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Effective People A/S

Lersø Parkallé 107, 2100 København Ø

Company reg. no. 27 13 21 54

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 28 June 2018.

Alex Jeremic
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Effective People A/S for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen, 28 June 2018

Managing Director

Mikkel Blumensaat Krogsdal-
Wogensen

Board of directors

Scott Neil Greenberg

Kenneth Lee Crawfold

Adam Henry Stedham

Independent auditor's report

To the shareholders of Effective People A/S

Opinion

We have audited the annual accounts of Effective People A/S for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events 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 the internal control that we identify during our audit.

Statement on the management's review
The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 28 June 2018

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen	Kasper Sone Randrup
State Authorised Public Accountant	State Authorised Public Accountant
MNE-nr. 30153	MNE-nr. 36175

Company data

The company	Effective People A/S Lersø Parkallé 107 2100 København Ø	
	Company reg. no.	27 13 21 54
	Established:	23 April 2003
	Domicile:	Copenhagen
	Financial year:	1 January 2017 - 31 December 2017
Board of directors	Scott Neil Greenberg Kenneth Lee Crawfold Adam Henry Stedham	
Managing Director	Mikkel Blumensaat Krogsdal-Wogensen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	GP Strategies Denmark ApS	

Management's review

The principal activities of the company

Effective People A/S is a provider of human capital management solutions, including sales and support of the full SAP SuccessFactors Business Execution (BizX) Platform, eLearning and blended learning solutions.

Uncertainties as to recognition or measurement

Revenue and cost recognition on client contracts requires estimation. If our initial estimates are incorrect, or if unanticipated circumstances arise, we could experience cost overruns, which would result in reduced profits or losses on contracts.

Development in activities and financial matters

The gross profit for the year is DKK 39.930.000 against DKK 35.356.000 last year. The results from ordinary activities after tax are DKK 8.319.000 against DKK 6.560.000 last year. The management consider the results satisfactory.

Accounting policies used

The annual report for Effective People A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

Accounting policies used

The profit and loss account

Gross profit

The gross profit comprises the net turnover, work in progress, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

Accounting policies used

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 5 and 25 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	*Residual value*
Other plants, operating assets, fixtures and furniture	*3-5 years*	*0-20 %*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Accounting policies used

According to the rules of joint taxation, Effective People A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities
Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2017	2016
	Gross profit	**39.930.342**	**35.355.805**
1	Staff costs	-28.131.648	-25.958.669
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-234.573	-268.370
	Operating profit	**11.564.121**	**9.128.766**
	Other financial income from group enterprises	957.124	626.565
	Other financial income	3.170	0
	Other financial costs	-1.860.754	-1.166.277
	Results before tax	**10.663.661**	**8.589.054**
2	Tax on ordinary results	-2.345.014	-2.029.284
	Results for the year	**8.318.647**	**6.559.770**
	Proposed distribution of the results:		
	Allocated to results brought forward	8.318.647	6.559.770
	Distribution in total	**8.318.647**	**6.559.770**

Balance sheet 31 December

All amounts in DKK.

Assets

Note		2017	2016
	Fixed assets		
3	Goodwill	222.223	296.297
	Intangible fixed assets in total	222.223	296.297
4	Other plants, operating assets, and fixtures and furniture	332.252	149.349
	Tangible fixed assets in total	332.252	149.349
	Fixed assets in total	**554.475**	**445.646**
	Current assets		
	Trade debtors	13.347.234	9.801.982
5	Work in progress for the account of others	16.126.496	10.363.661
	Amounts owed by group enterprises	26.259.381	25.956.537
	Other debtors	0	144.383
	Accrued income and deferred expenses	2.180.326	2.412.379
	Debtors in total	57.913.437	48.678.942
	Available funds	9.563.589	2.820.169
	Current assets in total	**67.477.026**	**51.499.111**
	Assets in total	**68.031.501**	**51.944.757**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2017	2016
	Equity		
6	Contributed capital	1.300.000	1.300.000
7	Results brought forward	25.068.772	16.750.125
	Equity in total	**26.368.772**	**18.050.125**
	Provisions		
	Provisions for deferred tax	6.261.928	4.169.344
	Provisions in total	**6.261.928**	**4.169.344**
	Liabilities		
	Bank debts	0	475
5	Prepayments received from customers concerning work in progress for the account of others	5.350.344	3.227.964
	Trade creditors	814.734	677.463
	Debt to group enterprises	18.770.224	12.718.905
	Corporate tax	252.430	0
	Tax payables to group enterprises	0	2.147.007
	Other debts	10.213.069	10.953.474
	Short-term liabilities in total	35.400.801	29.725.288
	Liabilities in total	**35.400.801**	**29.725.288**
	Equity and liabilities in total	**68.031.501**	**51.944.757**

8 Contingencies

Notes

All amounts in DKK.

		2017	2016
1.	**Staff costs**		
	Salaries and wages	25.655.328	23.068.767
	Pension costs	1.987.460	1.884.738
	Other costs for social security	70.193	68.983
	Other staff costs	418.667	936.181
		28.131.648	**25.958.669**
	Average number of employees	31	30

		2017	2016
2.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	252.430	0
	Adjustment for the year of deferred tax	2.092.584	-117.723
	Adjustment of tax for previous years	0	2.147.007
		2.345.014	**2.029.284**

		2017	2016
3.	**Goodwill**		
	Cost 1 January 2017	1.000.000	1.000.000
	Cost 31 December 2017	**1.000.000**	**1.000.000**
	Amortisation and writedown 1 January 2017	-703.703	-629.629
	Amortisation for the year	-74.074	-74.074
	Amortisation and writedown 31 December 2017	**-777.777**	**-703.703**
	Book value 31 December 2017	**222.223**	**296.297**

Notes

All amounts in DKK.

		31/12 2017	31/12 2016
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2017	808.616	718.022
	Additions during the year	344.248	90.594
	Cost 31 December 2017	**1.152.864**	**808.616**
	Depreciation and writedown 1 January 2017	-659.267	-464.971
	Depreciation for the year	-161.345	-194.296
	Depreciation and writedown 31 December 2017	**-820.612**	**-659.267**
	Book value 31 December 2017	**332.252**	**149.349**
5.	**Work in progress for the account of others**		
	Sales value of the production of the period	49.920.740	35.244.903
	Payments on account received	-39.144.588	-28.109.206
	Work in progress for the account of others, net	**10.776.152**	**7.135.697**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	16.126.496	10.363.661
	Work in progress for the account of others (Prepayments received)	-5.350.344	-3.227.964
		10.776.152	**7.135.697**
6.	**Contributed capital**		
	Contributed capital 1 January 2017	1.300.000	1.300.000
		1.300.000	**1.300.000**
7.	**Results brought forward**		
	Results brought forward 1 January 2017	16.750.125	10.190.355
	Profit or loss for the year brought forward	8.318.647	6.559.770
		25.068.772	**16.750.125**

Notes

All amounts in DKK.

8. Contingencies

Contingent liabilities

	DKK in thousands
Contingent liabilities in total	1.340

Joint taxation

GP Strategies Denmark ApS, company reg. no 34704112 being the administration company, the company is subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The jointly taxed enterprises' total, known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.