

Leadership Pipeline Institute A/S

Bredgade 30, DK-1260 København K

Annual Report for 2025

CVR No. 29 97 14 63

The Annual Report was presented and adopted at the
Annual General Meeting of the company on
16/04/2026

Søren Morbitzer Christoffersen
Chairman of the general meeting

Contents

Management's statement and Auditor's report

Management's statement	1
Independent Auditor's report	2

Management's review

Company information	5
Financial Highlights	6
Management's review	7

Financial Statements

Income statement 1 January - 31 December	10
Balance sheet 31 December	11
Statement of changes in equity	13
Notes to the Financial Statements	14

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 2025.

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 2025 of the Company and the Group and of the results of the Company and Group operations for 2025.

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, 16 April 2026

Executive Board

Kent Oksfeldt Jonassen
Manager

Board of Directors

Søren Morbitzer Christoffersen
Chairman

Anders Uffe Ibsen

Kent Oksfeldt Jonassen

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 2025 and of the results of the Group's and the Parent Company's operations for the financial year 1 January - 31 December 2025 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 2025, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's report

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, 16 April 2026

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 DK-1260 København K CVR No: 29 97 14 63 Financial period: 1 January - 31 December Municipality of reg. office: København
Board of Directors	Søren Morbitzer Christoffersen, chairman Anders Uffe Ibsen Kent Oksfeldt Jonassen
Executive Board	Kent Oksfeldt Jonassen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rønnebærvænget 1, 1. DK-3400 Hillerød

Financial Highlights

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

(TDKK)	Group				
	2025	2024	2023	2022	2021
Key figures					
Profit/loss					
Revenue	96,082	82,393	68,825	56,882	51,286
Gross profit	48,520	41,879	34,693	25,997	24,923
EBITDA	27,496	24,241	24,308	17,721	18,280
Profit/loss of primary operations	25,951	22,818	24,001	17,720	18,280
Profit/loss of financial income and expenses	-403	34	-208	-215	-18
Net profit/loss for the year	20,564	16,378	18,389	13,753	14,327
Balance sheet					
Balance sheet total	52,317	48,780	44,196	33,045	36,534
Equity	18,959	28,927	22,977	14,835	14,358
Number of employees	19	14	9	8	6
Ratios					
Gross margin	50.5%	50.8%	50.4%	45.7%	48.6%
Profit margin	27.0%	27.7%	34.9%	31.2%	35.6%
Return on assets	49.6%	46.8%	54.3%	53.6%	50.0%
Solvency ratio	36.2%	59.3%	52.0%	44.9%	39.3%
Return on equity	85.9%	63.1%	97.3%	94.2%	107.8%

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 almost 20 years close to 35,000 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.

LPI

- ... is represented in +30 countries
- ... has consultants in +40 countries
- ... programmes are available in 20+ languages
- ... has programme participants in 75+ countries
- ... has a voluntary turnover of employees of less than 2% per year
- ... has a client retention of 90% over a 15 year period



Management's review

Leadership Pipeline Institute has a team of close to 100 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 2025 the team and business was expanded - continually in the USA and Canada, but also in Europe, the Middle East 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.

LPI core products and solutions

We specialise in supporting organizations by strengthening their pipelines of qualified leaders and specialists/experts.

We play different roles depending on our clients own internal resources.

But most often our services include one or more of the following elements:

Leadership Transition Programmes

- Emerging leader
- Leading others
- Leading leaders
- Functional leader
- Business leader

Specialist Transition Programmes

- Leading self
- Knowledge expert
- Knowledge leader
- Knowledge principal

Assessments

- Leadership Performance Index
- Specialist Performance Index
- Project Leadership Performance Index
- Team Performance Index

Team Development Programmes

- Business Leadership Team Development
- Functional Leadership Team Development
- Leading leaders Team Development
- Leading others Team Development

Project Leadership Transition Programmes

- Project leadership
- Project portfolio leadership

Design your Leadership & Specialist Pipeline

- Leadership Portraits
- Specialist Portraits



Development in the year

The income statement of the Group for 2025 shows a profit of DKK 20,6 million (2024: DKK 16,4 million) and equity of DKK 19,0 million on 31 December 2025 (2024: DKK 28,9 million). The decrease in equity is due to an extraordinary dividend payout of DKK 20,0 million during 2025.

The revenue of the Group has increased from DKK 82,4 million in 2024 to DKK 96,1 million in 2025 (adjusted for currency fluctuations, especially a weekend USD, the 2025 Group revenue would have been DKK 98,0 million).

The growth in activity has primarily materialized in Denmark and USA. Also, the orderlist in USA is substantial at the end of the year, which will lead to high revenue Q1 & Q2 in 2026. 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 was driven by a larger part of the training being delivered online. The margins were still satisfactory in 2025, however impacted by continued investments in resources (people and IT) during 2025. The Company has adapted to the new business environment, and despite the relatively high investment level, a satisfactory and increased profit was secured in 2025.

The income statement of the parent Company for 2025 shows a profit of DKK 20,1 million (2024: 15,3 million) and equity of DKK 19,9 million of 31 December 2025 (2024: DKK 30,2 million). Ref. extraordinary dividend above.

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 2025 of the Group and the results of the activities and cash flows of the Group for the financial year for 2025 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

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Revenue		96,081,540	82,392,631	46,334,644	42,374,122
Work on own account recognised in assets		0	1,200,000	0	1,200,000
Other operating income		0	525,003	5,043,669	2,719,512
Other external expenses		-47,561,484	-42,238,523	-20,187,037	-19,958,973
Gross profit		48,520,056	41,879,111	31,191,276	26,334,661
Staff expenses	1	-21,023,318	-17,637,868	-11,117,826	-10,108,550
Earnings before interest, taxes, depreciation and amortisation		27,496,738	24,241,243	20,073,450	16,226,111
Amortisation and impairment losses of intangible assets		-1,546,039	-1,423,104	-430,335	-447,085
Profit/loss before financial income and expenses		25,950,699	22,818,139	19,643,115	15,779,026
Income from investments in subsidiaries		0	0	4,756,499	2,771,283
Financial income	2	594,748	244,167	609,484	490,082
Financial expenses	3	-998,234	-210,534	-561,880	-173,473
Profit/loss before tax		25,547,213	22,851,772	24,447,218	18,866,918
Tax on profit/loss for the year	4	-4,983,602	-6,473,737	-4,337,721	-3,560,043
Net profit/loss for the year		20,563,611	16,378,035	20,109,497	15,306,875

Distribution of profit

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Proposed distribution of profit				
Extraordinary dividend paid	20,000,000	0	20,000,000	0
Proposed dividend for the year	0	10,000,000	0	10,000,000
Reserve for net revaluation under the equity method	0	0	2,842,651	-228,717
Minority interests' share of net profit/loss of subsidiaries	163,367	374,316	0	0
Retained earnings	400,244	6,003,719	-2,733,154	5,535,592
	20,563,611	16,378,035	20,109,497	15,306,875

Balance sheet 31 December

Assets

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Completed development projects		4,454,037	5,301,658	967,243	1,397,578
Intangible assets	5	4,454,037	5,301,658	967,243	1,397,578
Investments in subsidiaries	6	0	0	9,975,286	8,684,290
Deposits	7	130,773	76,773	130,773	76,773
Fixed asset investments		130,773	76,773	10,106,059	8,761,063
Fixed assets		4,584,810	5,378,431	11,073,302	10,158,641
Trade receivables		26,257,232	26,969,976	13,745,345	22,312,235
Receivables from group enterprises		4,655,178	3,201,840	13,644,710	6,967,950
Other receivables		318,567	318,044	163,930	156,265
Corporation tax		166,262	0	0	0
Prepayments		559,615	560,608	65,178	74,133
Receivables		31,956,854	31,050,468	27,619,163	29,510,583
Cash at bank and in hand		15,775,806	12,351,454	0	3,467,843
Current assets		47,732,660	43,401,922	27,619,163	32,978,426
Assets		52,317,470	48,780,353	38,692,465	43,137,067

Balance sheet 31 December

Liabilities and equity

(DKK)	Note	Group		Parent company	
		2025	2024	2025	2024
Share capital		500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	0	5,263,294	2,886,146
Reserve for development costs		0	0	754,450	1,090,111
Reserve for exchange rate conversion		-652,502	-120,914	0	0
Retained earnings		18,388,369	17,690,467	13,334,367	15,731,860
Proposed dividend for the year		0	10,000,000	0	10,000,000
Equity attributable to shareholders of the Parent Company		18,235,867	28,069,553	19,852,111	30,208,117
Minority interests		723,204	857,495	0	0
Equity		18,959,071	28,927,048	19,852,111	30,208,117
Provision for deferred tax		946,481	1,166,365	179,386	307,467
Provisions		946,481	1,166,365	179,386	307,467
Credit institutions		8,057,701	0	8,057,701	0
Prepayments received from customers		0	425,000	0	0
Trade payables		4,743,762	4,032,677	1,349,041	1,636,698
Payables to group enterprises		1,817,530	1,351,100	0	819,142
Payables to owners and Management		68,051	43,565	22,932	22,932
Corporation tax		6,379,475	4,953,551	4,465,802	3,584,702
Other payables		5,021,388	5,724,032	3,284,592	4,410,692
Deferred income		6,324,011	2,157,015	1,480,900	2,147,317
Short-term debt		32,411,918	18,686,940	18,660,968	12,621,483
Debt		32,411,918	18,686,940	18,660,968	12,621,483
Liabilities and equity		52,317,470	48,780,353	38,692,465	43,137,067
Contingent assets, liabilities and other financial obligations	8				
Accounting policies	9				

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)							
Equity at 1 January	500,000	-120,914	17,690,467	10,000,000	28,069,553	857,495	28,927,048
Ordinary dividend paid	0	0	0	-10,000,000	-10,000,000	-44,166	-10,044,166
Extraordinary dividend paid	0	0	-20,000,000	0	-20,000,000	0	-20,000,000
Exchange adjustments relating to foreign entities	0	-531,588	0	0	-531,588	0	-531,588
Other equity movements	0	0	297,658	0	297,658	-253,492	44,166
Net profit/loss for the year	0	0	20,400,244	0	20,400,244	163,367	20,563,611
Equity at 31 December	500,000	-652,502	18,388,369	0	18,235,867	723,204	18,959,071

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)						
Equity at 1 January	500,000	2,886,146	1,090,111	15,731,860	10,000,000	30,208,117
Exchange adjustments	0	-465,503	0	0	0	-465,503
Ordinary dividend paid	0	0	0	0	-10,000,000	-10,000,000
Extraordinary dividend paid	0	0	0	-20,000,000	0	-20,000,000
Depreciation, amortisation and impairment for the year	0	0	-335,661	335,661	0	0
Net profit/loss for the year	0	2,842,651	0	17,266,846	0	20,109,497
Equity at 31 December	500,000	5,263,294	754,450	13,334,367	0	19,852,111

Notes to the Financial Statements

1. Staff expenses

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Wages and salaries	20,199,518	16,818,048	10,294,026	9,288,730
Pensions	607,232	605,579	607,232	605,579
Other social security expenses	101,103	76,029	101,103	76,029
Other staff expenses	115,465	138,212	115,465	138,212
	21,023,318	17,637,868	11,117,826	10,108,550
Average number of employees	19	14	11	10

2. Financial income

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Interest from group enterprises	276,655	159,249	449,827	430,300
Other financial income	134,624	35,316	4,136	10,212
Exchange gains	183,469	49,602	155,521	49,570
	594,748	244,167	609,484	490,082

3. Financial expenses

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Interest to group enterprises	55,046	0	10,109	0
Other financial expenses	277,079	39,799	183,247	1,438
Exchange loss	666,109	170,735	368,524	172,035
	998,234	210,534	561,880	173,473

4. Income tax expense

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Current tax for the year	5,203,486	6,179,543	4,465,802	3,584,702
Deferred tax for the year	-219,884	294,194	-128,081	-24,659
	4,983,602	6,473,737	4,337,721	3,560,043

Notes to the Financial Statements

5. Intangible fixed assets

(DKK)	Group Completed development projects	Parent company Completed development projects
Cost at 1 January	6,752,911	2,151,674
Additions for the year	698,418	0
Cost at 31 December	7,451,329	2,151,674
Impairment losses and amortisation at 1 January	1,451,253	754,096
Amortisation for the year	1,546,039	430,335
Impairment losses and amortisation at 31 December	2,997,292	1,184,431
Carrying amount at 31 December	4,454,037	967,243

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 where completed in the first half of 2024 and have been further improved in 2025. The Software is evaluated to have a positive financial impact on the group.

Secondly 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.

6. Investments in subsidiaries

(DKK)	Parent company	
	2025	2024
Cost at 1 January	1,711,992	2,798,144
Cost at 31 December	1,711,992	2,798,144
Value adjustments at 1 January	5,886,146	6,121,787
Exchange adjustment	-465,503	-6,924
Net profit/loss for the year	5,938,755	2,867,387
Dividend to the Parent Company	-3,000,000	-3,000,000
Amortisation of goodwill	-96,104	-96,104
Value adjustments at 31 December	8,263,294	5,886,146
Carrying amount at 31 December	9,975,286	8,684,290

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%

Notes to the Financial Statements

6. Investments in subsidiaries (continued)

Name	Place of registered office	Share capital	Ownership
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	100%
Leadership Pipeline Institute Hong Kong Limited	Hong Kong	USD 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%

7. Other fixed asset investments

(DKK)	Group		Parent company	
	Deposits		Deposits	
Cost at 1 January		76,773		76,773
Additions for the year		54,000		54,000
Cost at 31 December		130,773		130,773
Carrying amount at 31 December		130,773		130,773

8. Contingent assets, liabilities and other financial obligations

(DKK)	Group		Parent company	
	2025	2024	2025	2024
Rental and lease obligations				
Lease obligations, period of non-terminability 3 months	111,000	87,162	111,000	87,162

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

9. Accounting policies

The Annual Report of Leadership Pipeline Institute A/S for 2025 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 2025 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.

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 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.

Notes to the Financial Statements

9. Accounting policies (continued)

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. Gains and losses 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.

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.

Income statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, other operating income and other external expenses.

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.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

9. Accounting policies (continued)

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 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.

The Company is jointly taxed with danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed 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.

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 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.

Other fixed asset investments

Other fixed asset investments consist of deposit.

Notes to the Financial Statements

9. 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.

Prepayments

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

Dividend

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

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other 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.

Notes to the Financial Statements

9. Accounting policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$