates, affecting deferred tax, are used and thus affecting the value of the calculated deferred tax asset, alternatively deferred tax liability at year end.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the statement of financial position at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the end of each reporting period, it is reassessed whether sufficient taxable income is probable to arise in the future for the deferred tax asset to be used.

Balances calculated according to the rules on interest deductibility limitations in the Danish Corporate Income Tax Act are allocated according to a joint taxation agreement between the companies that are subject to deductibility limitation in proportion to their share of the total limitation. Deferred tax liabilities in respect of these balances are recognized in the statement of financial position; whereas deferred tax assets are recognized only of the criteria for recognition of deferred tax assets are met.

Notes

Statement of comprehensive income

Revenue

Sale of services is included in the revenue if delivery and passing of risk to the customer have taken place before the end of the year and if the income can be estimated in a reliable manner and is expected to be received.

The revenue is measured at the fair value of the agreed fee excl. VAT and taxes charged on behalf of third party. All types of discounts given are included in the revenue.

Other external expenses

Other external expenses comprises direct and indirect expenses incurred to realize revenue including salaries, network group facilitation, IT, sales and marketing costs as well as finance, legal, HR and other costs.

Special items

Special items consist of costs of a special nature in relation to the activities of the group, including costs of structural changes and other significant amounts of a one-off nature. These items are shown separately to facilitate the comparability of the profit or loss and provide a better picture of the operational results.

Financial income and expenses

These items comprise interest income and expenses, the interest portion of finance lease payments, realized and unrealized capital gains and losses on payables and transactions in foreign currencies, amortization premium/allowance on mortgage debt, etc. as well as tax interest.

Statement of financial position

Intangible assets

Goodwill

Upon initial recognition, goodwill is recognized in the statement of financial position and measured as the difference between cost of the enterprise acquired and the fair value of the assets, liabilities and contingent liabilities acquired.

When goodwill is recognized, the goodwill amount is distributed on those of the group's activities generating separate payments (cash-generating units). Determination of cash-generating units follows the management structure and internal finance management and reporting of the group.

Subsequently, goodwill is measured at cost less accumulated write downs. There is no amortization of goodwill but the carrying value of goodwill is tested for impairment at least once a year together with the other long-term assets in the cash-generating unit to which the goodwill is allocated. It is written down to recoverable amount in profit or loss if the accounting value exceeds the recoverable amount, this representing the

higher of the fair value of the asset less expected disposal costs and the value in use. The recoverable amount is generally determined as the present value of the expected future net cash flows from the cash-generating unit to which the goodwill is allocated. Impairment losses of goodwill are stated in profit or loss under amortization and impairment losses of intangible assets.

Other intangible assets

Acquired intellectual property rights in the form of patents and licenses are measured at cost less accumulated amortization and impairment losses. Patents are amortized over their remaining duration, usually 5 years, and licenses are amortized over the term of the agreement. If the actual useful life is shorter than the remaining duration and the term of the agreement, respectively, amortization is made over such shorter useful life.

Tangible assets

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

Interest expenses on loans and other borrowing costs are taken to finance expenses in the statement of comprehensive income.

For assets held under finance leases, cost is measured as the lower of the asset's fair value or present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs if the asset is of an age and a condition that is expected after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Leasehold improvements: 5 years

Plant equipment and fleet: 3 years

Other fixtures and fittings, tools and equipment: 3-5 years

Depreciation methods, useful lives and residual amounts are reassessed annually. Property, plant equipment and fleet are written down to the lower of recoverable amount and carrying amount.

Notes

Impairment of property, plant equipment and fleet and intangible assets

The carrying amounts of property, plant equipment and fleet and intangible assets with definite useful lives are tested at the end of the reporting period for any indication of impairment. If impaired, the recoverable amount of the asset is estimated to determine the need for any write-down and the extent thereof.

The recoverable amount of intangible assets with indefinite useful lives and goodwill is estimated annually irrespective of any recorded indications of impairment.

If the asset does not generate cash flows separately from other assets, an estimate is made of the recoverable amount of the smallest cash-generating unit of which the asset forms part.

The recoverable amount is calculated as the higher of the asset's and the cash-generating unit's fair value less selling costs and net present value. When the net present value is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the value of money in terms of time, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment is made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than the carrying amount, the asset is written down to this lower recoverable amount. For cash-generating units, write-down is allocated in such a way that goodwill amounts are written down first and then any remaining need for write-down is allocated to other assets of the unit, however, the individual asset is not written down to an amount that is lower than its fair value net of estimated selling costs.

Impairment losses are recognized in the profit or loss. In case of any subsequent reversals of impairment losses resulting from change in assumptions of the estimated recoverable value, the carrying values of the asset and the cash-generating unit, respectively, are increased to the adjusted estimate of the recoverable value, however, no more than the carrying value which the asset or the cash-generating unit would have had if the write-down had not been performed. Impairment losses of goodwill are not reversed.

Profits or losses from the sale of property, plant equipment and fleet are calculated as the difference between selling price less selling costs and carrying value at the time of sale. Profits or losses are recognized in the statement of comprehensive income if the selling price differs from the carrying amount.

Financial assets

Other receivables

Other receivables with a fixed maturity are measured at amortized cost, less any impairment.

Current assets

Trade receivables

On initial recognition, trade receivables are measured at fair value and subsequently at amortized cost, which usually equals nominal amount less bad debt provisions.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Liabilities

Other provisions

Other provisions are recognized when the group has a legal or constructive obligation as a result of past events in the financial year or prior years, and it is probable that settlement of such obligation will lead to an outflow of the company's financial resources.

Lease commitments

Lease commitments relating to assets held under finance leases are recognized in the statement of financial position as liabilities other than provisions, and, at the time of inception of the lease, measured at the lower of the lease asset's fair value and the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortized cost. The difference between the present value and nominal amount of the lease payments is recognized in profit or loss as a financial expense over the term of the leases.

Lease payments on operating leases are recognized on a straight-line basis in profit or loss over the term of the lease.

Other financial liabilities

On initial recognition, other liabilities, including issued bond loans, bank loans and trade payables, are measured at fair value. Subsequently, these liabilities are measured at amortized cost applying the effective interest method to the effect that the difference between proceeds and nominal amount is recognized in profit or loss as a financial expense over the term of the loan.

Pension obligations

The group has entered into pension agreements with employees, which are classified as defined contribution pension plans.

Periodical payments to defined contribution pension plans are recognized in profit or loss at the due date, and any contributions payable are recognized in the statement of financial position under liabilities.

Notes

Statement of cash flows

The group's statement of cash flows is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated as EBIT adjusted for non-cash operating items, working capital changes and income taxes paid. In the adjustment for non-cash operating items, depreciations and amortizations capitalized on tangible and intangible assets are included.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises, tangible fixed asset investments, and purchase, improvement and sale, etc. of intangible assets, and property and plant equipment. Depreciations and amortizations capitalized on tangible and intangible assets are included in cash-flow from investing activities.

If any, cash flows from acquired and divested enterprises are shown as separate line items within cash flows from investing activities.

Cash flows related to acquired enterprises are recognized in the statement of cash flow from their date of acquisition, and cash

flows from divested enterprises are recognized up to the date of sale.

Cash flows from financing activities comprise financial expenses paid and changes in the size or composition of the parent company's share capital and related costs, the raising of loans, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividends.

Cash and cash equivalents comprise cash.

Ratios

The following ratios are compiled in accordance with Recommendations & Ratios 2010 issued by the Danish Society of Financial Analysts and generally accepted calculation formulas.

$$\text{EBIT margin before special items} = \frac{\text{Operating profit/loss [EBIT]} \times 100}{\text{Revenue}}$$

$$\text{EBITDA margin} = \frac{\text{Operating profit/loss before depreciation and amortization} \times 100}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Operating profit/loss [EBIT]} \times 100}{\text{Average equity}}$$

$$\text{ROIC excl. goodwill} = \frac{\text{EBITDA}}{\text{Average capital investment excl. goodwill}}$$

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The determination of carrying values and preparation of the annual report build upon estimates made by Management of the likely effect of future events on the value of plant equipment and fleet and development projects. In addition, Management has determined fair value of separable intangible assets acquired through business combination, including impairment test of goodwill and other intangible assets. The estimates used build upon assumptions, which, in the opinion of Management, are valid albeit inherently uncertain and unpredictable. An assessment is made of the possibility of recovering the carrying value of intangible and tangible assets. The assessment of recoverable amounts is based upon estimated returns generated by those assets in the cash-generating unit. Refer to the additional information and amounts disclosed in the notes to the consolidated financial statements.

3 Revenue

DKK	2016	2015	2014
Member fees	162.412.820	162.501.013	140.904.657
Other revenue	404.085	388.741	294.748
Revenue, total	162.816.905	162.889.754	141.199.405

The Group is exempt from providing information of segments.

Notes

4 Staff expenses

DKK	2016	2015	2014
Salaries and wages	101.562.373	106.281.636	81.792.881
Pension	11.526.812	6.140.519	5.258.086
Other staff expenses	3.901.690	5.095.540	6.482.540
Staff expenses, total	116.990.875	117.517.695	93.533.507
Average number of employees	169	203	144

The Group received government grants in the form of wage subventions, which have been recognised in the income statement as a reduction of staff costs. The grants compensate the Group for staff costs primarily related to social security as well as hiring certain categories of employees such as trainees, disabled persons, long-term unemployed and employees in certain age groups.

Management and board of directors remuneration can be specified as follows:

DKK	2016	2015
Salaries and wages	7.894.500	8.549.852
Bonus	0	600.000
Pension	418.908	476.521
	8.313.408	9.626.373

The Executive Board and a number of executives in the parent company is subject to special bonuses depending on individually defined performance and an incentive system to enter into force upon any transfer of the group.

Notes

5 Depreciation

DKK	2016	2015	2014
Goodwill	0	0	0
Name rights	61.750	44.438	27.252
Plant and equipment	902.325	909.719	1.052.889
Leasehold improvements	251.385	199.688	199.357
Profit of disposed assets	0	(5.758)	(5.681)
Depreciation, total	1.215.460	1.148.087	1.273.817

6 Financial income

DKK	2016	2015	2014
Other interest income	69.964	61.449	127.072
Interest income intercompany	79.409	0	66.925
Exchange rate gain	332.526	280.800	91.561
Financial income, total	481.899	342.249	285.558

7 Financial expenses

DKK	2016	2015	2014
Interest expenses, authorities	166.891	0	215.157
Leasing interest	80.421	242.242	31.965
Other interest expenses	112.835	99.133	21.385
Exchange rate loss	206.014	8.058	39.573
Bank fees	114.656	160.290	81.280
Amortization intercompany loan	0	0	0
Financial expenses, total	680.817	509.723	389.360

Notes

8 Tax on profit/(loss) for the year

DKK	2016	2015	2014
Current tax on profit/(loss) for the year	5.328.462	4.763.548	5.826.364
Adjustment current tax, prior years	211.186	0	0
Change in deferred tax	(173.062)	(739.829)	(236.168)
Adjustment deferred tax, prior years	0	15.805	10.429
Effect from change in tax percentage	0	1.696	1.803
Tax on profit/(loss) for the year, total	5.366.586	4.041.220	5.602.428
Profit/(loss) before tax	17.102.163	13.929.568	17.677.480
Effective tax rate	31.4 %	27.9 %	31.7 %
Computation of effective tax rate			
Statutory income tax rate in Denmark	22.0 %	23.5 %	24.5 %
Tax on profit/(loss), statutory tax rate	3.762.476	3.393.237	4.330.983
Non-tax deductible expenses less non-taxable income	1.392.924	630.482	1.191.464
Effect of changes in tax percent (24.5% - 22.0% in 2016)	0	1.696	1.803
Effect of changes relating to prior years	211.186	15.805	10.429
Effect from foreign tax rates	0	0	67.749
	5.366.586	4.041.220	2.887.413
Tax of the year			
Tax on profit/(loss)	5.366.586	4.041.220	2.887.413
Tax on other comprehensive income	0	0	0
	5.366.586	4.041.220	2.887.413

9 Proposed dividend for the year

DKK	2016	2015	2014
Ordinary dividend	6.000.000	6.000.000	13.000.000
Dividend per share	100.0 %	100.0 %	100.0 %

Notes

10 Intangible assets

DKK	2016			2015		
	Goodwill	Name rights	Total	Goodwill	Name rights	Total
Cost at 1 January	12.796.880	707.050	13.503.930	12.796.880	545.153	13.342.033
Additions	0	177.211	177.211	0	161.897	161.897
Disposals	0	(884.261)	(884.261)	0	0	0
Cost at 31 December	12.796.880	0	12.796.880	12.796.880	707.050	13.503.930
Depreciation at 1 January	(12.628.852)	(126.194)	(12.755.046)	(12.628.852)	(81.756)	(12.710.608)
Depreciation	0	(61.750)	(61.750)	0	(44.438)	(44.438)
Disposals	0	187.944	187.944	0	0	0
Depreciation at 31 December	(12.628.852)	0	(12.628.852)	(12.628.852)	(126.194)	(12.755.046)
Carrying amount at 31 December	168.028	0	168.028	168.028	580.856	748.884

DKK	2014		
	Goodwill	Name rights	Total
Cost at 1 January	12.796.880	545.153	13.342.033
Additions	0	0	0
Disposals	0	0	0
Cost at 31 December	12.796.880	545.153	13.342.033
Depreciation at 1 January	(12.628.852)	(54.504)	(12.683.356)
Depreciation	0	(27.252)	(27.252)
Disposals	0	0	0
Depreciation at 31 December	(12.628.852)	(81.756)	(12.710.608)
Carrying amount at 31 December	168.028	463.397	631.425

Notes

11 Property, plant and equipment

DKK	2016			2015		Total
	Leasehold improvements	Plant and equipment	Total	Leasehold Improvements	Plant and equipment	
Cost at 1 January	1.234.801	8.226.709	9.461.510	1.044.528	8.310.230	9.354.758
Exchange rate adj.	(20.484)	(91.076)	(111.560)	37.326	(110.183)	(72.857)
Additions	453.624	1.199.794	1.653.418	167.214	2.207.912	2.375.126
Disposals	0	(0)	(0)	0	(2.181.250)	(2.181.250)
Cost at 31 December	1.667.941	9.335.427	11.003.368	1.234.801	8.226.709	9.475.777
Depreciation at 1 January	(797.273)	(6.102.097)	(6.899.370)	(565.960)	(5.458.601)	(6.024.561)
Exchange rate adj.	(29.952)	18.095	(11.857)	(29.835)	128.057	98.222
Depreciation	(281.774)	(869.568)	(1.151.342)	(201.478)	(903.927)	(1.105.405)
Disposals	0	0	0	0	132.374	132.375
Depreciation at 31 December	(1.108.999)	(6.953.570)	(8.062.569)	(797.273)	(6.102.097)	(6.899.369)
Carrying amount at 31 December	558.942	2.381.857	2.940.799	437.528	2.124.612	2.562.140
Herof carrying amount at 31 December of assets held under finance leases	0	707.464	707.464	0	497.723	497.723

Notes

11 Property, plant and equipment (continued)

DKK	2014		
	Leasehold improvements	Plant and equipment	Total
Cost at 1 January	832.571	7.254.539	8.087.110
Exchange rate adj.	0	0	0
Additions	211.957	1.765.103	1.977.060
Disposals	0	(709.412)	(709.412)
Cost at 31 December	1.044.528	8.310.230	9.354.758
Depreciation at 1 January	(366.603)	(4.475.984)	(4.842.586)
Exchange rate adj.	0	(12.132)	(12.132)
Depreciation	(199.357)	(1.052.889)	(1.252.246)
Disposals	0	82.404	82.404
Depreciation at 31 December	(565.960)	(5.458.601)	(6.024.561)
Carrying amount at 31 December	478.568	2.851.629	3.330.197
Herof carrying amount at 31 December of assets held under finance leases	0	1.251.233	1.251.233

The Group leases vehicles under a number of finance lease agreements. The leased equipment secures lease obligations.

12 Trade receivables

DKK	2016	2015	2014
Trade receivables	23.845.112	21.643.695	16.650.211

A provision account to reduce the carrying amount of trade receivables and services whose value is impaired based on a general provision.

Notes

12 Trade receivables (continued)

A provision account to reduce the carrying amount of trade receivables and services whose value is impaired based on a general provision.

DKK	2016	2015	2014
Provision account at January 1 st ,	2.344.779	1.233.546	1.252.587
Impairment losses recognised/reversed	(171.346)	1.111.233	(19.041)
Provision account at December 31st,	2.173.433	2.344.779	1.233.546

For the financial year, no interest income has been recognised related to impairment losses.

The ageing of provision of trade receivables at the reporting date was:

DKK	2016	2015	2014
Not past due	848.407	1.022.729	577.078
Past due 1 to 30 days	748.872	95.579	205.011
Past due 31 to 60 days	339.022	561.498	180.386
Past due 61 to 90 days	133.643	220.588	165.388
Past due 91 to 120 days	89.523	200.535	49.752
More than 121 days	13.966	243.850	55.931
Total	2.173.433	2.344.779	1.233.546

13 Cash and cash equivalents

DKK	2016	2015	2014
Cash and bank deposits	3.585.903	9.784.999	5.813.841
Loans in banks	(2.155.639)	(1.337.461)	(1.582.297)
Cash and cash equivalents, total	1.430.264	8.447.538	4.231.544
Recognized in the statement of financial position			
Assets	3.585.904	9.784.999	5.813.841
Liabilities	(2.155.639)	(1.337.461)	(1.582.297)
	1.430.264	8.447.538	4.231.544

The Group company has unused drawing rights in banks for 2.051.292 2.647.033 1.730.519

Notes

14 Leasing

DKK	2016	2015	2014
Due within 12 months from balancing day	210.911	160.732	1.053.638
Due between 1 and 5 years from the balancing day	486.913	345.566	172.320
Due 5 years after the balancing day	0	0	0
	697.824	506.298	1.225.958
Amortization addition to future expensing	0	0	0
	697.824	506.298	1.225.958

Financial leases is in average leased over a period of 2 years. All lease contracts have a repayment profile and no agreements contain contingent rent.

Minimum lease payments are due as above.

Financial leasing commitments is due for payment as below:

Due within 12 months from balancing day	210.911	160.732	1.053.638
Due between 1 and 5 years from the balancing day	486.913	345.566	172.320
Due 5 years after the balancing day	0	0	0
	697.824	506.298	1.225.958

15 Deferred tax

DKK	2016	2015	2014
Deferred tax liabilities/(assets), net at 1 January	(832.167)	(56.314)	138.888
Exchange rate adj.	(78.908)	(53.525)	28.734
Adjustments to deferred tax liabilities/(assets), net at 1 January	0	15.805	10.429
Deferred tax adjustment, for the year recognized in the income statement	(173.062)	(739.829)	(236.168)
Effect of change in tax percent	0	1.696	1.803
Deferred tax liabilities/(assets), net at 31 December	(1.084.137)	(832.167)	(56.314)

Notes

15 Deferred tax (continued)

Deferred tax can be specified as below:

DKK	2016	2015	2014
Intangible assets	36.966	106.774	97.458
Plant and equipment	(25.220)	(96.242)	(17.407)
Current assets	(1.095.883)	(842.699)	(136.365)
	(1.084.137)	(832.167)	(56.314)

Recognised in the statement of financial position as follows

Deferred tax liabilities	0	0	0
Deferred tax assets	1.084.137	832.167	56.314
	1.084.137	832.167	56.314

Deferred tax liabilities not recognised in the statement of financial position

In 2016, there were no (2015/2014: none/none) unrecognised deferred tax liabilities related to investments in associates or subsidiaries.

16 Trade payables

DKK	2016	2015	2014
Trade payables	4.659.925	3.160.315	2.273.166

The accounting value equals the fair value of the commitment.

17 Other liabilities

DKK	2016	2015	2014
VAT	3.672.351	4.435.935	3.118.800
Other payables	2.113.109	3.775.365	5.351.594
Other liabilities, total	5.785.460	8.211.300	8.470.394

The accounting value equals the fair value of the commitment.

Notes

18 Employee liabilities

DKK	2016	2015	2014
Holiday pay etc.	5.656.333	5.888.197	4.436.392
Payable salaries and commissions	338.338	5.235.364	0
	5.994.671	11.123.561	4.436.392

19 Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in EGN Group A/S:

Name	Registered office	Basis of influence
Netværk Danmark Holding A/S	Svendborg, Denmark	Parent with 100% of the shares
J.G. Holding, Svendborg ApS	Svendborg, Denmark	Owner of Netværk Danmark Holding A/S
Kasko Holding A/S	Holte, Denmark	Owner of Netværk Danmark Holding A/S

The following shareholders are registered as holding more than 5% of the voting share capital or more than 5% of the nominal value of the share capital:

Netværk Danmark Holding A/S
Ryttermarken 8
5700 Svendborg

Netværk Danmark Holding A/S is registered as the single owner of shares in EGN Group A/S in the company's registers.

The Group has elected EGN Group A/S as parent and Netværk Danmark Holding A/S is the top level parent before the ultimate parents of Netværk Danmark Holding A/S, J.G. Holding, Svendborg ApS and Kasko Holding A/S. Consolidated financial statement is prepared and includes the subsidiaries of EGN Group A/S as set out in the group chart on page 34.

Transactions with subsidiaries during the financial year consist of contributed loans. Intercompany balances and calculated interests for intercompany balances has been eliminated during the consolidated financial statements.

The receivables from subsidiaries is listed in the balance sheet of the parent.

Notes

20 Related parties (continued)

Other related parties

EGN Group A/S' related parties with controlling interest includes owners and associated companies as well as the board of directors and the management including the families thereto. Related parties, furthermore, includes companies in which the above mentioned range of persons has controlling interest.

Transactions with related parties:

2016:

Key members of staff: As outlined in note 4.
Buying of services from Kasko Holding A/S.

2015:

Key members of staff: As outlined in note 4.
Buying of services from Kasko Holding A/S.

2014:

Key members of staff: As outlined in note 4.
Buying of services from Kasko Holding A/S.

21 Recourse guarantee commitments and contingent liabilities

The Parent Company has guaranteed the subsidiaries' debt to 686 DKK'000.

The Parent has signed irremovable leasehold agreements, as specified below:

6 months notice	475 DKK'000 commitment
At expiry 30.06.2019	3.875 DKK'000 commitment

Joint taxation

EGN Group A/S is jointly taxed with the parent Netværk Danmark Holding A/S. As a fully owned subsidiary EGN Group A/S is guaranteeing unlimited and be jointly and severally responsible with the other companies in the joint taxation for national corporate taxes including withholding taxes on interests, royalties and dividends for all associated Danish companies in the Group. Any correction made to the jointly taxable income or withholding taxes might affect the liability for the company.

Notes

22 Financial risks

The Group is according to the operation, investments and its limited funding is not significantly exposed for market changes i.e. in terms of exchange rates and interest levels. The Parent company is managing all the financial risks within the Group centrally and coordinates the liquidity of the Group.

The Group does not make use of derivative financial instruments.

23 Credit risks

Credit risks related to financial assets is equal to the recognized value.

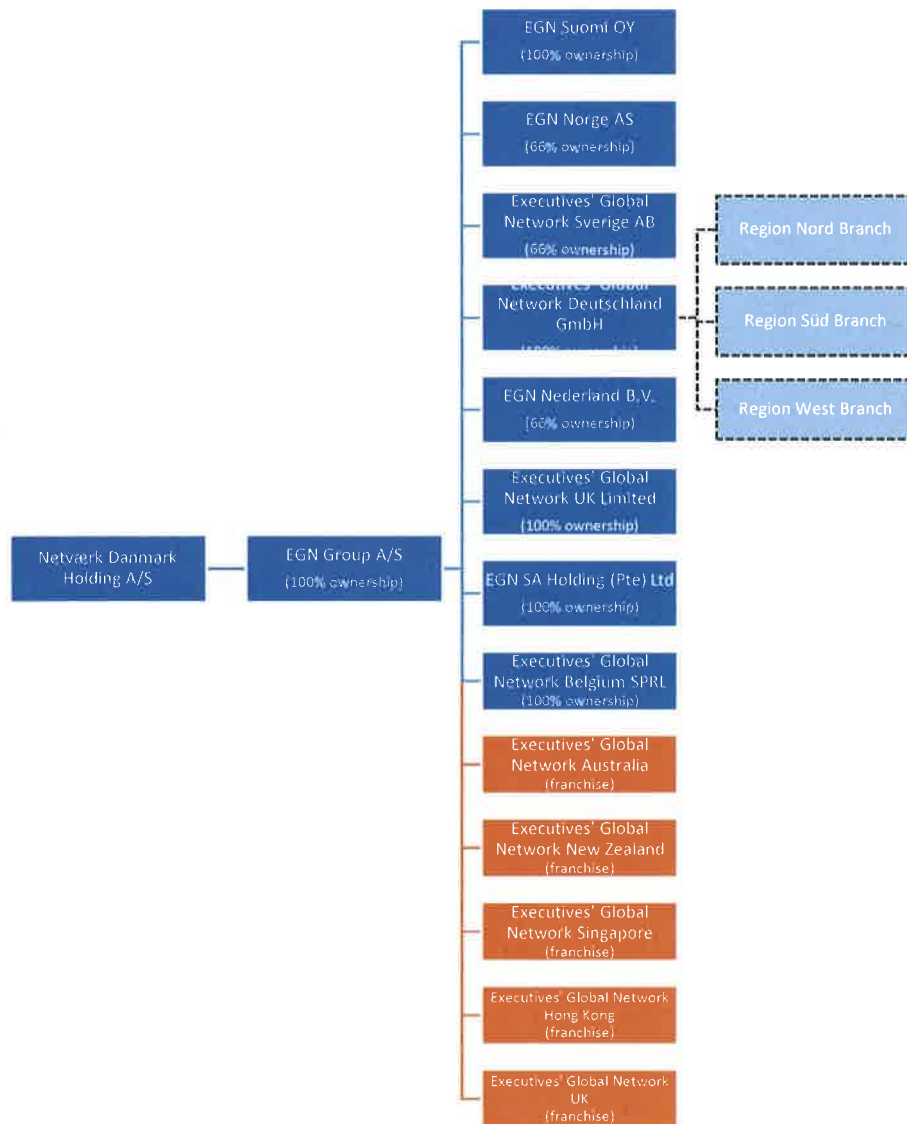
The credit risks of the Group is mainly related to receivables from trade and services.

The level of credit risks is equal to the recognized value of receivables from trade and services. Large clients and business partners are regularly credit rated and the risks is expected to be very small.

24 New legislation

A set of new standards, not mandatory for EGN Group A/S, has been issued during the process of the annual report 2016. None of these new standard is expected to impact the financials significantly.

Group chart





**Financial
statements
parent
company
2016**



Income statement

1 January – 31 December

DKK	Note	2016	2015	2014
Revenue	1	103.799.468	105.064.291	99.510.593
Other external expenses		(15.046.955)	(18.580.326)	(19.703.355)
Staff expenses	2	(67.355.259)	(72.585.761)	(61.116.360)
Depreciation	3	(878.856)	(927.306)	(1.093.934)
Operating profit before other items		20.518.398	12.970.898	17.596.944
Other income and expenses, net		0	0	0
Operating profit (EBIT)		20.518.398	12.970.898	17.596.944
Financial income	4	4.001.431	2.656.873	2.563.438
Financial expenses	5	(470.058)	(958.404)	(349.337)
Amortization of subsidiaries and intercompany loans		(1.515.350)	(8.336.690)	0
Profit/(loss) before tax (EBT)		22.534.421	6.332.677	19.811.055
Tax on profit/(loss) for the year	6	(4.607.336)	(2.972.602)	(4.472.806)
Net profit/(loss) for the year		17.927.085	3.360.075	15.338.239
Attributable to:				
Owners of EGN Group A/S		17.927.085	3.360.075	15.338.239
Non-controlling interests		0	0	0
Net profit/(loss) for the year		17.927.085	3.360.075	15.338.239

Statement of cash flows

1 January - 31 December

DKK	Note	2016	2015	2014
Net profit/(loss)		17.927.085	3.360.075	15.338.239
Depreciation and amortisation		878.856	927.306	1.093.934
Changes in working capital		16.999	(1.389.134)	215.157
Adjustment of tax of the year		4.607.336	2.972.602	4.472.806
Changes in provisions, pensions and similar obligations		(5.727.487)	8.034.630	(3.265.154)
Income taxes paid		(3.276.728)	(4.892.479)	(1.917.025)
Cash flow from operating activities		14.426.060	9.013.000	15.937.957
Cash flow from investing activities				
Acquisition of intangible assets, property, plant and equipment		(1.108.001)	(2.458.554)	(1.914.470)
(Acquisition)/disposal of financial assets		696.317	2.053.961	634.076
Acquisition of subsidiaries		0	(138.439)	(5.448.804)
Disposal of subsidiaries		0	5.448.813	50.895
Cash flow from investing activities		(411.684)	4.905.781	(6.678.303)
Cash flow from financing activities				
Proceeds from borrowings		429.726	1.473.914	1.056.250
Repayment of borrowings		(238.200)	(2.193.574)	(806.563)
Change in intercompany receivables/liabilities		(9.735.766)	648.916	(5.876.373)
Change in other liabilities		(115.875)	138.759	227.314
Paid dividend		(6.000.000)	(13.000.000)	(6.000.000)
Cash flow from financing activities		(15.660.116)	(12.931.985)	(11.399.372)
Total cash flow		(1.645.740)	986.798	(2.139.718)
Cash and cash equivalents at 1 January		(352.967)	(1.339.765)	799.955
Total cash flow		(1.645.740)	986.798	(2.139.718)
Foreign exchange adjustments		0	0	0
Cash and cash equivalents at 31 December		(1.998.707)	(352.967)	(1.339.763)

Statement of financial position

at 31 December

DKK	Note	2016	2015	2014
Assets				
Intangible assets	8	168.028	748.884	631.425
Property, plant and equipment	9	2.304.400	2.190.716	2.824.729
Deferred tax assets	15	124.260	231.804	41.541
Investments in subsidiaries	10	1.377.419	1.377.419	6.687.793
Amounts owed by subsidiaries	11	17.636.840	11.408.953	7.771.561
Amounts owed by group companies		583.053	681.333	251.364
Other financial assets		1.132.116	684.680	672.822
Non-current assets		23.326.116	17.323.789	18.881.235
Trade receivables	12	10.049.932	10.414.036	8.746.005
Receivables from subsidiaries		4.031.190	584.843	5.301.120
Other receivables		809.350	164.263	301.104
Cash and cash equivalents	13	156.425	971.899	227.056
Current assets		15.046.897	12.135.041	14.575.285
Total assets		38.373.013	29.458.830	33.456.520

Statement of financial position (continued)

at 31 December

DKK	Note	2016	2015	2014
Equity and liabilities				
Total equity attributable to owners of EGN Group A/S		18.427.561	6.500.476	16.140.401
Non-controlling interests		0	0	0
Total equity		18.427.561	6.500.476	16.140.401
Leasing	14	486.913	345.566	172.320
Deferred tax	15	0	0	0
Non-current liabilities		486.913	345.566	172.320
Bank	13	2.155.132	1.324.866	1.566.819
Trade payables	16	2.247.735	1.815.127	1.768.917
Leasing, short-term debt	14	210.911	160.732	1.053.638
Intercompany liability		0	0	0
Tax payables		4.652.786	3.276.728	4.892.479
Other liabilities	17	1.933.257	2.049.124	1.910.365
Employee liabilities	18	3.899.226	9.255.911	3.478.477
Provisions		4.359.492	4.730.300	2.473.104
Current liabilities		19.458.539	22.612.788	17.143.799
Total liabilities		19.945.452	22.958.354	17.316.119
Total equity and liabilities		38.373.013	29.458.830	33.456.520

Equity

1 January - 31 December

2016

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	6.000.476	6.500.476
Net profit/(loss) for the year	0	17.927.085	17.927.085
Adjustment prior years	0	0	0
Transactions with owners			
Dividends paid	0	(6.000.000)	(6.000.000)
Total changes in equity	0	11.927.085	11.927.085
Equity at 31 December	500.000	17.927.561	18.427.561

Dividends

A dividend of DKK 6.000.000 has been proposed before the Annual Report was issued.

2015

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	15.640.401	16.140.401
Net profit/(loss) for the year	0	3.360.075	3.360.075
Adjustment prior years	0	0	0
Transactions with owners			
Dividends paid	0	(13.000.000)	(13.000.000)
Total changes in equity	0	(9.639.925)	(9.639.925)
Equity at 31 December	500.000	6.000.476	6.500.476

Dividends

A dividend of DKK 6.000.000 has been proposed before the Annual Report was issued.

Equity (continued)

1 January - 31 December

2014

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	6.302.153	6.802.153
Net profit/(loss) for the year	0	15.338.239	15.338.239
Adjustment prior years	0	9	9
Transactions with owners			
Dividends paid	0	(6.000.000)	(6.000.000)
Total changes in equity	0	9.338.248	9.338.248
Equity at 31 December	500.000	15.640.401	16.140.401

Dividends

A dividend of DKK 13.000.000 has been proposed before the Annual Report was issued.

Notes - parent

1 Revenue

DKK	2016	2015	2014
Member fees	98.536.112	100.903.463	93.732.399
Other revenue	5.263.356	4.160.828	5.778.194
Revenue, total	103.799.468	105.064.291	99.510.593

The Parent is exempt from providing information of segments.

2 Staff expenses

DKK	2016	2015	2014
Salaries and wages	57.039.048	56.841.963	48.469.029
Pension	7.529.654	5.768.281	4.818.339
Other staff expenses	2.786.557	2.876.984	2.683.785
Administration expenses, total	67.355.259	72.585.761	61.116.360
Average number of employees	97	115	87

The Parent received government grants in the form of wage subventions, which have been recognised in the income statement as a reduction of staff costs. The grants compensate the Parent for staff costs primarily related to social security as well as hiring certain categories of employees such as trainees, disabled persons, long-term unemployed and employees in certain age groups.

Management and board of directors remuneration can be specified as follows:

DKK	2016	2015
Salaries and wages	7.897.500	8.549.852
Bonus	0	600.000
Pension	418.908	476.521
	8.313.408	9.626.373

The Executive Board and a number of executives in the parent company is subject to special bonuses depending on individually defined performance and an incentive system to enter into force upon any transfer of the group.

Notes - parent

3 Depreciation

DKK	2016	2015	2014
Goodwill	0	0	0
Name rights	61.750	44.438	27.252
Plant and equipment	704.123	785.303	786.297
Leasehold improvements	112.983	103.323	130.773
Financial leased assets	0	0	156.679
Profit of disposed assets	0	(5.758)	(7.067)
Depreciation, total	878.856	927.306	1.093.934

4 Financial income

DKK	2016	2015	2014
Dividend from subsidiaries	3.301.268	2.273.020	1.887.495
Interest income from group companies	367.570	225.747	583.969
Other interest income	67	61.449	413
Exchange rate gain	332.526	96.657	91.561
Financial income, total	4.001.431	2.656.873	2.563.438

5 Financial expenses

DKK	2016	2015	2014
Interest expenses, authorities	152.993	113.863	215.157
Leasing interest	80.421	242.242	31.965
Other interest expenses	42.603	2.696	4.827
Exchange rate loss	104.417	509.737	38.968
Bank fees	89.624	89.866	58.420
Financial expenses, total	470.058	958.404	349.337

Notes - parent

6 Tax on profit/(loss) for the year

DKK	2016	2015	2014
Current tax on profit/(loss) for the year	4.499.792	3.162.865	4.677.322
Adjustment current tax, prior years	0	0	0
Change in deferred tax	107.544	(207.764)	(216.747)
Adjustment deferred tax, prior years	0	15.805	10.429
Effect from change in tax percentage	0	1.696	1.802
Tax on profit/(loss) for the year, total	4.607.336	2.972.602	4.472.806
Profit/(loss) before tax	17.927.085	6.332.677	19.811.055
Effective tax rate	20.4 %	46.9 %	22.5 %
Tax on profit/(loss), statutory tax rate	4.957.573	1.488.179	4.853.708
Effect of changes in tax percent (24.5% - 22.0% in 2016)	0	1.696	1.802
Non-tax deductible expenses less non-taxable income	(350.237)	1.466.922	(393.133)
Effect of changes relating to prior years, net	0	15.805	10.429
	4.607.336	2.972.602	4.472.806

7 Proposed dividend for the year

DKK	2016	2015	2014
Ordinary dividend	6.000.000	6.000.000	13.000.000
Dividend per share	100.0 %	100.0 %	100.0 %

Notes - parent

8 Intangible assets

DKK	2016			2015		
	Goodwill	Name rights	Total	Goodwill	Name rights	Total
Cost at 1 January	12.796.880	707.050	13.503.930	12.796.880	545.153	13.342.033
Additions	0	177.211	177.211	0	161.897	161.897
Disposals	0	(884.261)	(884.261)	0	0	0
Cost at 31 December	12.796.880	0	12.796.880	12.796.880	707.050	13.503.930
Depreciation at 1 January	(12.628.852)	(126.194)	(12.755.046)	(12.628.852)	(81.756)	(12.710.608)
Depreciation	0	(61.750)	(61.750)	0	(44.438)	(44.438)
Disposals	0	187.944	187.944	0	0	0
Depreciation at 31 December	(12.628.852)	0	(12.628.852)	(12.628.852)	(126.194)	(12.755.046)
Carrying amount at 31 December	168.028	0	168.028	168.028	580.856	748.884

DKK	2014		
	Goodwill	Name rights	Total
Cost at 1 January	12.796.880	545.153	13.342.033
Additions	0	0	0
Disposals	0	0	0
Cost at 31 December	12.796.880	545.153	13.342.033
Depreciation at 1 January	(12.628.852)	(54.504)	(12.683.356)
Depreciation	0	(27.252)	(27.252)
Disposals	0	0	0
Depreciation at 31 December	(12.628.852)	(81.756)	(12.710.608)
Carrying amount at 31 December	168.028	463.397	631.425

Notes - parent

9 Property, plant and equipment

DKK	2016			2015		
	Leasehold improvements	Plant and equipment	Total	Leasehold Improvements	Plant and equipment	Total
Cost at 1 January	744.060	7.632.584	8.376.644	603.608	7.657.629	8.261.237
Additions	43.082	887.709	930.790	140.452	2.156.205	2.296.657
Disposals	0	0	0	0	(2.181.250)	(2.181.250)
Cost at 31 December	787.142	8.520.293	9.307.434	744.060	7.632.584	8.376.644
Depreciation at 1 January	(424.638)	(5.761.290)	(6.185.928)	(321.315)	(5.115.192)	(5.436.508)
Depreciation	(112.983)	(704.123)	(817.106)	(103.323)	(778.473)	(881.796)
Disposals	0	0	0	0	132.375	132.375
Depreciation at 31 December	(537.621)	(6.465.412)	(7.003.034)	(424.638)	(5.761.290)	(6.185.928)
Carrying amount at 31 December	249.520	1.727.678	2.304.400	319.422	1.871.294	2.190.716
Herof carrying amount at 31 December of assets held under finance leases	0	707.464	707.464	0	497.723	497.723

Notes - parent

9 Property, plant and equipment (continued)

DKK	2014		
	Leasehold improvements	Plant and equipment	Total
Cost at 1 January	391.651	6.664.528	7.056.179
Additions	211.957	1.702.513	1.914.470
Disposals	0	(709.412)	(709.412)
Cost at 31 December	603.608	7.657.629	8.261.237
Depreciation at 1 January	(190.542)	(4.254.619)	(4.445.161)
Depreciation	(130.773)	(942.977)	(1.073.750)
Disposals	0	82.404	82.403
Depreciation at 31 December	(321.315)	(5.115.192)	(5.436.508)
Carrying amount at 31 December	282.293	2.542.437	2.824.729
Herof carrying amount at 31 December of assets held under finance leases	0	1.251.233	1.251.233

The Parent leases vehicles under a number of finance lease agreements. The leased equipment secures lease obligations.

10 Investments in subsidiaries

DKK	2016	2015	2014
Cost at 1 January	1.377.419	6.687.793	1.289.884
Addition	0	138.439	5.448.804
Disposal	0	(5.448.813)	(50.895)
Cost at 31 December	1.377.419	1.377.419	6.687.793

Notes - parent

10 Investments in subsidiaries (continued)

Subsidiaries	Share capital	Ownership		
		2016	2015	2014
Executives' Global Network				
Deutschland GmbH	25.000 EUR	100.0 %	100.0 %	100.0 %
Executives' Global Network Norge AS	100.000 NOK	66.6 %	66.6 %	66.6 %
Executives' Global Network Sverige AB	100.000 SEK	66.6 %	66.6 %	66.6 %
EGN Nederland B.V.	18.000 EUR	66.6 %	66.6 %	66.6 %
EGN Suomi Oy	2.500 EUR	100.0 %	66.6 %	66.6 %
Executives' Global Network				
UK Limited	580.513 GBP	100.0 %	100.0 %	100.0 %
EGN SA Holding (PTY) Ltd	0 EUR	100.0 %	100.0 %	100.0 %
Executives' Global Network				
Belgium SPRL	18.550 EUR	100.0 %	100.0 %	N/A

Ownership of shares equals voting rights. Where Netværk Danmark is the minority owner of voting rights no recognition has been done in the annual report.

11 Amounts owed by subsidiaries

DKK	2016	2015	2014
Receivables, subsidiaries	17.636.840	11.408.953	7.771.561
Cost at 31 December	17.636.840	11.408.953	7.771.561

The above loans has been given on standard business terms.

12 Trade receivables

DKK	2016	2015	2014
Trade receivables	10.049.932	10.414.036	8.746.005

A provision account to reduce the carrying amount of trade receivables and services whose value is impaired based on a general provision.

A general provision for losses on receivables has been recognized during the financial year.

Notes - parent

12 Trade receivables (continued)

A provision account to reduce the carrying amount of trade receivables and services whose value is impaired based on a general provision.

DKK	2016	2015	2014
Provision account at January 1 st ,	1.400.898	577.531	0
Impairment losses recognised and reversed	(782.686)	823.367	577.531
Provision account at December 31st,	618.212	1.400.898	577.531

For the financial year, no interest income has been recognised related to impairment losses.

The ageing of provision of trade receivables at the reporting date was:

DKK	2016	2015	2014
Not past due	241.321	703.809	400.904
Past due 1 to 30 days	213.009	0	0
Past due 31 to 60 days	96.432	110.062	110.062
Past due 61 to 90 days	38.013	166.964	38.175
Past due 91 to 120 days	25.464	142.345	24.622
More than 121 days	3.973	0	3.768
Total	618.212	1.400.898	577.531

13 Cash and cash equivalents

DKK	2016	2015	2014
Cash and bank deposits	156.425	971.899	227.056
Loans in banks	(2.155.132)	(1.324.866)	(1.566.819)
Cash and cash equivalents, total	(1.998.707)	(352.967)	(1.339.763)

Recognized in the statement of financial position

Assets	156.425	971.899	227.056
Liabilities	(2.155.132)	(1.324.866)	(1.566.819)
	1.998.707	(352.967)	(1.339.763)

The Parent company has unused drawing rights in banks for	2.051.292	2.647.033	1.730.519
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Notes - parent

14 Leasing

DKK	2016	2015	2014
Due within 12 months from balancing day	210.911	160.732	1.053.638
Due between 1 and 5 years from the balancing day	486.913	345.566	172.320
Due 5 years after the balancing day	0	0	0
	697.824	506.298	1.225.958
Amortization addition to future expensing	0	0	0
	697.824	506.298	1.225.958

Financial leases is in average leased over a period of 2 years. All lease contracts have a repayment profile and no agreements contain contingent rent.

Minimum lease payments are due as above.

Financial leasing commitments is due for payment as below:

Due within 12 months from balancing day	210.911	160.732	1.053.638
Due between 1 and 5 years from the balancing day	486.913	345.566	172.320
Due 5 years after the balancing day	0	0	0
	697.824	506.298	1.225.958

15 Deferred tax

DKK	2016	2015	2014
Deferred tax liabilities/(assets), net at 1 January	(231.804)	(41.541)	162.974
Adjustments to deferred tax liabilities/(assets), net at 1 January	0	15.805	10.429
Deferred tax adjustment, for the year recognized in the income statement	107.544	(207.764)	(216.747)
Effect of change in tax percent	0	1.696	1.801
Deferred tax liabilities/(assets), net at 31 December	(124.260)	(231.804)	(41.541)

Deferred tax can be specified as below:

Intangible assets	36.966	106.774	97.458
Plant and equipment	-25.220	(14.288)	(2.634)
Current assets	-136.006	(324.290)	(136.365)
	(124.260)	(231.804)	(41.541)

Notes - parent

15 Deferred tax (continued)

Recognised in the statement of financial position as follows

Deferred tax liabilities	0	0	0
Deferred tax assets	(124.260)	(231.804)	(41.541)
	(124.260)	(231.804)	(41.541)

Deferred tax liabilities not recognised in the statement of financial position

In 2016, there were no (2015/2014: none/none) unrecognised deferred tax liabilities related to investments in associates or subsidiaries.

16 Trade payables

DKK	2016	2015	2014
Trade payables	2.247.735	1.815.127	1.768.917

The accounting value equals the fair value of the commitment.

17 Other liabilities

DKK	2016	2015	2014
VAT	1.534.475	1.211.521	1.769.437
Other payables	398.782	837.603	140.928
Other liabilities, total	1.933.257	2.049.124	1.910.365

The accounting value equals the fair value of the commitment.

18 Employee liabilities

DKK	2016	2015	2014
Holiday pay etc.	3.560.888	4.020.549	3.478.477
Payable salaries and commissions	338.338	5.235.364	0
	3.899.226	9.255.911	3.478.477

Notes - parent

19 Related parties

Related parties with a controlling interest

The following related parties have a controlling interest in EGN Group A/S:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Netværk Danmark Holding A/S	Svendborg, Denmark	Parent with 100% of the shares
J.G. Holding, Svendborg ApS	Svendborg, Denmark	Owner of Netværk Danmark Holding A/S
Kasko Holding A/S	Holte, Denmark	Owner of Netværk Danmark Holding A/S

The following shareholders are registered as holding more than 5% of the voting share capital or more than 5% of the nominal value of the share capital:

Netværk Danmark Holding A/S
Ryttermarken 8
5700 Svendborg

Netværk Danmark Holding A/S is registered as the single owner of shares in EGN Group A/S in the company's registers.

The Group has elected EGN Group A/S as parent and Netværk Danmark Holding A/S is the top level parent before the ultimate parents of Netværk Danmark Holding A/S, J.G. Holding, Svendborg ApS and Kasko Holding A/S. Consolidated financial statement is prepared and includes the subsidiaries of EGN Group A/S as set out in the group chart on page 33.

Transactions with subsidiaries during the financial year consist of contributed loans. Intercompany balances and calculated interests for intercompany balances has been eliminated during the consolidated financial statements.

The receivables from subsidiaries is listed in the balance sheet of the parent.

Other related parties

EGN Group A/S' related parties with controlling interest includes owners and associated companies as well as the board of directors and the management including the families thereto. Related parties, furthermore, includes companies in which the above mentioned range of persons has controlling interest.

Transactions with related parties:

2016:

Key members of staff: As outlined in note 2.

Buying of services from Kasko Holding A/S.

Notes - parent

19 Related parties (continued)

2015:

Key members of staff: As outlined in note 2.
Buying of services from Kasko Holding A/S.

2014:

Key members of staff: As outlined in note 2.
Buying of services from Kasko Holding A/S.

20 Recourse guarantee commitments and contingent liabilities

The Parent Company has guaranteed the subsidiaries' debt to 686 DKK'000.

The Parent Company has guaranteed to support subsidiaries with negative operations in Belgium, Finland, Netherlands, South Africa, United Kingdom and Germany.

The Parent has signed irremovable leasehold agreements, as specified below:

6 months notice	475 DKK'000 commitment
At expiry 30.06.2019	3.875 DKK'000 commitment

21 Recourse guarantee commitments and contingent liabilities (continued)

Joint taxation

EGN Group A/S is jointly taxed with the parent Netværk Danmark Holding A/S. As a fully owned subsidiary EGN Group A/S is guaranteeing unlimited and be jointly and severally responsible with the other companies in the joint taxation for national corporate taxes including withholding taxes on interests, royalties and dividends for all associated Danish companies in the Group. Any correction made to the jointly taxable income or withholding taxes might affect the liability for the company.

22 Financial risks

The Parent is according to the operation, investments and its limited funding is not significantly exposed for market changes i.e. in terms of exchange rates and interest levels. The Parent company is managing all the financial risks within the Group centrally and coordinates the liquidity of the Group.

The Group does not make use of derivative financial instruments.

Notes - parent

23 Credit risks

Credit risks related to financial assets is equal to the recognized value.

The credit risks of the Group is mainly related to receivables from trade and services.

The level of credit risks is equal to the recognized value of receivables from trade and services. Large clients and business partners are regularly credit rated and the risks is expected to be very small.

24 New legislation

A set of new standards, not mandatory for EGN Group A/S, has been issued during the process of the annual report 2016. None of these new standard is expected to impact the financials significantly.