

# Annual report 2018

ACCOUNTING PERIOD: 01.01.2018 – 31.12.2018  
CENTRAL BUSINESS REGISTRATION NO: 31 32 60 36

COMPANY: EGN GROUP HOLDING A/S  
RYTTERMARKEN 8  
5700 SVENDBORG

CHAIRMAN OF THE ANNUAL GENERAL MEETING: HANS KURT KJÆR HANSEN

APPROVED BY THE ANNUAL GENERAL MEETING ON May 31 2019



# Company details

## Company

EGN Group Holding A/S  
Ryttermarken 8  
5700 Svendborg  
Denmark

Phone: +45 63 21 40 70  
Fax: +45 63 21 40 01  
Website: [www.egn.com](http://www.egn.com)  
E-mail: [info@egn.com](mailto:info@egn.com)

Central Business Registration No: 31 32 60 36  
Registered in: Svendborg  
Accounting year: January 1, 2018 – December 31, 2018

## Executive Board

Jørgen Galsgaard, Group Chief Executive 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

# Content

Consolidated key figures	4
Management commentary	5
Statement by the executive management and the board of directors	6
Independent auditors' report	8
Financial	
• Consolidated income statement	10
• Statement of comprehensive income	11
Statement of cash flows	12
Statement of consolidated financial position	13
Consolidated Equity	15
Table of contents, group notes	17
• Notes	18
Additional company information	
• Group chart	35
<b>Financial statements parent company</b>	<b>36</b>
Financial	
• Income statement	37
Statement of cash flows	38
Statement of financial position	39
Equity	40
Notes	42

# Consolidated key figures

EGN Group Holding A/S - Group

<b>Statement of comprehensive income</b> (DKK'000)	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Revenue	171.208	165.317	162.817	162.889	141.199
Operating profit (EBIT)	7.848	10.492	17.230	14.550	17.716
Net financials	(1.143)	(1.337)	(772)	(1.273)	(692)
Profit before tax	6.705	9.156	16.459	13.276	17.024
Net profit for the year	5.052	6.667	11.290	9.385	11.579
<b>Balance</b> (DKK'000)					
Trade receivables	24.118	19.918	23.845	21.664	16.650
Equity	15.697	20.677	21.919	18.204	21.078
Total assets	98.822	88.452	84.924	84.972	68.618
<b>Key ratios</b> (%)					
ROIC excl. goodwill	8.39 %	19.05 %	20.28 %	18.95 %	26.72 %
Solvency ratio	15.88 %	23.43 %	25.81 %	21.42 %	30.72 %
Profit margin	4.58 %	6.35 %	10.58 %	8.93 %	12.55 %
Return on equity	27.78 %	12.63 %	56.53 %	47.78 %	55.68 %

The key figures are prepared in accordance with the Danish Society of Financial Analysts' "Recommendations & Financial Ratios 2017".

# Management commentary

## Company activity

The EGN Group is the world's second largest professional peer group network for executives (top executives, middle managers, specialists and key employees).

EGN currently has 14,000 members from 14 countries, representing 7,800 companies, in peer groups for more than 70 different organizational functions in private companies and the public sector.

EGN operates peer groups in Denmark, Norway, Sweden, Finland, Germany, Holland, Belgium, Hong Kong, Singapore, Vietnam, Thailand (new in 2018), Australia, New Zealand and South Africa.

Our purpose of "Making each other better" means that EGN aims at making all the experience and knowledge gathered in the public and private businesses, in the 14 countries where EGN operates, accessible to all members – and can be used by members as well as their relevant colleagues. By using the network and each other – at meetings and between meetings – there is every opportunity to solve any problem that may arise and thereby "Making each other better" as a leader and as an employee for the company one represents.

In the summer 2018 EGN entered into a partnership with Harvard Business Publishing, Corporate Learning. Together we offer a unique and exclusive concept of leadership development integrated into the work of the professional peer groups. The concept has been very well received, with more than 500 new members having joined these peer groups in Denmark alone. The partnership and concept will in 2019 be introduced in the rest of Europe.

## Development in activities and finances

The profit for the year is 5.052.101 DKK, after tax.

The result must be seen in the light of several specific issues:

The 14 operating companies work as independent entities and have had positive development in both core business profit and membership growth. This was budgeted and is a very satisfactory result. Total core business profit from the 14 markets has over the last three years increased from 34 MDKK in 2016 to 39 MDKK in 2018.

Since the beginning in 1992, EGN has not had a single year without being able to show membership growth - even during all the changing market conditions and challenges in the period.

EGN has documented that knowledge sharing between executives and managers is necessary both for the company and one self - both in good times and bad. Why bother with a problem if the help is just around the corner?

The Board of Directors and Group Management decided that in 2017 EGN should be developed into becoming the world's most advanced digital network by building our own social media platform - owned and operated by ourselves in a closed forum with access only for our members. Data protection and security is a top priority. No data will or may end up, outside our own closed system.

It is expensive to develop such a cutting-edge modern platform, just imagine the development cost of other more well-known social media platforms, but our members' security is not up for discussion, and the user experience must live up to expectations. The technology development of Members' Universe has been ongoing since 2017 and has also had an impact on all existing IT systems, which we have had to change/develop/transform.

This transformation, which began in 2016, has therefore also resulted in a brand new technological infrastructure that has enabled the "Members Universe" to be developed, but which at the same time will help optimize daily operations both internally, but also to administration of the members.

Therefore, in 2017, 2018 we have budgeted with the continued development of the social media platform, which will be further developed in 2019 and over the coming years.

Also, in 2018, the adaption to comply with new data protection legislation (EU GDPR) has been a considerable investment area. The entire technological development and related costs have taken place in Denmark, but all markets will benefit. This has, as expected, affected the EGN Group result significantly in 2018, but is expected to yield a positive return on investment in the coming years.

Today, EGN is the world's most digitized network!

## **Outlook**

As mentioned, the results of the investments made in 2017 and 2018 have with success been introduced to members in 2018. EGN will appear as a new, completely different, much more modern and dynamic network, allowing members beyond the traditional peer group meetings to actively use each other for sparring, knowledge sharing and problem solving 24/7. No one else can offer something like this.

In the summer 2019 an even more advanced version of this digital "Members' Universe" will be introduced.

No one else offers a combination of peer groups, networking and learning through a world leading business school, which allows you to develop yourself as a leader incl. annual certificate, while also performing your work tasks and improving your skills and overcoming challenges with support from your peer group.

We are proud to, within the last years, having revitalized and modernized our concept and the membership experience, with a strengthened brand, leading in the world on a number of specific points within our industry.

We expect the positive development to continue.

# 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 Holding A/S for the financial year 2018.

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, 2018 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, 2018.

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 2018 is approved at the annual general meeting.

Svendborg, May 31, 2019

## Executive Group Management Board

### Jørgen Galsgaard

Group Chief Executive Officer

## Board of Directors

### Jens Erik Karlskov Jensen

Chairman

### Jørgen Galsgaard

### Janne Jensen

### Jeanette Galsgaard

# Independent auditors' report

## To the shareholders of EGN Group Holding A/S

### Our opinion

We have audited the consolidated financial statements and the parent company financial statements of EGN Group Holding A/S for the financial year 1 January to 31 December 2018, 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 2018 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 2018 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, May 31, 2019

**Revisionsfirmaet Edelbo**

**Statsautoriseret Revisionspartnerselskab**

**Cvr-nr. 35 48 61 78**

  
**Johan Groth**  
State Authorized  
Public Accountant  
mne11630

  
**Michael Jensby Jakobsen**  
State Authorized  
Public Accountant  
mne34290

# Financial

## Consolidated income statement

1 January – 31 December

DKK	Note	2018	2017	2016
Revenue	3	171.207.941	165.316.804	162.816.906
Other external expenses		(57.433.284)	(38.994.693)	(27.380.113)
Staff expenses	4	(103.362.233)	(114.491.281)	(116.990.876)
Depreciation	5	(2.564.802)	(1.338.530)	(1.215.460)
<b>Operating profit before other items</b>		<b>7.847.621</b>	<b>10.492.300</b>	<b>17.230.457</b>
Other income and expenses, net		0	0	0
<b>Operating profit (EBIT)</b>		<b>7.847.621</b>	<b>10.492.300</b>	<b>17.230.457</b>
Financial income	6	775.367	182.340	483.301
Financial expenses	7	(1.918.074)	(1.519.051)	(1.254.901)
<b>Profit/(loss) before tax (EBT)</b>		<b>6.704.914</b>	<b>9.155.589</b>	<b>16.458.857</b>
Tax on profit/(loss) for the year	8	(1.652.813)	(2.488.193)	(5.168.610)
<b>Net profit/(loss) for the year</b>		<b>5.052.101</b>	<b>6.667.396</b>	<b>11.290.246</b>
<b>Attributable to:</b>				
Owners of EGN Group Holding A/S		3.830.031	5.365.489	10.733.324
Non-controlling interests		1.222.071	1.301.907	556.922
<b>Net profit/(loss) for the year</b>		<b>5.052.101</b>	<b>6.667.396</b>	<b>11.290.246</b>

# Financial

## Statement of comprehensive income

1 January – 31 December

DKK	Note	2018	2017	2016
Profit/(loss) for the year		5.052.101	6.667.396	11.290.246
Foreign exchange adjustments, etc.		17.571	(117.350)	(35.324)
<b>Other comprehensive income for the year, net of tax</b>		<b>17.571</b>	<b>(117.350)</b>	<b>(35.324)</b>
<b>Total comprehensive income for the year</b>		<b>5.069.672</b>	<b>6.550.046</b>	<b>11.254.922</b>

### Attributable to:

Owners of EGN Group Holding A/S		3.844.972	5.285.652	10.695.295
Non-controlling interests		1.224.701	1.264.394	559.627
<b>Net profit/(loss) for the year</b>		<b>5.069.672</b>	<b>6.550.046</b>	<b>11.254.922</b>

## Statement of cash flows

1 January - 31 December

DKK	Note	2018	2017	2016
Net profit/(loss)		5.052.101	6.667.396	10.733.324
Depreciation and amortisation		2.564.802	1.338.529	1.215.460
Changes in working capital		1.066.163	3.263.188	(4.687.875)
Adjustment of tax of the year		1.652.813	2.488.193	5.168.610
Changes in provisions, pensions and similar obligations		4.548.630	(1.192.977)	(4.757.264)
Income taxes paid		(3.161.944)	(6.687.860)	(4.344.373)
<b>Cash flow from operating activities</b>		<b>11.722.565</b>	<b>5.876.470</b>	<b>3.327.882</b>
<b>Cash flow from investing activities</b>				
Acquisition of intangible assets, property, plant and equipment		(9.582.352)	(7.223.688)	(1.830.629)
(Acquisition)/disposal of financial assets		0	0	0
<b>Cash flow from investing activities</b>		<b>(9.582.352)</b>	<b>(7.223.688)</b>	<b>(1.830.629)</b>
<b>Cash flow from financing activities</b>				
Proceeds from borrowings		481.796	467.175	429.726
Repayment of borrowings		(347.402)	(243.696)	(238.200)
Change in intercompany receivables/liabilities		303.476	0	0
Change in other liabilities		(1.318.595)	3.392.583	(15.407.994)
Paid dividend		(4.000.000)	(6.000.000)	(6.000.000)
<b>Cash flow from financing activities</b>		<b>(4.880.724)</b>	<b>(2.383.938)</b>	<b>(21.216.468)</b>
<b>Total cash flow</b>		<b>(2.740.511)</b>	<b>(3.731.156)</b>	<b>(19.719.215)</b>
Cash and cash equivalents at 1 January		(30.844.441)	(27.113.282)	(7.394.067)
Total cash flow		(2.740.511)	(3.731.156)	(19.719.215)
Foreign exchange adjustments		0	0	0
<b>Cash and cash equivalents at 31 December</b>		<b>(33.584.952)</b>	<b>(30.844.441)</b>	<b>(27.113.282)</b>

## Statement of consolidated financial position

at 31 December

DKK	Note	2018	2017	2016
<b>Assets</b>				
Intangible assets	10	61.533.910	54.397.236	47.864.345
Property, plant and equipment	11	2.280.814	2.533.868	2.940.799
Deferred tax assets	15	1.487.309	1.516.466	1.062.253
Amounts owed by group companies		0	303.476	583.053
Other financial assets		275.280	1.253.689	1.132.116
<b>Non-current assets</b>		<b>65.577.313</b>	<b>60.004.735</b>	<b>53.582.566</b>
Trade receivables	12	24.118.429	19.917.780	23.845.112
Tax receivables		2.051.082	212.482	0
Other receivables		7.055.694	1.695.148	3.910.266
Cash and cash equivalents	13	19.088	6.621.732	3.585.903
<b>Current assets</b>		<b>33.244.293</b>	<b>28.447.142</b>	<b>31.341.281</b>
<b>Total assets</b>		<b>98.821.606</b>	<b>88.451.876</b>	<b>84.923.847</b>

## Statement of consolidated financial position (continued)

at 31 December

DKK	Note	2018	2016	2015
<b>Equity and liabilities</b>				
Total equity attributable to owners of EGN Group Holding A/S		14.747.516	20.152.044	21.791.490
Non-controlling interests		949.452	524.997	127.431
<b>Total equity</b>		<b>15.696.968</b>	<b>20.677.041</b>	<b>21.918.921</b>
<b>Non-current liabilities</b>				
Leasing	14	645.463	548.635	486.913
Deferred tax	15	0	0	0
Intercompany liability, long-term		0	0	95.000
<b>Non-current liabilities</b>		<b>645.463</b>	<b>548.635</b>	<b>581.913</b>
<b>Current liabilities</b>				
Bank	13	33.604.040	37.466.174	30.699.185
Prepayments		11.716.548	0	0
Trade payables	16	4.641.700	4.052.313	4.659.925
Leasing, short-term debt	14	410.234	372.667	210.911
Intercompany liability		6.591.610	0	0
Tax payables		300.311	0	3.532.971
Other liabilities	17	5.561.392	13.307.017	10.099.013
Employee liabilities	18	8.615.796	5.352.825	5.994.671
Provisions		11.037.543	6.675.204	7.226.337
<b>Current liabilities</b>		<b>82.479.174</b>	<b>67.226.200</b>	<b>62.423.013</b>
<b>Total liabilities</b>		<b>83.124.637</b>	<b>67.774.835</b>	<b>63.004.927</b>
<b>Total equity and liabilities</b>		<b>98.821.606</b>	<b>88.451.876</b>	<b>84.923.847</b>

## Consolidated Equity

1 January - 31 December

### 2018

DKK	Share capital	Retained earnings	Minority interests	Total
<b>Equity at 1 January</b>	<b>500.000</b>	<b>19.652.045</b>	<b>524.996</b>	<b>20.667.041</b>
Net profit/(loss) for the year	0	3.830.030	1.222.071	5.052.101
Other comprehensive income	0	14.941	2.630	17.571
Exchange rate adjustments	0	16.980	0	16.980
Adjustment beginning of the year	0	(5.266.480)	455.937	(4.788.255)
<b>Transactions with owners</b>				
Dividends paid	0	(4.000.000)	(1.256.183)	(5.256.183)
<b>Total changes in equity</b>	<b>0</b>	<b>(5.404.529)</b>	<b>424.455</b>	<b>(4.968.930)</b>
<b>Equity at 31 December</b>	<b>500.000</b>	<b>14.247.516</b>	<b>949.451</b>	<b>15.696.968</b>

#### Dividends

The parent has proposed a dividend of DKK 4.000.000 before the Annual Report was issued.

### 2017

DKK	Share capital	Retained earnings	Minority interests	Total
<b>Equity at 1 January</b>	<b>500.000</b>	<b>21.291.490</b>	<b>127.431</b>	<b>21.918.921</b>
Net profit/(loss) for the year	0	5.365.489	1.301.907	6.667.396
Other comprehensive income	0	(79.836)	(37.514)	(117.350)
Exchange rate adjustments	0	15.073	(47.373)	(32.300)
Adjustment to prior years	0	(940.171)	0	(940.171)
<b>Transactions with owners</b>				
Dividends paid	0	(6.000.000)	(819.455)	(6.819.455)
<b>Total changes in equity</b>	<b>0</b>	<b>(1.639.445)</b>	<b>397.565</b>	<b>(1.241.880)</b>
<b>Equity at 31 December</b>	<b>500.000</b>	<b>19.652.045</b>	<b>524.996</b>	<b>20.667.041</b>

#### Dividends

The parent has proposed a dividend of DKK 4.000.000 before the Annual Report was issued.

## Consolidated Equity (continued)

1 January - 31 December

### 2016

DKK	Share capital	Retained earnings	Minority interests	Total
<b>Equity at 1 January</b>	<b>500.000</b>	<b>16.579.958</b>	<b>1.124.470</b>	<b>18.204.425</b>
Net profit/(loss) for the year	0	10.733.324	556.922	11.290.246
Other comprehensive income	0	(38.031)	2.705	(35.326)
Exchange rate adjustments	0	16.239	0	16.239
Adjustment to prior years	0	0	73.101	73.101
<b>Transactions with owners</b>				
Dividends paid	0	(6.000.000)	(1.629.767)	(7.629.767)
<b>Total changes in equity</b>	<b>0</b>	<b>4.711.532</b>	<b>(997.039)</b>	<b>3.714.493</b>
<b>Equity at 31 December</b>	<b>500.000</b>	<b>21.291.490</b>	<b>127.431</b>	<b>21.918.921</b>

### Dividends

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



# Table of contents, group notes

1. Accounting policies
2. Critical judgments and key sources of estimation uncertainty

## **Statement of comprehensive income**

---

3. Revenue
4. Staff expenses
5. Depreciation, amortization and impairment losses
6. Financial income
7. Financial expenses
8. Tax on profit/(loss) for the year
9. Proposed dividend for the year

## **Statement of financial position**

---

10. Intangible assets
11. Tangible assets
12. Trade receivables
13. Cash and equivalents
14. Leasing
15. Deferred tax assets and liabilities
16. Trade payables
17. Other liabilities
18. Employee liabilities
19. Related parties
20. Recourse guarantee commitments and contingent liabilities
21. Financial risks
22. Credit risks
23. New legislation

# Notes

## 1. ACCOUNTING POLICIES

### **Basis of accounting**

The consolidated financial statements for 2018 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 36. 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 if 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 7 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.

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

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

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

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	2018	2017	2016
Member fees	169.825.455	164.969.315	162.412.820
Other revenue	1.382.486	347.489	404.086
<b>Revenue, total</b>	<b>171.207.941</b>	<b>165.316.804</b>	<b>162.816.906</b>

The Group is exempt from providing information of segments.

# Notes

## 4. Staff expenses

DKK	2018	2017	2016
Salaries and wages	89.840.017	100.627.145	101.652.373
Pension	8.038.628	9.848.046	11.526.812
Other staff expenses	5.483.587	4.016.090	3.901.690
<b>Staff expenses, total</b>	<b>103.362.233</b>	<b>114.491.281</b>	<b>116.990.875</b>
Average number of employees	195	180	169

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	2018	2017	2016
Salaries and wages	8.095.896	7.676.200	7.894.500
Bonus	0	0	0
Pension	868.598	682.700	418.908
	<b>8.964.494</b>	<b>8.658.900</b>	<b>8.313.408</b>

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.

## 5. Depreciation

DKK	2018	2017	2016
Goodwill	0	0	0
Other intangible rights	1.633.972	325.921	61.750
Other fixtures and fittings	789.100	820.322	902.325
Leasehold improvements	142.030	185.897	251.385
Profit of disposed assets	0	(3.610)	0
<b>Depreciation, total</b>	<b>2.564.802</b>	<b>1.338.530</b>	<b>1.215.460</b>

# Notes

## 6. Financial income

DKK	2018	2017	2016
Other interest income	591.676	64.725	80.810
Exchange rate gain	172.547	117.615	402.491
<b>Financial income, total</b>	<b>764.223</b>	<b>182.340</b>	<b>483.301</b>

## 7. Financial expenses

DKK	2018	2017	2016
Interest expenses, authorities	4.672	64.157	166.891
Interest expenses, intercompany	0	243.057	298.089
Leasing interest	91.805	83.129	80.421
Other interest expenses	1.281.784	734.977	388.830
Exchange rate loss	244.929	278.388	206.014
Write-down of financial fixed assets	100.269	0	0
Bank fees	194.615	115.343	114.656
Amortization intercompany loan	0	0	0
<b>Financial expenses, total</b>	<b>1.918.074</b>	<b>1.519.051</b>	<b>1.254.901</b>



# Notes

## 8. Tax on profit/(loss) for the year

DKK	2018	2017	2016
Current tax on profit/(loss) for the year	1.255.072	3.010.461	5.151.692
Adjustment current tax, prior years	(115.625)	(54.448)	168.096
Change in deferred tax	513.366	(467.797)	(151.178)
Adjustment deferred tax, prior years	0	(23)	0
Effect from change in tax percentage	0	0	0
<b>Tax on profit/(loss) for the year, total</b>	<b>1.652.813</b>	<b>2.488.193</b>	<b>5.168.610</b>
<b>Profit/(loss) before tax</b>	<b>6.704.914</b>	<b>9.155.589</b>	<b>16.458.587</b>
Effective tax rate	24,7 %	27,2 %	31.4 %
Computation of effective tax rate			
Statutory income tax rate in Denmark	22.0 %	27,2 %	31.4 %
Tax on profit/(loss), statutory tax rate	1.475.081	2.014.230	3.620.889
Non-tax deductible expenses less non-taxable income	177.732	528.410	1.379.625
Effect of changes in tax percent (23.5% - 22.0% in 2017)	0	0	0
Effect of changes relating to prior years	0	(54.447)	168.096
Effect from foreign tax rates	0	0	0
	<b>1.652.813</b>	<b>2.488.193</b>	<b>5.168.610</b>
<b>Tax of the year</b>			
Tax on profit/(loss)	1.652.813	2.488.193	5.168.610
Tax on other comprehensive income	0	0	0
	<b>1.652.813</b>	<b>2.488.193</b>	<b>5.168.610</b>

## 9. Proposed dividend for the year

DKK	2018	2017	2016
Ordinary dividend	4.000.000	4.000.000	6.000.000

# Notes

## 10. Intangible assets

DKK	2018			2017		
	Goodwill	Other intangible rights	Total	Goodwill	Other intangible rights	Total
Cost at 1 January	52.487.557	14.748.072	67.235.629	52.170.500	8.384.261	60.554.761
Additions	0	8.707.530	8.707.530	317.057	7.248.072	7.565.129
Disposals	0	0	0	0	(884.261)	(884.261)
<b>Cost at 31 December</b>	<b>52.487.557</b>	<b>23.455.602</b>	<b>75.942.859</b>	<b>52.487.557</b>	<b>14.748.072</b>	<b>67.235.629</b>
Depreciation at 1 January	(12.502.472)	(335.921)	(12.838.393)	(12.502.472)	(187.944)	(12.690.416)
Depreciation	0	(1.570.856)	(1.570.856)	0	(335.921)	(335.921)
Disposals	0	0	0	0	187.944	187.944
<b>Depreciation at 31 December</b>	<b>(12.502.472)</b>	<b>(1.906.777)</b>	<b>(14.409.249)</b>	<b>(12.502.472)</b>	<b>(335.921)</b>	<b>(12.838.393)</b>
<b>Carrying amount at 31 December</b>	<b>39.985.085</b>	<b>21.548.825</b>	<b>61.533.910</b>	<b>39.985.085</b>	<b>14.412.151</b>	<b>54.397.236</b>

DKK	2016		
	Goodwill	Other intangible rights	Total
Cost at 1 January	52.170.500	8.207.050	60.377.550
Additions	0	177.211	177.211
Disposals	0	0	0
<b>Cost at 31 December</b>	<b>52.170.500</b>	<b>8.384.261</b>	<b>60.554.761</b>
Depreciation at 1 January	(12.502.472)	(126.194)	(12.628.666)
Depreciation	0	(61.750)	(61.750)
Disposals	0	0	0
<b>Depreciation at 31 December</b>	<b>(12.502.472)</b>	<b>(187.944)</b>	<b>(12.690.416)</b>
<b>Carrying amount at 31 December</b>	<b>39.668.028</b>	<b>8.196.317</b>	<b>47.864.345</b>

As per 31<sup>st</sup> December an impairment test has been made on the accounting value of goodwill. Goodwill is allocated on the cash-generating units and the recoverable amount on these is calculated based on the capital value estimated by deployment of the anticipated net cashflow in accordance with the company budget.

# Notes

## 11. Property, plant and equipment

DKK	2018			2017		
	Leasehold improvements	Plant and equipment	Total	Leasehold Improvements	Plant and equipment	Total
Cost at 1 January	1.712.731	9.554.526	11.267.257	1.667.941	9.335.427	11.003.368
Additions	214.380	660.443	874.823	44.790	576.108	620.898
Disposals	0	(134.354)	(134.354)	0	(357.009)	(577.009)
<b>Cost at 31 December</b>	<b>1.927.111</b>	<b>10.080.615</b>	<b>12.007.727</b>	<b>1.712.731</b>	<b>9.554.526</b>	<b>11.267.257</b>
Depreciation at 1 January	(1.314.302)	(7.419.087)	(8.733.389)	(1.108.999)	(6.953.570)	(8.062.569)
Depreciation	(214.952)	(993.131)	(1.208.084)	(205.304)	(764.467)	(969.771)
Disposals	0	214.560	214.560	0	298.950	298.950
<b>Depreciation at 31 December</b>	<b>(1.529.255)</b>	<b>(8.197.658)</b>	<b>(9.726.913)</b>	<b>(1.314.303)</b>	<b>(7.419.087)</b>	<b>(8.733.390)</b>
<b>Carrying amount at 31 December</b>	<b>397.856</b>	<b>1.882.957</b>	<b>2.280.814</b>	<b>398.429</b>	<b>2.099.498</b>	<b>2.533.867</b>
<b>Herof carrying amount at 31 December of assets held under finance leases</b>	<b>0</b>	<b>1.075.084</b>	<b>1.075.084</b>	<b>0</b>	<b>909.736</b>	<b>909.736</b>

# Notes

## 11. Property, plant and equipment (continued)

DKK	2016		
	Leasehold improvements	Plant and equipment	Total
Cost at 1 January	1.234.801	8.226.709	9.461.510
Additions	433.140	1.108.718	1.541.858
Disposals	0	(0)	(0)
<b>Cost at 31 December</b>	<b>1.667.941</b>	<b>9.335.427</b>	<b>11.003.368</b>
Depreciation at 1 January	(797.273)	(6.102.097)	(6.899.369)
Depreciation	(311.726)	(851.473)	(1.163.199)
Disposals	0	0	0
<b>Depreciation at 31 December</b>	<b>(1.108.999)</b>	<b>(6.953.570)</b>	<b>(8.062.569)</b>
<b>Carrying amount at 31 December</b>	<b>558.942</b>	<b>2.381.857</b>	<b>2.940.799</b>
<b>Herof carrying amount at 31 December of assets held under finance leases</b>	<b>0</b>	<b>707.464</b>	<b>707.464</b>

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

## 12. Trade receivables

DKK	2018	2017	2016
Trade receivables	24.118.429	19.917.780	23.845.112

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	2018	2017	2016
Provision account at January 1 <sup>st</sup> ,	4.061.658	2.173.433	2.344.779
Impairment losses recognised/reversed	(759.395)	1.888.215	(171.346)
<b>Provision account at December 31<sup>st</sup>,</b>	<b>3.303.263</b>	<b>4.061.658</b>	<b>2.173.433</b>

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	2018	2017	2016
Not past due	1.365.662	1.809.321	848.407
Past due 1 to 30 days	1.419.023	1.332.899	748.872
Past due 31 to 60 days	309.928	564.450	339.022
Past due 61 to 90 days	167.973	267.421	133.643
Past due 91 to 120 days	28.351	87.568	89.523
More than 121 days	12.325	0	13.966
<b>Total</b>	<b>3.303.263</b>	<b>4.061.659</b>	<b>2.173.433</b>

## 13. Cash and cash equivalents

DKK	2018	2017	2016
Cash and bank deposits	19.088	6.621.732	3.585.903
Loans in banks	(33.604.040)	(37.466.174)	(30.699.185)
<b>Cash and cash equivalents, total</b>	<b>(33.584.952)</b>	<b>(30.844.442)</b>	<b>(27.113.282)</b>
<b>Recognized in the statement of financial position</b>			
Assets	19.088	6.621.732	3.585.903
Liabilities	(33.604.040)	(37.466.174)	(30.699.185)
	<b>(33.584.952)</b>	<b>(30.844.442)</b>	<b>27.113.282</b>

The Group company has unused drawing rights in banks for	3.022.887	0	2.151.292
--	-----------	---	-----------

# Notes

## 14. Leasing

DKK	2018	2017	2016
Due within 12 months from balancing day	410.234	372.667	210.911
Due between 1 and 5 years from the balancing day	645.463	548.635	486.913
Due 5 years after the balancing day	0	0	0
	<b>1.055.697</b>	<b>921.303</b>	<b>697.824</b>
Amortization addition to future expensing	0	0	0
	<b>1.055.697</b>	<b>921.303</b>	<b>697.824</b>

Financial leases are in average leased over a period of 3 years. All lease contracts have a repayment profile and no agreements contain contingent rent.

Minimum lease payments are due as above.

Financial leasing commitments are due for payment as below:

Due within 12 months from balancing day	410.234	372.667	210.911
Due between 1 and 5 years from the balancing day	645.463	548.635	486.913
Due 5 years after the balancing day	0	0	0
	<b>1.055.697</b>	<b>921.303</b>	<b>697.824</b>

## 15. Deferred tax

DKK	2018	2017	2016
Deferred tax liabilities/(assets), net at 1 January	(1.516.466)	(1.062.253)	(832.167)
Exchange rate adj.	(15.829)	127.502	(78.908)
Adjustments to deferred tax liabilities/(assets), net at 1 January	0	0	0
Deferred tax adjustment, for the year recognized in the income statement	(441.352)	(559.832)	(151.178)
Disposal of a unit	486.338	0	0
<b>Deferred tax liabilities/(assets), net at 31 December</b>	<b>(1.487.309)</b>	<b>(1.516.466)</b>	<b>(1.062.253)</b>

# Notes

## 15. Deferred tax (continued)

Deferred tax can be specified as below:

DKK	2018	2017	2016
Intangible assets	272.169	135.169	58.850
Plant and equipment	(48.969)	(39.672)	(25.220)
Current assets	(1.710.509)	(1.611.963)	(1.095.883)
	<b>(1.487.309)</b>	<b>(1.516.466)</b>	<b>(1.062.253)</b>

### Recognised in the statement of financial position as follows

Deferred tax liabilities	0	0	0
Deferred tax assets	1.487.309	1.516.466	1.062.253
	<b>1.487.309</b>	<b>1.516.466</b>	<b>1.062.253</b>

### Deferred tax liabilities not recognised in the statement of financial position

In 2018, there were no (2017, 2016: none, none) unrecognised deferred tax liabilities related to investments in associates or subsidiaries.

## 16. Trade payables

DKK	2018	2017	2016
Trade payables	<b>4.641.700</b>	<b>4.052.313</b>	<b>4.659.925</b>

The accounting value equals the fair value of the commitment.

## 17. Other liabilities

DKK	2018	2017	2016
VAT	3.496.166	2.381.640	3.672.351
Other payables	2.065.226	10.925.377	6.426.662
<b>Other liabilities, total</b>	<b>5.561.392</b>	<b>13.307.017</b>	<b>10.099.013</b>

The accounting value equals the fair value of the commitment.

# Notes

## 18. Employee liabilities

DKK	2018	2017	2016
Holiday pay etc.	8.247.532	5.199.750	5.656.333
Payable salaries and commissions	368.264	153.075	338.338
	<b>8.615.796</b>	<b>5.352.825</b>	<b>5.994.671</b>

## 19. Related parties

### Related parties with a controlling interest

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

Name	Registered office	Basis of influence
J.G. Holding, Svendborg ApS	Svendborg, Denmark	Parent with 50% of the shares
Kasko Holding A/S	Holte, Denmark	Parent with 50% of the shares

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:

J.G. Holding, Svendborg ApS  
Ryttermarken 8  
5700 Svendborg

Kasko Holding A/S  
Morlenesvej 23  
2840 Holte

J.G. Holding, Svendborg ApS and Kasko Holding A/S is registered as the owners of shares in EGN Group Holding A/S in the company's registers.

J.G. Holding, Svendborg ApS and Kasko Holding A/S is the ultimate parents of the Group of EGN Group Holding A/S. Consolidated financial statement is prepared and includes the subsidiaries of EGN Group Holding A/S as set out in the chart of account on page 34.

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

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



# Notes

## 19. Related parties (continued)

### Other related parties

EGN Group Holding 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:

#### 2018:

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

#### 2017:

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

#### 2016:

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

## 20. Recourse guarantee commitments and contingent liabilities

The Parent Company has guaranteed the bank debt with the shares in EGN Group A/S of 500.000 DKK.

The Group has guaranteed the subsidiaries' debt to 946 DKK'000.

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

6 months notice	1.688 DKK'000 commitment
At expiry 30.06 2019 / 15.11 2022	12.728 DKK'000 commitment

### Joint taxation

EGN Group Holding A/S is jointly taxed with the subsidiary EGN Group A/S. As parent EGN Group Holding 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

## **21. 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.

## **22. Credit risks**

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

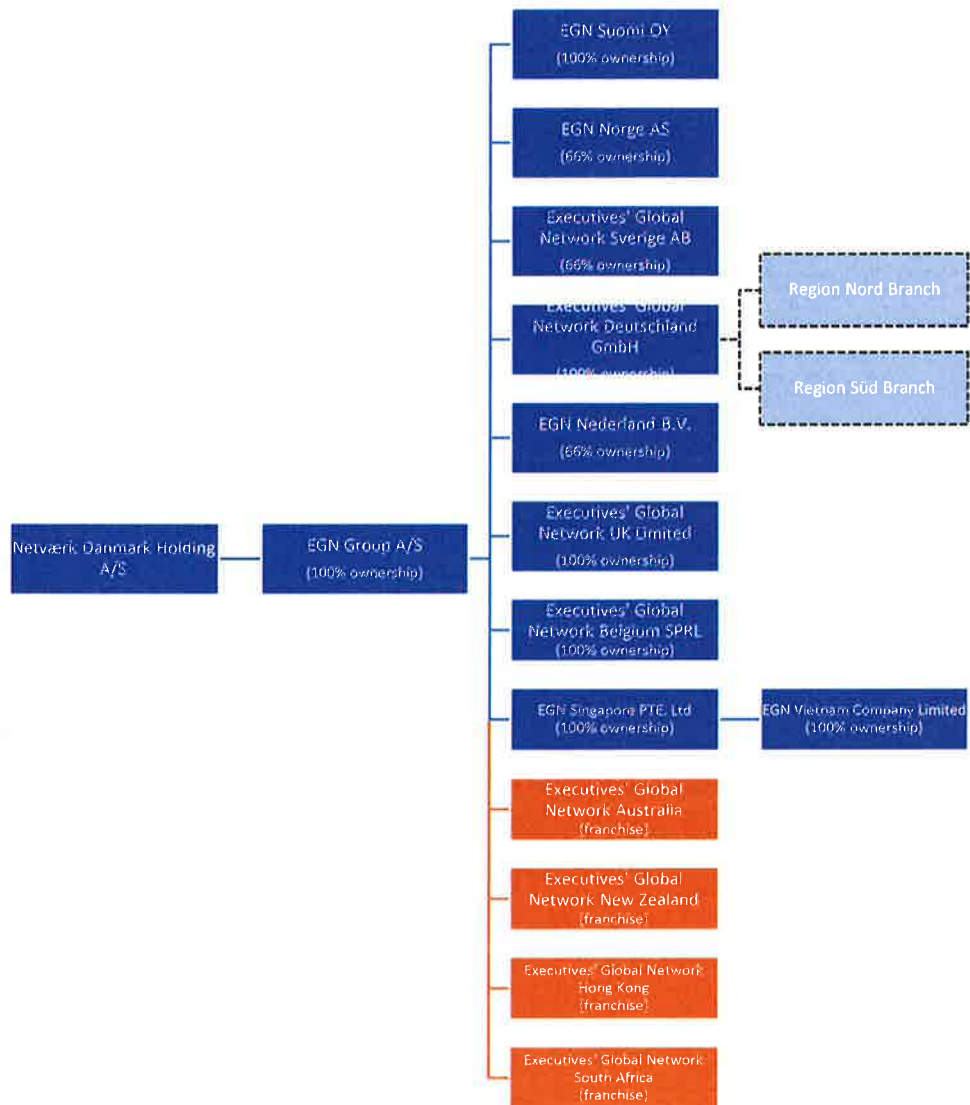
The credit risks of the Group are mainly related to receivables from trade and services.

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.

## **23. New legislation**

A set of new standards has been issued during the process of the annual report 2018. Implementation of IFRS 15 has affected the equity at 1 January 2018 by 3.945 DKK'000 before taxes and 3.077 DKK'000 after taxes.

# Group chart





**Financial  
statements  
parent  
company  
2018**



## Income statement

1 January – 31 December

DKK	Note	2018	2017	2016
Other external expenses		(421.239)	(74.750)	(70.625)
<b>Operating profit before other items</b>		<b>(421.239)</b>	<b>(74.750)</b>	<b>(70.625)</b>
Other income and expenses, net		0	0	0
<b>Operating profit (EBIT)</b>		<b>(421.239)</b>	<b>(74.750)</b>	<b>(70.625)</b>
Financial income	1	4.001.972	6.052.498	6.080.810
Financial expenses	2	(478.466)	(731.451)	(653.492)
<b>Profit/(loss) before tax (EBT)</b>		<b>3.102.267</b>	<b>5.246.297</b>	<b>5.356.693</b>
Tax on profit/(loss) for the year	3	197.067	177.381	197.976
<b>Net profit/(loss) for the year</b>		<b>3.299.334</b>	<b>5.423.677</b>	<b>5.554.669</b>
<b>Attributable to:</b>				
Owners of EGN Group Holding A/S		3.299.334	5.423.677	5.554.669
Non-controlling interests		0	0	0
<b>Net profit/(loss) for the year</b>		<b>3.299.334</b>	<b>5.423.677</b>	<b>5.554.669</b>

## Statement of cash flows

1 January - 31 December

DKK	Note	2018	2017	2016
Net profit/(loss)		3.299.334	5.423.678	5.554.669
Depreciation and amortisation		0	0	0
Changes in working capital		0	0	0
Adjustment of tax of the year		(197.067)	(177.381)	(197.976)
Changes in provisions, pensions and similar obligations		0	0	0
Income taxes paid		(228.000)	867.105	(1.191.878)
<b>Cash flow from operating activities</b>		<b>2.874.267</b>	<b>6.113.402</b>	<b>4.164.815</b>
<b>Cash flow from investing activities</b>				
Acquisition of intangible assets, property, plant and equipment		0	0	0
(Acquisition)/disposal of financial assets		(600.500)	696.317	(696.317)
Acquisition of subsidiaries		0	0	0
Disposal of subsidiaries		0	0	0
<b>Cash flow from investing activities</b>		<b>(600.500)</b>	<b>696.317</b>	<b>(696.317)</b>
<b>Cash flow from financing activities</b>				
Proceeds from borrowings		0	0	0
Repayment of borrowings		0	0	0
Change in intercompany receivables/liabilities		1.505.066	3.397.368	(2.331.087)
Change in other liabilities		198.845	(4.248.552)	(7.839.858)
Paid dividend		(4.000.000)	(6.000.000)	(6.000.000)
<b>Cash flow from financing activities</b>		<b>(2.296.089)</b>	<b>(6.851.184)</b>	<b>(16.170.945)</b>
<b>Total cash flow</b>		<b>(22.322)</b>	<b>(41.465)</b>	<b>(12.702.447)</b>
Cash and cash equivalents at 1 January		(28.585.518)	(28.544.052)	(15.841.606)
Total cash flow		(22.322)	(41.466)	(12.702.447)
Foreign exchange adjustments		0	0	0
<b>Cash and cash equivalents at 31 December</b>		<b>(28.607.840)</b>	<b>(28.585.518)</b>	<b>(28.544.052)</b>

## Statement of financial position

at 31 December

DKK	Note	2018	2017	2016
<b>Assets</b>				
Intangible assets	5	47.600.500	47.000.000	47.696.317
Investments in subsidiaries	6	500.000	500.000	500.000
Deferred tax		197.067	0	0
<b>Non-current assets</b>		<b>48.297.567</b>	<b>47.500.000</b>	<b>48.196.317</b>
Receivables from subsidiaries		0	189.753	0
Tax receivables		1.973.972	1.745.972	2.457.580
Other receivables		164.579	0	0
<b>Current assets</b>		<b>2.138.551</b>	<b>1.935.725</b>	<b>2.457.580</b>
<b>Total assets</b>		<b>50.436.118</b>	<b>49.435.725</b>	<b>50.653.897</b>
<b>Equity and liabilities</b>				
Total equity attributable to owners of				
EGN Group Holding A/S		13.492.932	14.193.597	14.769.920
Non-controlling interests		0	0	0
<b>Total equity</b>		<b>13.492.932</b>	<b>14.193.597</b>	<b>14.769.920</b>
Intercompany liability, long-term		0	0	95.000
<b>Non-current liabilities</b>		<b>0</b>	<b>0</b>	<b>95.000</b>
Bank	7	28.607.839	28.585.518	28.544.052
Intercompany liability		1.315.313	0	2.909.489
Deffered tax	8	0	0	21.884
Other liabilities	9	7.020.034	6.656.610	4.313.552
<b>Current liabilities</b>		<b>36.943.186</b>	<b>35.242.128</b>	<b>35.788.977</b>
<b>Total liabilities</b>		<b>36.943.186</b>	<b>35.242.128</b>	<b>35.883.977</b>
<b>Total equity and liabilities</b>		<b>50.436.118</b>	<b>49.435.725</b>	<b>50.653.897</b>

## Equity

1 January - 31 December

### 2018

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	13.693.597	14.193.597
Net profit/(loss) for the year	0	3.299.334	3.299.334
<b>Transactions with owners</b>			
Dividends paid	0	(4.000.000)	(4.000.000)
<b>Total changes in equity</b>	<b>0</b>	<b>(700.666)</b>	<b>(700.666)</b>
Equity at 31 December	500.000	12.992.931	13.492.931

#### Dividends

A dividend of DKK 4.000.000 has been proposed before the Annual Report was issued.

### 2017

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	14.269.920	14.769.920
Net profit/(loss) for the year	0	5.423.677	5.423.677
<b>Transactions with owners</b>			
Dividends paid	0	(6.000.000)	(6.000.000)
<b>Total changes in equity</b>	<b>0</b>	<b>(576.323)</b>	<b>(576.323)</b>
Equity at 31 December	500.000	13.693.597	14.193.597

#### Dividends

A dividend of DKK 4.000.000 has been proposed before the Annual Report was issued.



## Equity (continued)

1 January - 31 December

### 2016

DKK	Share capital	Retained earnings	Total
Equity at 1 January	500.000	14.715.251	15.215.251
Net profit/(loss) for the year	0	5.554.669	5.554.669
<b>Transactions with owners</b>			
Dividends paid	0	(6.000.000)	(6.000.000)
<b>Total changes in equity</b>	<b>0</b>	<b>(455.331)</b>	<b>(455.331)</b>
Equity at 31 December	500.000	14.259.920	14.759.920

### Dividends

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

# Notes - parent

## 1. Financial income

DKK	2018	2017	2016
Dividend from subsidiaries	4.000.000	6.000.000	6.000.000
Other interest income	1.972	52.498	80.810
<b>Financial income, total</b>	<b>4.001.972</b>	<b>6.052.498</b>	<b>6.080.810</b>

## 2. Financial expenses

DKK	2018	2017	2016
Other interest expenses	478.466	731.451	653.492
<b>Financial expenses, total</b>	<b>478.466</b>	<b>731.451</b>	<b>653.492</b>

## 3. Tax on profit/(loss) for the year

DKK	2018	2017	2016
Current tax on profit/(loss) for the year	0	(155.474)	(176.770)
Change in deferred tax	(197.067)	(21.884)	21.884
Adjustment current tax, prior years	0	(23)	(43.090)
<b>Tax on profit/(loss) for the year, total</b>	<b>(197.067)</b>	<b>(177.381)</b>	<b>(197.976)</b>

<b>Profit/(loss) before tax</b>	<b>3.102.267</b>	<b>5.246.297</b>	<b>5.356.693</b>
Effective tax rate	(6,4%)	(3,4%)	(3.6%)

# Notes - parent

## 3. Tax on profit/(loss) for the year (continued)

DKK	2018	2017	2016
Tax on profit/(loss), statutory tax rate	682.499	1.154.185	1.178.472
Non-tax deductible expenses less non-taxable income	(879.566)	(1.331.566)	(1.376.448)
Effect of changes relating to prior years, net	0	0	0
	<b>(197.067)</b>	<b>(177.381)</b>	<b>(197.976)</b>

## 4. Proposed dividend for the year

DKK	2018	2017	2016
Ordinary dividend	4.000.000	4.000.000	6.000.000

## 5. Intangible assets

DKK	2018			2017		
	Goodwill	Other rights	Total	Goodwill	Other rights	Total
Cost at 1 January	39.500.000	7.500.000	47.000.000	39.500.000	8.196.317	47.696.317
Additions	0	600.500	600.500	0	0	0
Disposals	0	0	0	0	(696.317)	(696.317)
<b>Cost at 31 December</b>	<b>39.500.000</b>	<b>8.100.500</b>	<b>47.600.500</b>	<b>39.500.000</b>	<b>7.500.000</b>	<b>47.000.000</b>
Depreciation at 1 January	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
<b>Depreciation at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 December</b>	<b>39.500.000</b>	<b>8.100.500</b>	<b>47.600.500</b>	<b>39.500.000</b>	<b>7.500.000</b>	<b>47.000.000</b>

As per 31<sup>st</sup> December an impairment test has been made on the accounting value of goodwill. Goodwill is allocated on the cash-generating units and the recoverable amount on these is calculated based on the capital value estimated by deployment of the anticipated net cashflow in accordance with the company budget.

# Notes - parent

## 5. Intangible assets (continued)

DKK	2016		
	Goodwill	Other rights	Total
Cost at 1 January	39.500.000	7.500.000	47.000.000
Additions	0	696.317	0
Disposals	0	0	0
<b>Cost at 31 December</b>	<b>39.500.000</b>	<b>8.196.317</b>	<b>47.696.317</b>
Depreciation at 1 January	0	0	0
Depreciation	0	0	0
Disposals	0	0	0
<b>Depreciation at 31 December</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at 31 December</b>	<b>39.500.000</b>	<b>8.196.317</b>	<b>47.696.317</b>

## 6. Investments in subsidiaries

DKK	2018	2017	2016
Cost at 1 January	500.000	500.000	500.000
Addition	0	0	0
Disposal	0	0	0
<b>Cost at 31 December</b>	<b>500.000</b>	<b>500.000</b>	<b>500.000</b>

Subsidiaries	Share capital	Ownership		
		2018	2017	2016
EGN Group A/S	500.000	100.0 %	100.0 %	100.0 %

Ownership of shares equals voting rights. Where EGN Group Holding A/S is the minority owner of voting rights no recognition has been done in the annual report.

# Notes - parent

## 7. Cash and cash equivalents

DKK	2018	2017	2016
Cash and bank deposits	0	0	0
Loans in banks	(28.607.839)	(28.585.518)	(28.544.052)
<b>Cash and cash equivalents, total</b>	<b>(28.607.839)</b>	<b>(28.585.518)</b>	<b>(28.544.052)</b>
<b>Recognized in the statement of financial position</b>			
Assets	0	0	0
Liabilities	(28.607.839)	(28.585.518)	(28.544.052)
	<b>(28.607.839)</b>	<b>(28.585.518)</b>	<b>(28.544.052)</b>
The Parent company has unused drawing rights in banks for	0	0	158.394

## 8. Deferred tax

DKK	2018	2017	2016
Deferred tax liabilities/(assets), net at 1 January	0	21.884	0
Deferred tax adjustment, for the year recognized in the income statement	(197.067)	(21.884)	21.884
<b>Deferred tax liabilities/(assets), net at 31 December</b>	<b>(197.067)</b>	<b>0</b>	<b>21.884</b>

## 9. Other liabilities

DKK	2018	2017	2016
VAT	0	0	0
Other payables	478.424	65.000	65.000
Payable dividend	6.591.610	6.591.610	4.248.552
<b>Other liabilities, total</b>	<b>7.070.034</b>	<b>6.656.610</b>	<b>4.313.552</b>

The accounting value equals the fair value of the commitment.

# Notes - parent

## 10. Related parties

### Related parties with a controlling interest

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

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
J.G. Holding, Svendborg ApS	Svendborg, Denmark	Parent with 50% of the shares
Kasko Holding A/S	Holte, Denmark	Parent with 50% of the shares

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:

Kasko Holding A/S	J.G. Holding, Svendborg ApS
Morlenesvej 23	Ryttermarken 8
2840 Holte	5700 Svendborg

J.G. Holding, Svendborg ApS and Kasko Holding A/S is registered as the owners of shares in EGN Group Holding A/S in the company's registers.

J.G. Holding, Svendborg ApS and Kasko Holding A/S is the ultimate parents of the Group of EGN Group Holding A/S. Consolidated financial statement is prepared and includes the subsidiaries of EGN Group Holding A/S as set out in the chart of account on page 34.

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

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

### Other related parties

EGN Group Holding 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.

# Notes - parent

## **11. Recourse guarantee commitments and contingent liabilities**

The Parent Company has guaranteed the bank debt with the shares in EGN Group A/S of 500.000 DKK.

### **Joint taxation**

EGN Group Holding A/S is jointly taxed with the subsidiary EGN Group A/S. As parent EGN Group Holding 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.

## **12. 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.

## **13. Credit risks**

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

The credit risks of the Group are 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.

## **14. New legislation**

A set of new standards has been issued during the process of the annual report 2018. None of this new standard is expected to impact the financials significantly.