Effective People A/S

Øster Allé 56, 1. th., 2100 København Ø

Annual report for 2024

CVR no. 27 13 21 54

Adopted at the annual general meeting on 25 June 2025

chairman: James Daniel Moran

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Statement by management on the annual report

The Board of directors and Managing director have today discussed and approved the annual report of Effective People A/S for the financial year 1 January - 31 December 2024.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Copenhagen, 13 June 2025

Managing director

Mikkel Blumensaat Krogsdal-Wogensen
Director

Board of directors

Michael Roby Dugan chairman	James Daniel Moran	William Joseph Maggio

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Independent auditor's report

To the shareholder of Effective People A/S

Opinion

We have audited the financial statements of Effective People A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Independent auditor's report

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 13 June 2025

Ecovis Danmark
statsautoriseret revisionsinteressentskab
CVR no. 28 93 95 23

Kurt Bülow
Statsautoriseret revisor
mne3112

Company details

The company	Effective People A/S Øster Allé 56, 1. th. 2100 København Ø	
	CVR no.:	27 13 21 54
	Reporting period:	1 January - 31 December 2024
	Domicile:	Copenhagen
Board of directors	Michael Roby Dugan, chairman James Daniel Moran William Joseph Maggio	
Managing director	Mikkel Blumensaat Krogsdal-Wogensen, director	
Auditors	Ecovis Danmark statsautoriseret revisionsinteressentskab Vendersgade 28 st. th 1363 København K	

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	33.504	41.344	41.699	59.894	34.837
Earnings before interest and taxes (EBIT)	6.171	9.696	7.551	29.498	5.573
Net financials	4.617	5.383	1.410	-210	2.675
Profit/loss for the year	8.384	11.756	6.988	22.839	6.433
Balance sheet total	142.634	146.856	140.693	121.021	102.009
Investment in property, plant and equipment	116	101	93	903	279
Equity	28.681	35.353	22.917	25.929	13.090
Number of employees	27	31	32	33	32
Financial ratios					
Solvency ratio	20,1%	24,1%	16,3%	21,4%	12,8%
Return on equity	26,2%	40,4%	28,6%	117,1%	98,3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Management's review

Business review

Effective People A/S is a provider of human capital management solutions, insluding sales, implementation and support of the full SAP Success Factors suite, cloud payroll, product extension development and work force management solutions.

Recognition and measurement uncertainties

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.

Unusual matters

The company's financial position at 31 December 2024 and the results of its operations for the financial year ended 31 December 2024 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2024 shows a profit of DKK 8.384.211 and the balance sheet at 31 December 2024 shows equity of DKK 28.681.156. Management conciders the net profit or loss for the year satisfactory.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Expected developments

The Company expects to be able to grow revenue and profit modestly in 2025 compared with 2024.

Nnowledge resources

Our services are based on a combination of licenses, implementations and support delivered by our employees to our customers, it is key for our business results to keep and extend our talent for future growth.

Financial risks

The volatile market situation and customer budget spend is a general risk for 2025. The company faces the risk of competitive pressure but has built a solid reputation based on providing excellent levels of service. The directors seek to manage this risk by continually improving all areas of its offering and working closely with customers and suppliers to build strong, mutually beneficial trading relationships. Finally the company is exposed to foreign currency risk as it transacts across borders.

Income statement
1 January - 31 December

	Note	2024 DKK	2023 DKK
Gross profit		**33.504.185**	**41.344.021**
Staff costs	1	-27.164.690	-31.277.616
Profit/loss before amortisation/depreciation and impairment losses		**6.339.495**	**10.066.405**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-168.240	-370.558
Profit/loss on activities before fair value adjustments		**6.171.255**	**9.695.847**
Financial income	2	4.732.168	7.348.749
Financial costs	3	-115.010	-1.965.334
Profit/loss before tax		**10.788.413**	**15.079.262**
Tax on profit/loss for the year	5	-2.404.206	-3.322.789
Profit/loss for the year		**8.384.207**	**11.756.473**
Distribution of profit	6		

Balance sheet 31 December

	Note	2024 DKK	2023 DKK
Assets			
Goodwill		0	0
Intangible assets	7	**0**	**0**
Other fixtures and fittings, tools and equipment	8	149.239	254.008
Tangible assets		**149.239**	**254.008**
Deposits	9	355.931	347.250
Fixed asset investments		**355.931**	**347.250**
Total non-current assets		**505.170**	**601.258**
Trade receivables		77.248.873	84.923.683
Contract work in progress	10	10.598.416	9.760.943
Receivables from subsidiaries		6.575.301	21.493.741
Other receivables		1.390.209	747.388
Prepayments	11	3.243.646	2.095.543
Receivables		**99.056.445**	**119.021.298**
Cash at bank and in hand		**43.072.501**	**27.233.609**
Total current assets		**142.128.946**	**146.254.907**
Total assets		**142.634.116**	**146.856.165**

Balance sheet 31 December

	Note	2024 DKK	2023 DKK
Equity and liabilities			
Share capital		1.300.000	1.300.000
Retained earnings		17.381.156	19.052.754
Proposed dividend for the year		10.000.000	15.000.000
Equity		**28.681.156**	**35.352.754**
Provision for deferred tax	12	12.564.655	11.771.553
Total provisions		**12.564.655**	**11.771.553**
Trade payables		55.288.451	47.229.616
Prepayments received recognised in debt	10	8.487.567	13.940.571
Payables to group enterprises		30.303.251	24.794.912
Income tax payable to group enterprises		1.055.104	3.960.968
Other payables		6.253.932	9.805.791
Total current liabilities		**101.388.305**	**99.731.858**
Total liabilities		**101.388.305**	**99.731.858**
Total equity and liabilities		**142.634.116**	**146.856.165**

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2024	1.300.000	19.052.754	15.000.000	35.352.754
Bonus shares	0	-55.805	0	-55.805
Ordinary dividend 2023	0	0	-15.000.000	-15.000.000
Net profit/loss for the year	0	-1.615.793	10.000.000	8.384.207
Equity at 31 December 2024	**1.300.000**	**17.381.156**	**10.000.000**	**28.681.156**

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2023	1.300.000	21.617.089	0	22.917.089
Net profit/loss for the year	0	-3.243.527	15.000.000	11.756.473
Share-based payment	0	679.192	0	679.192
Equity at 31 December 2023	**1.300.000**	**19.052.754**	**15.000.000**	**35.352.754**

Notes

		2024	2023
		DKK	DKK
1	**Staff costs**		
	Wages and salaries	24.264.738	26.487.919
	Pensions	2.050.244	2.192.792
	Other social security costs	64.161	69.424
	Other staff costs	785.547	2.527.481
		27.164.690	**31.277.616**
	Number of fulltime employees on average	27	31

According to section 98 B(3) of the Danish Financial Statements Act, renumeration to the executive board has not been disclosed.

The ultimate parent company (Learning Technologies Group plc) has estabiliched a share-based option plan for employees in management positions in the group's subsidiaries. The value of the program at 31. December 2024 is 679 t. DKK in Effective People A/S. There have been granted 200.000 ordinary shares in the fiscal year of 2024.

		2024	2023
		DKK	DKK
2	**Financial income**		
	Interest received from subsidiaries	1.360.026	5.035.938
	Exchange gains	3.372.142	2.312.811
		4.732.168	**7.348.749**

3	**Financial costs**		
	Other financial costs	115.010	24.328
	Exchange loss	0	1.941.006
		115.010	**1.965.334**

Notes

		2024	2023
		DKK	DKK
4	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Depreciation tangible assets	168.240	370.558
		168.240	**370.558**
5	**Tax on profit/loss for the year**		
	Current tax for the year	1.611.104	3.960.968
	Deferred tax for the year	793.102	-638.179
		2.404.206	**3.322.789**
6	**Distribution of profit**		
	Proposed dividend for the year	10.000.000	15.000.000
	Retained earnings	-1.615.793	-3.243.527
		8.384.207	**11.756.473**

7 Intangible assets

	Goodwill
Cost at 1 January 2024	1.000.000
Cost at 31 December 2024	1.000.000
Impairment losses and amortisation at 1 January 2024	1.000.000
Impairment losses and amortisation at 31 December 2024	1.000.000
Carrying amount at 31 December 2024	**0**

Notes

8 Tangible assets

	Other fixtures and fittings, tools and equipment
Cost at 1 January 2024	1.856.791
Additions for the year	115.715
Disposals for the year	-250.211
Cost at 31 December 2024	1.722.295
Impairment losses and depreciation at 1 January 2024	1.602.782
Depreciation for the year	168.239
Reversal of impairment and depreciation of sold assets	-197.965
Impairment losses and depreciation at 31 December 2024	1.573.056
Carrying amount at 31 December 2024	**149.239**

Notes

9 Fixed asset investments

	Deposits
Cost at 1 January 2024	347.250
Additions for the year	8.681
Cost at 31 December 2024	355.931
Carrying amount at 31 December 2024	**355.931**

10 Contract work in progress

	2024 DKK	2023 DKK
Work in progress, selling price	98.958.629	99.176.067
Work in progress, payments received on account	-96.847.780	-103.355.695
	2.110.849	**-4.179.628**
Recognised in the balance sheet as follows:		
Contract work in progress under assets	10.598.416	9.760.943
Prepayments received under liabilities	-8.487.567	-13.940.571
	2.110.849	**-4.179.628**

11 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

Notes

		2024	2023
		DKK	DKK
12	**Provision for deferred tax**		
	Provision for deferred tax at 1 January 2024	11.771.553	12.409.734
	Deferred tax recognised in income statement	793.102	-638.181
	Provision for deferred tax at 31 December 2024	**12.564.655**	**11.771.553**
		12.564.655	**11.771.553**

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years as well as fair value adjustments of derivative financial instruments with a negative fair value.

14 Rent and lease liabilities

Rent and lease liabilities

Lejeforpligtelser, uopsigelighedsperiode 11 mdr.	1.736.250	2.084.000

15 Contingent liabilities

The company is jointly taxed with its parent company, GP Strategies A/S, and jointly and severally liable with other jointly taxed entities for payment of income taxes, onwards as well as for payment of withholding taxes on dividends, interest and royalties.

16 Related parties and ownership structure

Controlling interest

Learning Technologies Group plc, 3 NEW STREET SQUARE LONDON ENGLAND EC4A 3BF, United Kingdom, Majority shareholder
GP Strategies Corporation-251 Little Falls Drive, Wilmington, Delaware 19808
-GP Strategies Holdings Limited-3 New Street Square, London, England, EC4A 3BF
GP Strategies Denmark ApS, Lersø Parkallé 107, 2100 København Ø, Danmark

Transactions

All transactions are made on market terms.

Consolidated financial statements

The ultimate parent company is Learning Technologies Group plc, in which Effective People A/S is included in the consolidated annual accounts. The consolidated annual accounts for Learning Technologies Group plc, can be obtained on 3 NEW STREET SQUARE LONDON ENGLAND EC4A 3BF

Accounting policies

The annual report of Effective People A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2024 is presented in DKK

Pursuant to sections 86 (4), of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is insluded in the concolidated financial statements af Learning Technologies Group plc.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Incentive schemes

The value of share options granted to the Executive Board and a number of other executive officers is not recognised in the income statement. The main terms of share option schemes are disclosed in the notes.

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be measured reliably and is expected to be received.

The enterprise will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

Contract work in trogress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably vlidated and it is deemend probable that the financial benefits will flow to the company.

Other operating income

The item Other operating income includes items of a secondary nature relative to the company’s activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

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

Accounting policies

Staff costs

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.

The Company has set up incentive programmes intended to motivate and retain directors. Furthermore, the implemented incentive programmes are designed to ensure a coincidence of employee and shareholder interests.

Share-based incentive programmes where employees can solely opt to buy shares in the parent company (equity-settled share-based payment transactions) are measured at the marked value aof the equity instruments at the time of granting and recognised in the income statement under staff costs under the respective functions, allocated over the vesting period. The corresponding counter entry is recognised in the equity.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The company is subject to the Danish rules on compulsory joint taxation.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Accounting policies

Balance sheet

Intangible assets

Goodwill

Acquisitions of entities are accounted for using the purchase method, according to which the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provision is made for expenses to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Goodwill arising on acquisition can be restated until the end of the year after the acquisition.

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 5-25 years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fictures and tittings, tools and equipment	3-5 years

Assets costing less than DKK 33.100 are expensed in the year of acquisition.

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Accounting policies

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale.

Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Fixed asset investments

Other investments

Other financial assets, which consist of deposit, are measured at fair value at the balance sheet date.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income recognised under 'Current liabilities' comprises payments received concerning income in subsequent financial years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Accounting policies

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Foreign subsidiaries, associates and participating interests are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of such entities opening equity at closing rate and on translation of the income statements from the exchange rates at the transaction date to closing rate are taken directly to the fair value reserve under 'Equity' in the consolidated financial statements.

Foreign exchange adjustments of balances with separate entities which are considered part of the investment in the subsidiary are taken directly to the fair value reserve under 'Equity'. Correspondingly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in such entities are taken directly to equity.

Financial Highlights

Definitions of financial ratios.

Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$