Leadership Pipeline Institute A/S

Bredgade 30, DK-1260 København K

Annual Report for 2023

CVR No. 29 97 14 63

The Annual Report was presented and adopted at the Annual General Meeting of the company on 31/5 2024

Søren Christoffersen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Leadership Pipeline Institute A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København K, 31 May 2024

Executive Board

Kent Oksfeldt Jonasen
CEO

Board of Directors

Søren Jens Launsgaard Chairman	Kent Oksfeldt Jonasen	Anders Uffe Ibsen

Independent Auditor's report

To the shareholder of Leadership Pipeline Institute A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Leadership Pipeline Institute A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("the Financial Statements").

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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under 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 the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

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 conducted 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 in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Independent Auditor's report

Hillerød, 31 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Blom
State Authorised Public Accountant
mne32797

Company information

The Company	Leadership Pipeline Institute A/S Bredgade 30 1260 København K CVR No: 29 97 14 63 Financial period: 1 January - 31 December Municipality of reg. office: København
Board of Directors	Søren Jens Launsgaard, chairman Kent Oksfeldt Jonasen Anders Uffe Ibsen
Executive Board	Kent Oksfeldt Jonasen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	68,825	56,882	51,286	33,506	44,363
Gross profit	34,693	25,997	24,923	14,331	17,250
Profit/loss of primary operations	24,001	17,720	18,280	8,698	12,364
Profit/loss of financial income and expenses	-208	-215	-18	-237	-37
Net profit/loss for the year	18,389	13,753	14,327	6,712	9,128
Balance sheet					
Balance sheet total	44,196	33,045	36,534	20,586	26,536
Equity	22,977	14,835	14,358	12,218	11,246
Number of employees	9	8	6	5	5
Ratios					
Gross margin	50.4%	45.7%	48.6%	42.8%	38.9%
Profit margin	34.9%	31.2%	35.6%	26.0%	27.9%
Return on assets	54.3%	53.6%	50.0%	42.3%	46.6%
Solvency ratio	52.0%	44.9%	39.3%	59.4%	42.4%
Return on equity	97.3%	94.2%	107.8%	57.2%	82.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions see under accounting principle.

Management's review

Key activities

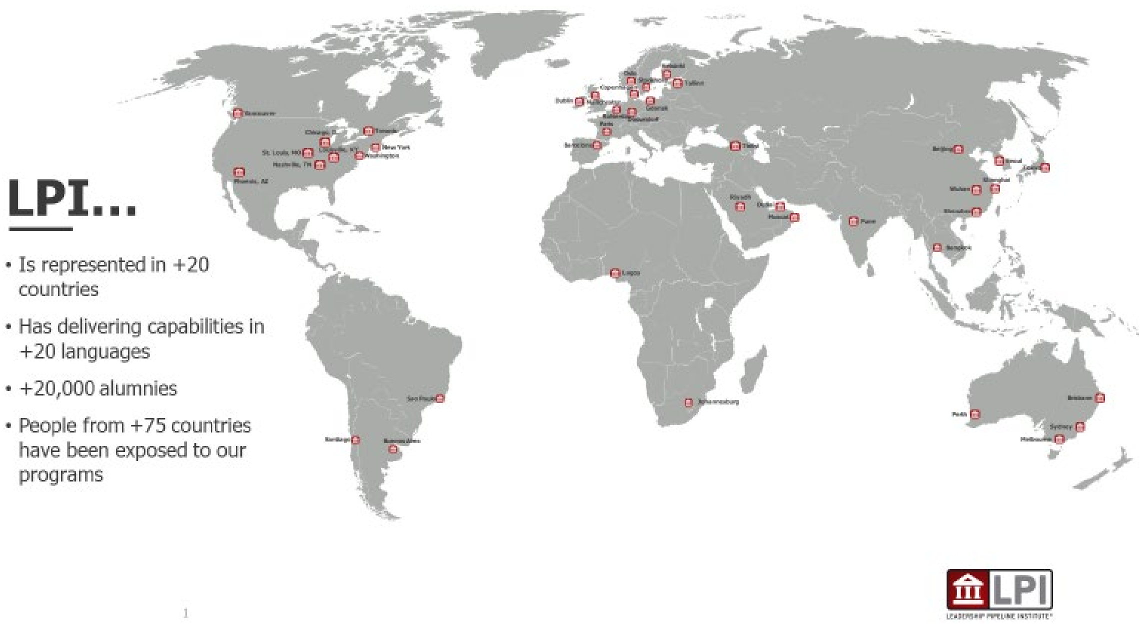
The company sells leadership and specialist development solutions directly to clients and via licensees.

Today, the Leadership Pipeline is perceived as one of the most influential leadership models of the last two decades. A significant number of the FORTUNE 500 companies have successfully implemented the Leadership Pipeline as their main leadership infrastructure for selecting and growing leaders at all levels and it has seamlessly been applied to corporate, non profit and public organisations around the world.

Leadership Pipeline Institute is specialized in supporting organizations building an internal pipeline of qualified leaders and specialists, and in creating empowered, performance and execution focused organizations. We support organisations in succeeding in the ways that are most important to them.

Over the past 17 years more than 25,000 leaders have completed our uniquely designed Leadership Pipeline programs.

Leadership Pipeline Institute is a global institute with subsidiaries, license partners and professional facilitators in all regions of the world.



Management's review

Leadership Pipeline Institute has a team of more than 75 executive consultants – highly qualified, multicultural and multilingual engaged in research and work with clients on Leadership Pipeline based solutions worldwide. We can deliver our key services in more than 20 languages. During 2023 the team and business was expanded - continually in the USA, but also in Europe and Asia, and now with new subsidaries in UK and Canada.

Leadership Pipeline Institute is highly data driven. All solutions are based on continuous collection and analysis of data related to training impact and leadership behavior.

Below we have illustrated our key activities:

Development in the year

The income statement of the Group for 2023 shows a profit of DKK 18.4 million (2022: DKK 13.8 million) and equity of DKK 23.0 million on 31 December 2023 (2022: DKK 14.8 million).

The revenue of the Group has increased from DKK 56.9 million in 2022 to DKK 68.8 million in 2023, because of increased activities by the Company, primarily in the USA. A part of the revenue is incurred by external partners using the Group's methodologies - the Group recognizes a share (royalty) of this revenue.

The increased margins in previous years, driven by a larger part of the training being delivered online was maintained in 2023. The Company has been adapted to this new business environment, and even though high investments in resources was made during the year, a satisfactory profit was secured also in 2023.

The income statement of the parent Company for 2023 shows a profit of DKK 17.2 million (2022: 13.1 million) and equity of DKK 24.9 million of 31 December 2023 (2022: DKK 17.9 million).

Management's review

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Revenue		68,825,158	56,881,655	36,354,626	31,296,672
Work on own account recognised in assets		0	307,011	0	307,011
Other operating income		252,252	179,353	2,834,794	1,994,161
Other external expenses		-34,384,735	-31,370,945	-13,774,652	-12,183,671
Gross profit		**34,692,675**	**25,997,074**	**25,414,768**	**21,414,173**
Staff expenses	1	-10,384,356	-8,276,841	-9,083,483	-8,308,005
Amortisation and impairment losses of intangible assets		-307,011	0	-307,011	0
Profit/loss before financial income and expenses		**24,001,308**	**17,720,233**	**16,024,274**	**13,106,168**
Income from investments in subsidiaries		0	0	4,655,847	2,922,000
Financial income	2	296,051	106,168	368,023	232,403
Financial expenses	3	-504,298	-321,084	-340,667	-281,560
Profit/loss before tax		**23,793,061**	**17,505,317**	**20,707,477**	**15,979,011**
Tax on profit/loss for the year	4	-5,403,641	-3,752,612	-3,548,494	-2,885,334
Net profit/loss for the year		**18,389,420**	**13,752,705**	**17,158,983**	**13,093,677**

Distribution of profit

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
Proposed distribution of profit				
Proposed dividend for the year	10,000,000	10,000,000	10,000,000	10,000,000
Reserve for net revaluation under the equity method	0	0	1,655,847	-114,699
Minority interests' share of net profit/loss of subsidiaries	567,084	222,482	0	0
Retained earnings	7,822,336	3,530,223	5,503,136	3,208,376
	18,389,420	**13,752,705**	**17,158,983**	**13,093,677**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Completed development projects		1,509,663	0	1,509,663	0
Development projects in progress		2,454,750	2,691,046	0	1,791,046
Intangible assets	5	**3,964,413**	**2,691,046**	**1,509,663**	**1,791,046**
Investments in subsidiaries	6	0	0	8,919,931	7,411,442
Deposits		76,773	76,772	76,773	76,773
Fixed asset investments		**76,773**	**76,772**	**8,996,704**	**7,488,215**
Fixed assets		**4,041,186**	**2,767,818**	**10,506,367**	**9,279,261**
Trade receivables		18,998,191	17,243,715	11,107,476	11,648,019
Receivables from group enterprises		3,899,513	2,438,692	12,637,554	7,177,826
Other receivables		1,130,513	262,492	29,310	91,726
Corporation tax		178,339	49,111	0	0
Prepayments		123,554	74,812	91,257	74,811
Receivables		**24,330,110**	**20,068,822**	**23,865,597**	**18,992,382**
Cash at bank and in hand		**15,825,080**	**10,208,825**	**1,555,171**	**1,968,024**
Current assets		**40,155,190**	**30,277,647**	**25,420,768**	**20,960,406**
Assets		**44,196,376**	**33,045,465**	**35,927,135**	**30,239,667**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		DKK	DKK	DKK	DKK
Share capital		500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	0	3,121,787	1,613,298
Reserve for development costs		0	0	1,177,537	1,397,016
Reserve for exchange rate conversion		16,373	71,657	0	0
Retained earnings		11,686,748	3,864,413	10,108,842	4,386,227
Proposed dividend for the year		10,000,000	10,000,000	10,000,000	10,000,000
Equity attributable to shareholders of the Parent Company		**22,203,121**	**14,436,070**	**24,908,166**	**17,896,541**
Minority interests		773,858	398,593	0	0
Equity		**22,976,979**	**14,834,663**	**24,908,166**	**17,896,541**
Provision for deferred tax		872,171	592,030	332,126	394,030
Provisions		**872,171**	**592,030**	**332,126**	**394,030**
Trade payables		4,106,562	3,076,696	1,133,356	1,300,045
Payables to group enterprises		935,512	2,000,000	147,146	2,000,000
Payables to owners and Management		22,932	1,022,932	22,932	1,022,932
Corporation tax		4,785,237	3,195,238	3,610,398	2,636,216
Other payables		5,989,434	5,317,829	3,778,105	3,146,598
Deferred income		4,507,549	3,006,077	1,994,906	1,843,305
Short-term debt		**20,347,226**	**17,618,772**	**10,686,843**	**11,949,096**
Debt		**20,347,226**	**17,618,772**	**10,686,843**	**11,949,096**
Liabilities and equity		**44,196,376**	**33,045,465**	**35,927,135**	**30,239,667**
Contingent assets, liabilities and other financial obligations	7				
Accounting Policies	8				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	71,657	3,864,412	10,000,000	14,436,069	398,592	14,834,661
Ordinary dividend paid	0	0	0	-10,000,000	-10,000,000	-154,232	-10,154,232
Exchange adjustments relating to foreign entities	0	-55,284	0	0	-55,284	-37,586	-92,870
Net profit/loss for the year	0	0	7,822,336	10,000,000	17,822,336	567,084	18,389,420
Equity at 31 December	**500,000**	**16,373**	**11,686,748**	**10,000,000**	**22,203,121**	**773,858**	**22,976,979**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	1,613,298	1,397,016	4,386,227	10,000,000	17,896,541
Ordinary dividend paid	0	0	0	0	-10,000,000	-10,000,000
Exchange adjustments relating to foreign entities	0	-147,358	0	0	0	-147,358
Development costs for the year	0	0	19,990	-19,990	0	0
Depreciation, amortisation and impairment for the year	0	0	-239,469	239,469	0	0
Net profit/loss for the year	0	1,655,847	0	5,503,136	10,000,000	17,158,983
Equity at 31 December	**500,000**	**3,121,787**	**1,177,537**	**10,108,842**	**10,000,000**	**24,908,166**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	9,345,404	6,243,626	8,044,531	7,291,398
Pensions	783,305	1,657,068	783,305	828,534
Other social security expenses	80,111	104,989	80,111	52,494
Other staff expenses	175,536	271,158	175,536	135,579
	10,384,356	**8,276,841**	**9,083,483**	**8,308,005**
Average number of employees	**9**	**8**	**8**	**7**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Financial income				
Interest received from group enterprises	0	0	314,747	197,772
Other financial income	242,775	71,537	0	0
Exchange gains	53,276	34,631	53,276	34,631
	296,051	**106,168**	**368,023**	**232,403**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Financial expenses				
Interest paid to group enterprises	120,000	32,762	120,000	142,500
Interest paid to associates	60,000	0	60,000	0
Other financial expenses	183,566	197,698	19,935	48,435
Exchange loss	140,732	90,624	140,732	90,625
	504,298	**321,084**	**340,667**	**281,560**

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Income tax expense				
Current tax for the year	5,123,500	3,305,394	3,610,398	2,636,216
Deferred tax for the year	280,141	447,218	-61,904	249,118
	5,403,641	**3,752,612**	**3,548,494**	**2,885,334**

5. Intangible fixed assets

	Group		Parent company	
	Completed development projects	Develop-ment projects in progress	Completed development projects	Develop-ment projects in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	0	2,691,046	0	1,791,046
Additions for the year	0	1,580,378	0	25,628
Transfers for the year	1,816,674	-1,816,674	1,816,674	-1,816,674
Cost at 31 December	1,816,674	2,454,750	1,816,674	0
Impairment losses and amortisation at 1 January	0	0	0	0
Amortisation for the year	307,011	0	307,011	0
Impairment losses and amortisation at 31 December	307,011	0	307,011	0
Carrying amount at 31 December	**1,509,663**	**2,454,750**	**1,509,663**	**0**
Amortised over	5 years		5 years	

Management have decided to write and publish a new updated book of the Leadership Pipeline Institute management program. Cost related to the writing is concluded as development costs. The value of the book and management program have been confirmed by prior editions and the profit of the group. The book where finalized and published in 2023.

Secondly the group has an development project related to the development of its own software for processing data from clients that is collected within the Group. The software is expected to be completed in the first half of 2024 and is evaluated to have a positive financial impact on the group.

6. Investments in subsidiaries

	Parent company 2023	Parent company 2022
	DKK	DKK
Cost at 1 January	2,798,144	2,398,144
Additions for the year	0	400,000
Cost at 31 December	2,798,144	2,798,144
Value adjustments at 1 January	4,613,298	7,927,997
Exchange adjustment	-147,358	-36,699
Net profit/loss for the year	4,751,951	3,097,712
Dividend to the Parent Company	-3,000,000	-6,200,000
Amortisation of goodwill	-96,104	-96,104
Other adjustments	0	-79,608
Value adjustments at 31 December	6,121,787	4,613,298
Carrying amount at 31 December	**8,919,931**	**7,411,442**
Positive differences arising on initial measurement of subsidiaries at net asset value	432,465	528,569

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Leadership Pipeline International A/S	Copenhagen	DKK 500.000	100%
LPI Digital A/S	Copenhagen	DKK 400.000	100%
LPI A-S USA LLC	USA	USD 0	100%
Leadership Pipeline Institute Norge AS	Norway	NOK 50.000	100%
Leadership Pipeline Institute Netherlands B.V.	Netherlands	EUR 10.000	100%
Leadership Pipeline Institute Sweden AB	Sweden	SEK 200.000	90%
Leadership Pipeline Institute Hong Kong Limited	Hong Kong	HKD 74,000	51%
LPI Institute Shanghai	Shanghai	CNY 0	51%
LPI-Institute US LLC	USA	USD 0	100%
LPI UK & Ireland Ltd.	United Kingdom	GBP 100	100%
Leadership Pipeline Institute Canada Inc.	Canada	CAD 100	100%

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
7. Contingent assets, liabilities and other financial obligations				
Rental and lease obligations				
Lease obligations, period of non-terminability 3 months	53,730	56,727	53,730	56,727

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Human Capital Invest ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8. Accounting policies

The Annual Report of Leadership Pipeline Institute A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Leadership Pipeline Institute A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from sale of leadership development is recognised during the period, where the service is delivered to the customer. Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transfered to the purchaser. The revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation and impairment of intangible assets.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Human Capital Invest ApS . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is year.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

For recognition of purchase of minorty interests the "valuation" method is use and in the consolidated accounts the "consolidation" method is used.

Other fixed asset investments

Other fixed asset investments consist of deposits

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Notes to the Financial Statements

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity