
Leadership Pipeline Institute A/S

Bredgade 30, DK-1260 København K

Annual Report for 1 January - 31 December 2022

CVR No 29 97 14 63

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2023

Søren Christoffersen
Chairman of the General
Meeting



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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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations for 2022.

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, 29 May 2023

Executive Board

Kent Oksfeldt Jonassen
CEO

Board of Directors

Søren Jens Laugaard
Chairman

Kent Oksfeldt Jonassen

Anders Uffe Ibsen

Independent Auditor's Report

To the Shareholders 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 2022 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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

Independent Auditor's Report

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 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 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 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 Company's and the Group'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 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

Independent Auditor's Report

may cause the Group and the 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.

Hillerød, 29 May 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Michael Blom

statsautoriseret revisor

mne32797

Company Information

The Company

Leadership Pipeline Institute A/S
Bredgade 30
DK-1260 København K

Telephone: + 45 + 45 7022 1202

Website: www.leadershippipelineinstitute.com

CVR No: 29 97 14 63

Financial period: 1 January - 31 December

Municipality of reg. office: København

Board of Directors

Søren Jens Laugaard, Chairman
Kent Oksfeldt Jonassen
Anders Uffe Ibsen

Executive Board

Kent Oksfeldt Jonassen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Milnersvej 43
DK-3400 Hillerød

Financial Highlights

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

	Group				
	2022 TDKK	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Key figures					
Profit/loss					
Adjusted Gross Revenue 1)	67.292	61.849	41.661	51.345	43.300
Revenue	56.882	51.286	33.506	44.363	37.167
Gross profit/loss	26.247	24.923	14.331	17.250	14.643
Operating profit/loss	17.541	18.280	8.529	12.364	11.179
Profit/loss before financial income and expenses	17.720	18.280	8.698	12.364	11.179
Net financials	-215	-18	-237	-37	-3
Net profit/loss for the year	13.753	14.327	6.712	9.128	8.855
Balance sheet					
Balance sheet total	33.045	36.534	20.586	26.536	21.150
Equity	14.835	14.358	12.218	11.246	10.972
Number of employees	8	6	5	5	3
Ratios					
Gross margin	46,1%	48,6%	42,8%	38,9%	39,4%
Profit margin	31,2%	35,6%	26,0%	27,9%	30,1%
Return on assets	53,6%	50,0%	42,3%	46,6%	52,9%
Solvency ratio	44,9%	39,3%	59,4%	42,4%	51,9%
Return on equity	94,2%	107,8%	57,2%	82,2%	90,6%

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.

1) Adjusted gross revenue is total revenue totally incurred by Group and external partners. For external partners the Group only recognized the received Royalty.

Management's Review

Key activities

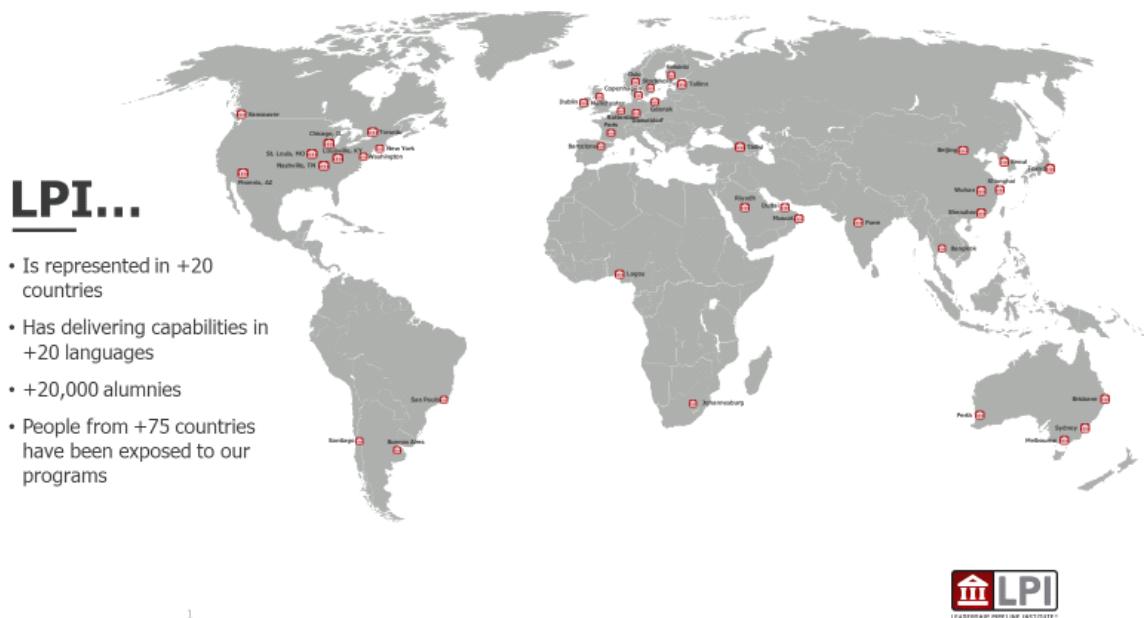
The company sells leadership and specialist development solutions directly to clients and via licensees.

Today, the Leadership Pipeline is perceived as one of the most influential leadership models through 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 sixteen years more than 22,000 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 70 executive consultant – highly qualified, multicultural and multilingual - engaged in research and work with clients on Leadership Pipeline based solutions worldwide. We are able to deliver our key services in more than 20 languages. During 2022 the team and business was expanded - continually in the USA, but also in Europe and Asia.

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 2022 shows a profit of DKK 13.8 million (2021: DKK 14.3 million) and equity of DKK 14.8 million at 31 December 2022 (2021: DKK 14.4 million).

The revenue of the Group has increased from DKK 51.3 million in 2021 to DKK 55.4 million in 2022, 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 of the revenue. In case the revenue was generated by the Group itself, total revenue would show DKK 61.8 million in 2021 and 67.3 million in 2022. (Adjusted Gross Revenue in above Financial Highlights).

The increased margins in 2021, driven by a larger part of the training being delivered online (as explained in previous Annual Reports) has largely been maintained in 2022, even though "investments" in

Management's Review

additional resources has been considerably higher in 2022. The Company has been adapted to this new business environment, and we have secured a satisfactory profit in 2022.

The income statement of the parent Company for 2022 shows a profit of DKK 13.1 million (2021: 13.1 million) and equity of DKK 17.9 million of 31 December 2022 (2021: DKK 17.8 million).

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	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Revenue		56.881.651	51.286.326	31.296.669	25.120.894
Work on own account recognised in assets		307.011	220.297	307.011	220.297
Other operating income		179.353	0	1.994.161	1.239.082
Other external expenses		-31.120.943	-26.583.262	-12.183.668	-10.574.779
Gross profit/loss		26.247.072	24.923.361	21.414.173	16.005.494
Staff expenses	1	-8.526.839	-6.643.739	-8.308.005	-6.083.739
Profit/loss before financial income and expenses		17.720.233	18.279.622	13.106.168	9.921.755
Income from investments in subsidiaries		0	0	2.922.000	5.484.220
Financial income	2	106.168	218.942	232.403	18.787
Financial expenses	3	-321.085	-236.618	-281.560	-148.261
Profit/loss before tax		17.505.316	18.261.946	15.979.011	15.276.501
Tax on profit/loss for the year	4	-3.752.612	-3.934.597	-2.885.334	-2.157.516
Net profit/loss for the year		13.752.704	14.327.349	13.093.677	13.118.985

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year		10.000.000	13.000.000	10.000.000	13.000.000
Reserve for net revaluation under the equity method		0	0	-114.699	-607.424
Minority interests' share of net profit/loss of subsidiaries		222.482	342.596	0	0
Retained earnings		3.530.222	984.753	3.208.376	726.409
		13.752.704	14.327.349	13.093.677	13.118.985

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Development projects in progress		2.691.046	658.690	1.791.046	658.690
Intangible assets	5	2.691.046	658.690	1.791.046	658.690
Investments in subsidiaries	6	0	0	7.411.442	10.326.141
Deposits		76.773	76.773	76.773	76.773
Fixed asset investments		76.773	76.773	7.488.215	10.402.914
Fixed assets		2.767.819	735.463	9.279.261	11.061.604
Trade receivables		17.243.715	16.760.216	11.648.019	9.020.307
Receivables from group enterprises		2.438.692	1.255.366	7.177.826	2.337.252
Other receivables		262.492	135.104	91.726	86.509
Corporation tax		49.111	43.015	0	0
Prepayments		74.811	75.265	74.811	75.265
Receivables		20.068.821	18.268.966	18.992.382	11.519.333
Cash at bank and in hand		10.208.826	17.529.665	1.968.024	6.992.293
Currents assets		30.277.647	35.798.631	20.960.406	18.511.626
Assets		33.045.466	36.534.094	30.239.667	29.573.230

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2022 DKK	2021 DKK	2022 DKK	2021 DKK
Share capital		500.000	500.000	500.000	500.000
Reserve for net revaluation under the equity method		0	0	1.613.298	1.727.997
Reserve for development costs		0	0	1.397.016	513.778
Reserve for exchange rate conversion		71.657	108.356	71.657	108.356
Retained earnings		3.864.412	306.490	4.314.570	1.989.432
Proposed dividend for the year		10.000.000	13.000.000	10.000.000	13.000.000
Equity attributable to shareholders of the Parent Company		14.436.069	13.914.846	17.896.541	17.839.563
Minority interests		398.592	443.602	0	0
Equity		14.834.661	14.358.448	17.896.541	17.839.563
Provision for deferred tax		592.030	144.912	394.030	144.912
Provisions		592.030	144.912	394.030	144.912
Other payables		0	1.280.805	0	0
Long-term debt	7	0	1.280.805	0	0
Trade payables		3.076.697	4.607.573	1.300.045	1.660.571
Payables to group enterprises		2.000.000	2.000.000	2.000.000	2.000.000
Payables to owners and Management		1.022.932	1.114.625	1.022.932	1.022.932
Corporation tax		3.195.238	3.571.389	2.636.216	2.012.604
Other payables	7	5.317.831	4.994.587	3.146.598	2.798.880
Deferred income		3.006.077	4.461.755	1.843.305	2.093.768
Short-term debt		17.618.775	20.749.929	11.949.096	11.588.755
Debt		17.618.775	22.030.734	11.949.096	11.588.755
Liabilities and equity		33.045.466	36.534.094	30.239.667	29.573.230
Contingent assets, liabilities and other financial obligations	8				
Subsequent events	9				
Accounting Policies	10				

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	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	DKK	DKK
Equity at 1 January	500.000	0	0	108.356	306.487	13.000.000	13.914.843	443.602	14.358.445
Ordinary dividend paid	0	0	0	0	0	-13.000.000	-13.000.000	-242.921	-13.242.921
Exchange adjustments relating to foreign entities	0	0	0	-36.699	0	0	-36.699	3.125	-33.574
Other equity movements	0	0	0	0	27.703	0	27.703	-27.696	7
Net profit/loss for the year	0	0	0	0	3.530.222	10.000.000	13.530.222	222.482	13.752.704
Equity at 31 December	500.000	0	0	71.657	3.864.412	10.000.000	14.436.069	398.592	14.834.661

Parent

Equity at 1 January	500.000	1.727.997	513.778	108.356	1.989.432	13.000.000	17.839.563	0	17.839.563
Ordinary dividend paid	0	0	0	0	0	-13.000.000	-13.000.000	0	-13.000.000
Exchange adjustments relating to foreign entities	0	0	0	-36.699	0	0	-36.699	0	-36.699
Development costs for the year	0	0	883.238	0	-883.238	0	0	0	0
Net profit/loss for the year	0	-114.699	0	0	3.208.376	10.000.000	13.093.677	0	13.093.677
Equity at 31 December	500.000	1.613.298	1.397.016	71.657	4.314.570	10.000.000	17.896.541	0	17.896.541

Notes to the Financial Statements

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
1 Staff expenses				
Wages and salaries	7.510.232	6.028.084	7.291.398	5.468.084
Pensions	828.534	492.948	828.534	492.948
Other social security expenses	52.494	53.508	52.494	53.508
Other staff expenses	135.579	69.199	135.579	69.199
	8.526.839	6.643.739	8.308.005	6.083.739
Average number of employees	8	6	7	5
2 Financial income				
Interest received from group enterprises	0	0	197.772	0
Other financial income	71.537	200.155	0	0
Exchange gains	34.631	18.787	34.631	18.787
	106.168	218.942	232.403	18.787
3 Financial expenses				
Interest paid to group enterprises	32.762	30.000	142.500	30.000
Other financial expenses	197.698	145.576	48.435	57.219
Exchange loss	90.625	61.042	90.625	61.042
	321.085	236.618	281.560	148.261
4 Tax on profit/loss for the year				
Current tax for the year	3.305.394	3.789.685	2.636.216	2.012.604
Deferred tax for the year	447.218	144.912	249.118	144.912
	3.752.612	3.934.597	2.885.334	2.157.516

Notes to the Financial Statements

5 Intangible assets

Group	Development projects in progress DKK
Cost at 1 January	658.690
Additions for the year	<u>2.032.356</u>
Cost at 31 December	<u>2.691.046</u>
Carrying amount at 31 December	<u>2.691.046</u>

The group have two development projects.

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 were 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 third quarter of 2023 and is evaluated to have a positive financial impact on the group.

Parent	Development projects in progress DKK
Cost at 1 January	658.690
Additions for the year	<u>1.132.356</u>
Cost at 31 December	<u>1.791.046</u>
Carrying amount at 31 December	<u>1.791.046</u>

Notes to the Financial Statements

	Parent	
	2022	2021
	DKK	DKK
6 Investments in subsidiaries		
Cost at 1 January	2.398.144	400.000
Additions for the year	400.000	1.998.144
Cost at 31 December	<u>2.798.144</u>	<u>2.398.144</u>
Value adjustments at 1 January	7.927.997	3.775.421
Exchange adjustment	-36.699	108.356
Net profit/loss for the year	3.097.712	5.532.272
Dividend to the Parent Company	-6.200.000	-1.440.000
Amortisation of goodwill	-96.104	-48.052
Other adjustments	-79.608	0
Value adjustments at 31 December	<u>4.613.298</u>	<u>7.927.997</u>
Carrying amount at 31 December	<u>7.411.442</u>	<u>10.326.141</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>528.569</u>	<u>624.673</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Leadership Pipeline International A/S	Copenhagen	DKK 500,000	100%
Leadership Pipeline Leadership Data ApS	Copenhagen	DKK 400,000	100%

Owned indirectly:

Ledership Pipeline Institute Netherlands B.V.	Netherlands	EUR 10,000	100%
Leadership Pipeline Institute Sweden AB	Sweden	SEK 200,000	85%
Leadership Pipeline Institute Hong Kong Limited	Hong Kong	USD 74,000	51%
LPI A-S USA LLC	USA	USD 0	100%
LPI-Institute US LLC	USA	USD 0	100%
LPI Institute Shanghai	Shanghai	CNY 0	51%
Leadership Pipeline Institute Norge AS	Norway	NOK 50,000	100%

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022 DKK	2021 DKK	2022 DKK	2021 DKK
Other payables				
Between 1 and 5 years	0	1.280.805	0	0
Long-term part	0	1.280.805	0	0
Other short-term payables	5.317.831	4.994.590	3.146.598	2.798.880
	5.317.831	6.275.395	3.146.598	2.798.880

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rental obligation, period of non-terminability 3 months

	56.727	50.646	56.727	50.646
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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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

9 Subsequent events

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

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Leadership Pipeline Institute A/S for 2022 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 and Parent Company Financial Statements for 2022 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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 acquisition 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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Notes to the Financial Statements

10 Accounting Policies (continued)

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 transferred 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 expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

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 and property, plant and equipment.

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 are recognised in the income statement at the amounts relating to the financial year.

Notes to the Financial Statements

10 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the 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 Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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 and depreciation.

If so, the asset is written down to its lower recoverable amount.

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.

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 minority interests the "valuation" method is used and in the consolidated accounts the "consolidation" method is used.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial debts

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	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$