
Leadership Pipeline Institute A/S

Baneskellet 22, DK-2950 Vedbæk

Annual Report for 1 January - 31 December 2017

CVR No 35 86 45 04

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2018

Kent Oksfeldt Jonassen
Chairman



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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 2017.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2017 of the Company and of the results of the Company operations for 2017.

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

Vedbæk, 28 May 2018

Executive Board

Kent Oksfelt Jonassen
Executive Officer

Board of Directors

Stephen John Drotter
Chairman

Søren Jens Laugaard
Deputy Chairman

Kent Oksfeldt Jonassen

Independent Auditor's Report

To the Shareholders of Leadership Pipeline Institute A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Leadership Pipeline Institute A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financials Statements Act.

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing 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 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 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 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 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

Independent Auditor's Report

in a manner that gives a true and fair view.

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.

Hellerup, 28 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Rønne Nielsen
statsautoriseret revisor
mne33726

Company Information

The Company

Leadership Pipeline Institute A/S
Baneskellet 22
DK-2950 Vedbæk

CVR No: 35 86 45 04
Financial period: 1 January - 31 December
Municipality of reg. office: Vedbæk

Board of Directors

Stephen John Drotter , Chairman
Søren Jens Laungaard
Kent Oksfeldt Jonasen

Executive Board

Kent Oksfelt Jonasen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Danske Bank
Munkeengen 30
3400 Hillerød

Financial Highlights

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

	<u>2017</u> TDKK	<u>2016</u> TDKK	<u>2015</u> TDKK	<u>2014</u> (8 months) TDKK
Key figures				
Profit/loss				
Revenue	2,926	3,436	1,481	714
Operating profit/loss	843	1,192	583	612
Profit/loss before financial income and expenses	843	1,192	583	612
Net financials	413	205	80	6
Net profit/loss for the year	1,066	1,135	397	456
Balance sheet				
Balance sheet total	2,626	2,742	1,583	1,098
Equity	2,253	2,088	1,353	956
Ratios				
Gross margin	28.8%	34.7%	39.4%	85.7%
Profit margin	28.8%	34.7%	39.4%	85.7%
Return on assets	32.1%	43.5%	36.8%	55.7%
Solvency ratio	85.8%	76.1%	85.5%	87.1%
Return on equity	49.1%	66.0%	34.4%	95.4%

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 policies.

In connection with changes to accounting policies, the comparative figures back to 2014 (8 months) have not been restated. See the description under accounting policies.

Management's Review

Financial Statements of Leadership Pipeline Institute A/S for 2017 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 Annual Report has been prepared under the same accounting policies as last year.

Key activities

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

Development in the year

The income statement of the Company for 2017 shows a profit of DKK 1,065,511, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 2,253,356.

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	2017 DKK	2016 DKK
Revenue		2,926,059	3,436,132
Other external expenses		-2,082,690	-2,244,025
Gross profit/loss		843,369	1,192,107
Income from investments in subsidiaries	1	413,234	213,856
Financial expenses		0	-8,917
Profit/loss before tax		1,256,603	1,397,046
Tax on profit/loss for the year	2	-191,092	-262,262
Net profit/loss for the year		1,065,511	1,134,784

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	1,000,000	900,000
Reserve for net revaluation under the equity method	55,163	80,491
Retained earnings	10,348	154,293
	1,065,511	1,134,784

Balance Sheet 31 December

Assets

	Note	2017 DKK	2016 DKK
Investments in subsidiaries	3	289,801	528,330
Fixed asset investments		289,801	528,330
Fixed assets		289,801	528,330
Trade receivables		154,075	344,801
Receivables from group enterprises		796,434	0
Other receivables		558,278	97,576
Receivables		1,508,787	442,377
Cash at bank and in hand		827,484	1,771,023
Currents assets		2,336,271	2,213,400
Assets		2,626,072	2,741,730

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Share capital		500,000	500,000
Reserve for net revaluation under the equity method		188,219	133,056
Retained earnings		565,137	554,788
Proposed dividend for the year		<u>1,000,000</u>	<u>900,000</u>
Equity		<u>2,253,356</u>	<u>2,087,844</u>
Trade payables		25,000	270,000
Payables to group enterprises		156,624	112,707
Corporation tax		<u>191,092</u>	<u>271,179</u>
Short-term debt		<u>372,716</u>	<u>653,886</u>
Debt		<u>372,716</u>	<u>653,886</u>
Liabilities and equity		<u>2,626,072</u>	<u>2,741,730</u>
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	133,056	554,789	900,000	2,087,845
Ordinary dividend paid	0	0	0	-900,000	-900,000
Net profit/loss for the year	0	55,163	10,348	1,000,000	1,065,511
Equity at 31 December	500,000	188,219	565,137	1,000,000	2,253,356

Notes to the Financial Statements

	2017 DKK	2016 DKK
1 Income from investments in subsidiaries		
Share of profits of subsidiaries	413,234	213,856
	413,234	213,856
2 Tax on profit/loss for the year		
Current tax for the year	191,092	262,262
	191,092	262,262
3 Investments in subsidiaries		
Cost at 1 January	395,274	395,274
Additions for the year	59,639	0
Disposals for the year	-354,250	0
Cost at 31 December	100,663	395,274
Value adjustments at 1 January	133,056	-80,800
Exchange adjustment	-12,741	0
Net profit/loss for the year	425,975	213,856
Dividend to the Parent Company	-357,152	0
Value adjustments at 31 December	189,138	133,056
Carrying amount at 31 December	289,801	528,330

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
LP - Institute US LLC	USA	USD 0	75%	497,262	93,817
Leadership Pipeline					
Norge AS	Norge	NOK 50.000	100%	96,068	357,152
Leadership Pipeline					
Institute NL	Netherlands	EUR 10.000	80%	67,026	-7,423
				660,356	443,546

Notes to the Financial Statements

4 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Leadership Pipeline Institute A/S has no contingent liabilities as of 31 December 2017.

The Company is in joint taxation with Sirrah A/S and Human Capital Invest ApS.

Notes to the Financial Statements

5 Accounting Policies

The Annual Report of Leadership Pipeline Institute A/S for 2017 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 Financial Statements for 2017 are presented in DKK.

Recognition and measurement

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.

Translation policies

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

5 Accounting Policies (continued)

Income Statement

Revenue

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise expenses related to distribution, sales, advertising, administration, premises, bad debts, payments under operating leases etc.

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.

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.

Balance Sheet

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.

Notes to the Financial Statements

5 Accounting Policies (continued)

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.

Equity

Dividend

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

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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$