
Kantar Gallup A/S

Rådhuspladsen 45, DK-1550 Copenhagen V

Annual Report for 1 January - 31 December 2019

CVR No 11 94 51 98

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/4 2020

Nicolaas Neele
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Kantar Gallup A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations and cash flows for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 29 April 2020

Executive Board

Henrik Jørgen Hansen
Chief Executive Officer

Berit Raith Juul Puggaard

Irene Oleander Iversen

Nicolaas Neele

Board of Directors

Yvonne Sofia Kristina Pernodd
Chairman

Paul Francis Cherry

Henrik Jørgen Hansen

Independent Auditor's Report

To the Shareholder of Kantar Gallup A/S

Opinion

We have audited the Financial Statements of Kantar Gallup A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019 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. 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 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.

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events 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.

Independent Auditor's Report

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

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

Copenhagen, 29 April 2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Eskild Nørregaard Jacobsen

statsautoriseret revisor

mne11681

Company Information

The Company

Kantar Gallup A/S
Rådhuspladsen 45
DK-1550 Copenhagen V
E-mail: kontakt@kantargallup.dk
Website: kantargallup.dk

CVR No: 11 94 51 98
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Yvonne Sofia Kristina Pernodd , Chairman
Paul Francis Cherry
Henrik Jørgen Hansen

Executive Board

Henrik Jørgen Hansen
Berit Raith Juul Puggaard
Irene Oleander Iversen
Nicolaas Neele

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S

Financial Highlights

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

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	164.900	162.812	176.238	171.858	165.489
Gross profit/loss	98.025	98.502	98.289	91.691	97.965
Operating profit/loss	18.832	15.979	18.641	12.226	23.368
Net financials	-642	-452	-400	-297	-203
Net profit/loss for the year	13.954	12.097	13.580	9.173	17.658
Balance sheet					
Balance sheet total	156.645	120.427	88.377	65.646	62.325
Equity	19.488	17.631	19.114	14.707	23.192
Ratios					
Gross margin	59,4%	60,5%	55,8%	53,4%	59,2%
Profit margin	11,4%	9,8%	10,6%	7,1%	14,1%
Solvency ratio	12,4%	14,6%	21,6%	22,4%	37,2%
Return on equity	75,2%	65,8%	80,3%	48,4%	77,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In connection with changes to accounting policies, the comparative figures for 2015-2017 have not been restated. See the description under accounting policies.

Management's Review

Primary activities

In 2019, Kantar Gallup A/S, which is the Danish part of the Kantar Group, maintained its position on the market as the leading provider of market research in Denmark.

Development in activities and finances

The income statement of the Company for 2019 shows a profit of TDKK 13,954, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 19,488.

Revenue and results have lived up to the expectations for the year.

Outlook

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Before the COVID-19 outbreak, Management expected a limited growth in revenue for 2020 and a limited growth in results for 2020 compared to 2019.

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

Particular risks

Business risks

There are no business risks.

Financial exposure

The Company's results and cash flow are to a limited degree influenced by exchange rate fluctuations. Currency risks are partly hedged through opposing cash flows from the Company's activities. No currency transactions are entered into to further reduce the risks, nor are any speculative currency transactions entered into.

Changes in the interest rate levels have no significant impact on the earnings.

Research and development

The Company has no separate research and development activities.

Environmental performance

There are no material environmental impacts to take into consideration.

Management's Review

Intellectual capital resources

Kantar Gallup works constantly on maintaining and enhancing its position as the leading market research company in Denmark. To ensure this position, the Company's objective is to employ and retain well-educated and highly skilled employees.

Kantar Gallup is determined to remain a very attractive workplace with a strong and deeply embedded company culture.

Uncertainty relating to recognition and measurement

There are no material uncertainties relating to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There are no unusual circumstances affecting recognition and measurement.

Subsequent events

Except for the effect of COVID-19 outbreak mentioned above, no events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Revenue		164.900	162.812
Other external expenses		-66.875	-64.310
Gross profit/loss		98.025	98.502
Staff expenses	2	-66.332	-70.748
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12.861	-11.775
Profit/loss before financial income and expenses		18.832	15.979
Financial income	4	168	93
Financial expenses	5	-810	-545
Profit/loss before tax		18.190	15.527
Tax on profit/loss for the year	6	-4.236	-3.430
Net profit/loss for the year		13.954	12.097

Balance Sheet 31 December

Assets

	Note	2019 TDKK	2018 TDKK
Acquired licenses		1.240	1.900
Intangible assets	7	1.240	1.900
Leasing leasehold and cars		40.935	46.313
Other fixtures and fittings, tools and equipment		12.435	17.739
Property, plant and equipment	8	53.370	64.052
Deposits		133	92
Fixed asset investments	9	133	92
Fixed assets		54.743	66.044
Trade receivables		21.453	28.358
Contract work in progress	10	1.949	1.672
Receivables from group enterprises		3.254	5.416
Other receivables		99	105
Deferred tax asset		916	271
Prepayments	11	44	43
Receivables		27.715	35.865
Cash at bank and in hand		74.187	18.518
Currents assets		101.902	54.383
Assets		156.645	120.427

Balance Sheet 31 December

Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital		534	534
Retained earnings		10.000	5.000
Proposed dividend for the year		8.954	12.097
Equity	12	19.488	17.631
Lease liabilities		35.892	40.674
Provisions for pensions and similar liabilities		1.500	1.652
Long-term debt	14	37.392	42.326
Lease liabilities	14	5.140	5.639
Prepayments received from customers		14.613	9.690
Trade payables		4.268	2.597
Payables to group enterprises		40.857	2.541
Corporation tax		701	587
Other payables	14,15	34.186	39.416
Short-term debt		99.765	60.470
Debt		137.157	102.796
Liabilities and equity		156.645	120.427
Subsequent events	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	18		
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Statement of Changes in Equity

	Share capital	Retained	Proposed	Total
	TDKK	earnings	dividend for the	TDKK
	TDKK	TDKK	year	TDKK
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	534	5.000	12.097	17.631
Ordinary dividend paid	0	0	-12.097	-12.097
Net profit/loss for the year	0	5.000	8.954	13.954
Equity at 31 December	534	10.000	8.954	19.488

Cash Flow Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Net profit/loss for the year		13.954	12.097
Adjustments	16	17.739	15.657
Change in working capital	17	15.504	-14.377
Cash flows from operating activities before financial income and expenses		47.197	13.377
Financial income		168	93
Financial expenses		-809	-545
Cash flows from ordinary activities		46.556	12.925
Corporation tax paid		-4.767	-5.131
Cash flows from operating activities		41.789	7.794
Purchase of property, plant and equipment		-1.380	-7.562
Fixed asset investments made etc		-41	2.579
Cash flows from investing activities		-1.421	-4.983
Loan receipts		32.915	0
Payment of lease liabilities		-5.517	-4.729
Dividend paid		-12.097	-13.580
Cash flows from financing activities		15.301	-18.309
Change in cash and cash equivalents		55.669	-15.498
Cash and cash equivalents at 1 January		18.518	34.016
Cash and cash equivalents at 31 December		74.187	18.518
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		74.187	18.518
Cash and cash equivalents at 31 December		74.187	18.518

Notes to the Financial Statements

1 Subsequent events

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak. Before the COVID-19 outbreak, Management expected a limited growth in revenue for 2020 and a limited growth in results for 2020 compared to 2019.

Company Management has tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the negative implications. Therefore, Management finds itself unable to disclose reliably its outlook for the future in accordance with section 12 of the Danish Financial Statements Act.

No other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

	2019 TDKK	2018 TDKK
2 Staff expenses		
Wages and salaries	63.924	68.498
Pensions	207	206
Other social security expenses	1.171	1.177
Other staff expenses	1.030	867
	66.332	70.748
Average number of employees	124	133

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The Executive Board and Senior Officers at Kantar Gallup A/S are covered by the Group share option program. The Programmes have no financial impact on these financial statements.

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

Amortisation of intangible assets	660	669
Depreciation of property, plant and equipment	12.201	11.106
	12.861	11.775

Notes to the Financial Statements

	2019 <u>TDKK</u>	2018 <u>TDKK</u>
4 Financial income		
Interest income	52	19
Exchange rate adjustments	116	74
	<u>168</u>	<u>93</u>
5 Financial expenses		
Interest expenses	534	285
Exchange adjustments, expenses	57	58
Interest expenses, lease liability	219	202
	<u>810</u>	<u>545</u>
6 Tax on profit/loss for the year		
Current tax for the year	4.701	3.087
Deferred tax for the year	-645	339
Adjustment of tax concerning previous years	180	4
	<u>4.236</u>	<u>3.430</u>
7 Intangible assets		Acquired licenses <u>TDKK</u>
Cost at 1 January		<u>3.239</u>
Cost at 31 December		<u>3.239</u>
Impairment losses and amortisation at 1 January		1.339
Amortisation for the year		<u>660</u>
Impairment losses and amortisation at 31 December		<u>1.999</u>
Carrying amount at 31 December		<u>1.240</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Leasing leasehold and cars <u>TDKK</u>	Other fixtures and fittings, tools and equipment <u>TDKK</u>
Cost at 1 January	51.503	36.020
Additions for the year	139	1.380
Disposals for the year	<u>-902</u>	<u>-624</u>
Cost at 31 December	<u>50.740</u>	<u>36.776</u>
Impairment losses and depreciation at 1 January	5.190	18.281
Depreciation for the year	5.517	6.684
Impairment and depreciation of sold assets for the year	<u>-902</u>	<u>-624</u>
Impairment losses and depreciation at 31 December	<u>9.805</u>	<u>24.341</u>
Carrying amount at 31 December	<u>40.935</u>	<u>12.435</u>

9 Fixed asset investments

	<u>Deposits</u> TDKK
Cost at 1 January	92
Additions for the year	<u>41</u>
Cost at 31 December	<u>133</u>
Carrying amount at 31 December	<u>133</u>

10 Contract work in progress

	<u>2019</u> TDKK	<u>2018</u> TDKK
Contract work in progress	9.746	10.478
Progress billings regarding contract work in progress	<u>-7.797</u>	<u>-8.806</u>
	<u>1.949</u>	<u>1.672</u>

11 Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums and subscriptions.

Notes to the Financial Statements

12 Equity

The share capital consists of 534 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2019 TDKK	2018 TDKK
13 Distribution of profit		
Proposed dividend for the year	8.954	12.097
Retained earnings	5.000	0
	13.954	12.097

14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Lease liabilities

Between 1 and 5 years	35.892	40.674
Long-term part	35.892	40.674
Within 1 year	5.140	5.639
	41.032	46.313

Provisions for pensions and similar liabilities

Between 1 and 5 years	1.500	1.652
Long-term part	1.500	1.652
Other short-term payables	34.186	39.416
	35.686	41.068

Notes to the Financial Statements

	<u>2019</u>	<u>2018</u>
	TDKK	TDKK
15 Other payables		
VAT and duties	2.962	3.322
Wages and salaries, personal income taxes, social security costs, etc.	1.033	1.277
Holiday pay obligation	7.400	7.830
Other costs payable	22.791	26.987
	<u>34.186</u>	<u>39.416</u>
16 Cash flow statement - adjustments		
Financial income	-168	-93
Financial expenses	810	545
Depreciation, amortisation and impairment losses, including losses and gains on sales	12.861	11.775
Tax on profit/loss for the year	4.236	3.430
	<u>17.739</u>	<u>15.657</u>
17 Cash flow statement - change in working capital		
Change in receivables	8.795	-3.637
Change in other provisions	-152	-145
Change in trade payables, etc	6.861	-10.595
	<u>15.504</u>	<u>-14.377</u>

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The Company participated in a Danish joint taxation arrangement in which WPP Holding Denmark A/S served as the administration company until 1 December 2019. As of 1 December 2019, the Company serves as the administration company in a Danish joint taxation arrangement of the Kantar Media Group. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the joint taxed companies.

The Company's bank has provided a guarantee to third parties in connection with rental agreement, the guarantees total of TDKK 6.259 per 31 December 2019.

There are no other security and contingent liabilities at 31 December 2019.

19 Related parties

Controlling interest

Kantar Gallup A/S is 100 % owned by Taylor Nelson Sofres B.V., Laan op Zuid 167, 3072 DB Rotterdam, Netherland and is ultimately a 60% owned subsidiary of Bain Capital Investors LLC, 200 Clarendon Street Boston, MA 02116 United States.

Transactions

Transactions with related parties are conducted on market terms.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Kantar Gallup A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2019 are presented in TDKK.

Changes in accounting policies

The Annual Report for 2019 has been presented in accordance with the provisions of the Danish Annual Accounts Act applying to medium-sized enterprises of reporting class C with the option of higher accounting class and IFRS provisions (IFRS 15 and 16) for the recognition and measurement of lease assets and liabilities. Only IFRS 16 has a material impact on the Company's financial statements.

If a lease contract is identified, a leased asset and a corresponding lease liability are recognized in the balance sheet at the contract's commencement date. Leased assets are initially measured at cost, equivalent to the relevant recognized lease liability adjusted for any leasing payments made on or before the commencement date, any initial costs associated to the lease and other directly related costs.

The change in accounting policies leads to a reduction in results for the year before tax of DKK 373 thousand. Tax for the year as a result of the change in accounting policies, consisting of an adjustment of deferred tax, after which results for the year after tax are reduced by DKK 275 thousand. The balance sheet total is increased by DKK 46,223 thousand by 1 January while equity is reduced by DKK 275 thousand at 31 December 2019.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Income Statement

Revenue

Revenue from the sale of services is recognised in the income statement when performed. Revenue is recognised net of VAT, duties and sales discounts.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Notes to the Financial Statements

20 Accounting Policies (continued)

Staff expenses

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for company staff.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing.

Financial income and expenses

Other financial income comprises interest income, net capital gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, net capital losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with other Danish subsidiaries of the WPP Group. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intangible assets

Intangible assets are measured at cost at less accumulated depreciation and impairment losses.

Intangible assets are written down to the lower of recoverable amount and carrying amount.

Notes to the Financial Statements

20 Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Property, plant and equipment	10 years
Tools, equipment and IT	1-5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of Deposits.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less write-downs for bad and doubtful debts.

Notes to the Financial Statements

20 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividend

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

Provisions

Provisions for pensions and similar liabilities are measured at net realisable value equal to the present value of expected payments by the individual pension schemes etc.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

20 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Lease liabilities:

On initial recognition, lease liabilities are measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Notes to the Financial Statements

20 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$