

GP Strategies Denmark ApS

Marielundvej 43B, 2.th., 2730 Herlev

Company reg. no. 34 70 41 12

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 4 July 2019.

Scott Neil Greenberg
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 executive board has today presented the annual report of GP Strategies Denmark ApS for the financial year 1 January to 31 December 2018.

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 at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

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.

Herlev, 4 July 2019

Executive board

Richard Roy DesJardins

Adam Henry Stedham

Scott Neil Greenberg

Independent auditor's report

To the shareholders of GP Strategies Denmark ApS

Opinion

We have audited the annual accounts of GP Strategies Denmark ApS for the financial year 1 January to 31 December 2018, 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 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 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, 4 July 2019

Grant Thornton

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

Brian Rasmussen

State Authorised Public Accountant
mne30153

Kasper Sone Randrup

State Authorised Public Accountant
mne36175

Company data

The company

GP Strategies Denmark ApS
Marielundvej 43B, 2.th.
2730 Herlev

Web site www.gpstrategies.com

Company reg. no. 34 70 41 12

Established: 17 September 2012

Domicile: Herlev

Financial year: 1 January 2018 - 31 December 2018

Executive board

Richard Roy DesJardins
Adam Henry Stedham
Scott Neil Greenberg

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Subsidiary

GP Strategies Nordic A/S, København

Management's review

The principal activities of the company

GP Strategies Denmark provides engineering and software based solutions to support condition based maintenance, optimization of operational output, and prevention of unexpected equipment breakdown. The solutions are primarily delivered to and implemented with key accounts within the power production and oil/gas exploration industries worldwide.

Uncertainties as to recognition or measurement

The company delivers project execution together with our clients and a variety of services to support clients in daily operations. Project execution and thereby revenue recognition is by nature more uncertain to predict during the project whereas services are more tangible and reliable in revenue recognition.

Development in activities and financial matters

The gross profit for the year is DKK 4.226.000 against DKK 7.159.000 last year. The results from ordinary activities after tax are DKK -9.505.000 against DKK 5.485.000 last year. The management consider the results satisfactory.

Special risks

Exchange rate risks

The activities are affected by exchange rate fluctuations, as revenue is primarily generated in foreign currency, while costs, including salaries, are held in Danish kroner. Debt to group companies is primarily in USD and is affected by exchange rate fluctuations..

Accounting policies used

The annual report for GP Strategies Denmark ApS 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, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, 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 and changes in inventories.

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.

Dividend from equity investment in group enterprise is recognised in the financial year where the dividend is declared.

Accounting policies used

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.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

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

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:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>3-5 years</i>

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.

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.

Accounting policies used

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.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. In case the recoverable amount is lower than the cost, writedown takes place to this lower value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Accounting policies used

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.

GP Strategies Denmark ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, GP Strategies Denmark ApS 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.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Accounting policies used

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.

<u>Note</u>	<u>2018</u>	<u>2017</u>
Gross profit	4.226.008	7.158.641
2 Staff costs	-5.017.370	-6.681.218
Depreciation and writedown relating to tangible fixed assets	-27.209	-58.538
Operating profit	-818.571	418.885
Other financial income	0	10.545.554
3 Other financial costs	-8.686.620	-5.731.673
Results before tax	-9.505.191	5.232.766
4 Tax on ordinary results	0	252.428
Results for the year	-9.505.191	5.485.194
 Proposed distribution of the results:		
Allocated to results brought forward	0	5.485.194
Allocated from results brought forward	-9.505.191	0
Distribution in total	-9.505.191	5.485.194

Balance sheet 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2018</u>	<u>2017</u>
Fixed assets		
5 Other plants, operating assets, and fixtures and furniture	10.432	37.641
Tangible fixed assets in total	<u>10.432</u>	<u>37.641</u>
6 Equity investment in group enterprise	82.482.693	82.482.693
Deposits	<u>162.453</u>	<u>162.453</u>
Financial fixed assets in total	<u>82.645.146</u>	<u>82.645.146</u>
Fixed assets in total	<u>82.655.578</u>	<u>82.682.787</u>
Current assets		
Raw materials and consumables	393.400	398.041
Inventories in total	<u>393.400</u>	<u>398.041</u>
Trade debtors	444.510	945.216
7 Work in progress for the account of others	1.618.017	6.031.495
Amounts owed by group enterprises	2.932.227	2.856.084
Tax receivables from group enterprises	0	252.428
Other debtors	242.938	305.242
Accrued income and deferred expenses	<u>157.528</u>	<u>64.555</u>
Debtors in total	<u>5.395.220</u>	<u>10.455.020</u>
Available funds	<u>362.240</u>	<u>471.551</u>
Current assets in total	<u>6.150.860</u>	<u>11.324.612</u>
Assets in total	<u>88.806.438</u>	<u>94.007.399</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Equity			
8	Contributed capital	80.000	80.000
9	Results brought forward	-34.917.776	-34.596.638
	Equity in total	-34.837.776	-34.516.638
Liabilities			
10	Debt to group enterprises	40.000.000	40.000.000
	Long-term liabilities in total	40.000.000	40.000.000
7	Prepayments received from customers concerning work in progress for the account of others	304.661	2.381.445
	Trade creditors	140.780	103.636
	Debt to group enterprises	82.548.398	84.550.150
	Other debts	650.375	1.488.806
	Short-term liabilities in total	83.644.214	88.524.037
	Liabilities in total	123.644.214	128.524.037
	Equity and liabilities in total	88.806.438	94.007.399

1 Uncertainties concerning the enterprise's ability to continue as a going concern**11 Contingencies**

Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The Company's equity is negative in the amount of DKK (34.837.776) at 31 December. At the Company's annual general meeting the Company's financial position will be addressed in accordance with the Danish Companies Act, section 119. The ultimate parent company, have issued a letter of support to the Company.

DKK 40.000.000 of the intercompany loan with GP Strategies Holdings Ltd. will be subordinated loan capital standing behind other creditors.

	<u>2018</u>	<u>2017</u>
2. Staff costs		
Salaries and wages	4.759.073	6.290.196
Pension costs	161.130	172.269
Other costs for social security	4.436	132.078
Other staff costs	<u>92.731</u>	<u>86.675</u>
	<u>5.017.370</u>	<u>6.681.218</u>
Average number of employees	<u>6</u>	<u>6</u>
3. Other financial costs		
Financial costs, group enterprises	6.090.626	5.723.142
Other financial costs	<u>2.595.994</u>	<u>8.531</u>
	<u>8.686.620</u>	<u>5.731.673</u>
4. Tax on ordinary results		
Tax of the results for the year	<u>0</u>	<u>-252.428</u>
	<u>0</u>	<u>-252.428</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2018	680.549	671.572
Additions during the year	<u>0</u>	<u>8.977</u>
Cost 31 December 2018	<u>680.549</u>	<u>680.549</u>
Depreciation and writedown 1 January 2018	-642.908	-584.370
Depreciation for the year	<u>-27.209</u>	<u>-58.538</u>
Depreciation and writedown 31 December 2018	<u>-670.117</u>	<u>-642.908</u>
Book value 31 December 2018	<u>10.432</u>	<u>37.641</u>
6. Equity investment in group enterprise		
Acquisition sum, opening balance 1 January 2018	<u>82.482.693</u>	<u>82.482.693</u>
Book value 31 December 2018	<u>82.482.693</u>	<u>82.482.693</u>

The financial highlights for the enterprise according to the latest approved annual report

	Share of ownership	Equity	Results for the year	Book value at GP Strategies Denmark ApS
GP Strategies Nordic A/S, København	100 %	38.886.085	12.517.313	82.482.693

7. Work in progress for the account of others		
Sales value of the production of the period	5.255.223	20.740.073
Payments on account received	<u>-3.941.867</u>	<u>-17.090.023</u>
Work in progress for the account of others, net	<u>1.313.356</u>	<u>3.650.050</u>
The following is recognised:		
Work in progress for the account of others (Current assets)	1.618.017	6.031.495
Work in progress for the account of others (Prepayments received)	<u>-304.661</u>	<u>-2.381.445</u>
	<u>1.313.356</u>	<u>3.650.050</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
8. Contributed capital		
Contributed capital 1 January 2018	<u>80.000</u>	<u>80.000</u>
	<u>80.000</u>	<u>80.000</u>
9. Results brought forward		
Results brought forward 1 January 2018	-34.596.638	-40.081.832
Profit or loss for the year brought forward	-9.505.191	5.485.194
Group contribution	<u>9.184.053</u>	<u>0</u>
	<u>-34.917.776</u>	<u>-34.596.638</u>

10. Debt to group enterprises

DKK 40.000.000 of the intercompany loan with GP Strategies Holdings Ltd. will be subordinated loan capital standing behind other creditors.

11. Contingencies

Contingent liabilities

	<u>DKK in thousands</u>
Contingent liabilities in total	<u>425</u>

Joint taxation

The company is the administration company of the group of companies 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.

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