

Omnicom Media Group A/S

Midtermolen 3
2100 København Ø

CVR no. 15 10 68 75

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting

on 31 May, 2021

Peter Gottfredsen
chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Omnicom Media Group A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, May 31, 2021
Executive Board:

Peter Gottfredsen
CEO

Board of Directors:

John James Byrnes
Chairman

Michael Holmer

Peter Gottfredsen

Independent auditor's report

To the shareholders of Omnicom Media Group A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Omnicom Media Group A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020 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 consolidated financial statements and the parent company financial statements" section of our report.

We are independent of the Group 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 rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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Independent auditor's report

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

Copenhagen, May 31, 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson
State Authorised
Public Accountant
mne19737

Omnicom Media Group A/S
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Management's review

Company details

Omnicom Media Group A/S
Midtermolen 3A
2100 København Ø

Telephone: +45 38 14 57 00
Fax: +45 38 14 57 01
CVR-no.: 15 10 68 75
Financial period: 1 January – 31 December
Established: 1 May 1991
Registered office: Copenhagen

Board of Directors

John James Byrnes, Chairman
Michael Holmer
Peter Gottfredsen

Executive Board

Peter Gottfredsen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

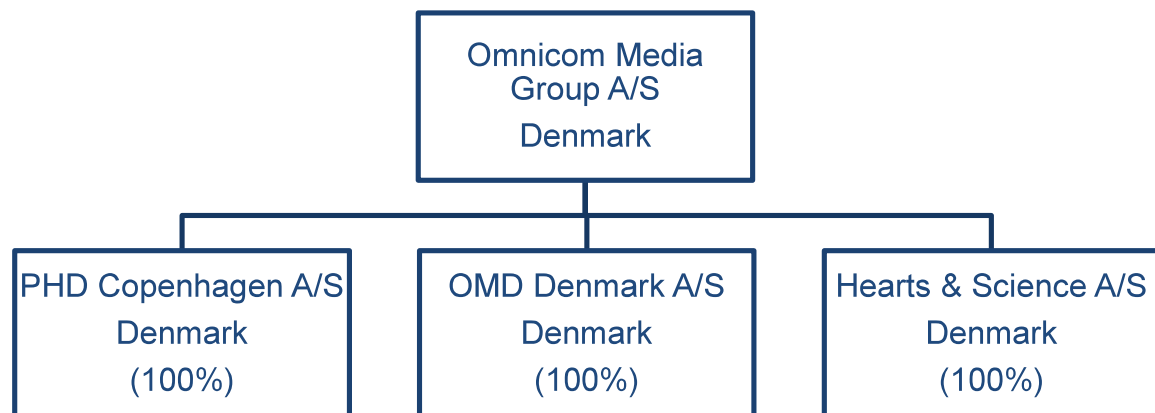
General meeting

The annual general meeting is held on May 31, 2021 at the Company's address.

Management's review

Group chart

Parent company



Management's review

Financial highlights for the Group

DKK'000	2020	2019	2018	2017	2016
Revenue	151,053	170,642	168,485	165,003	157,364
Ordinary operating profit	22,878	22,728	26,609	28,069	25,180
Net financials	-530	-787	-224	-73	-762
Net profit for the year	17,151	17,102	20,422	23,158	18,691
Balance sheet total	376,147	342,544	339,777	379,753	365,329
Investments in property, plant and equipment	-364	-592	-804	-1,674	-2,832
Equity	61,388	44,237	27,136	29,714	25,056
Gross margin	81.6%	78.4%	85.3%	84.5%	84.4%
Profit margin	15.1%	13.3%	15.8%	17.0%	16.0%
Return on assets	6.4%	6.7%	7.4%	7.5%	8.0%
Solvency ratio	16.3%	12.9%	8.0%	7.8%	6.9%
Return on equity	32.5%	47.9%	71.8%	84.6%	75.0%
Liquid test	117.3%	113.3%	107.1%	107.0%	105.9%

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

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios".

Management's review

Operating review

The Group's principal activities

The Group Companies have established continuous long-term cooperation with a wide range of advertisers in Denmark and deliver a variety of marketing related consultancy services to these companies.

In 2020, the Media and Marketing Consultancy Services included; Media and Marketing strategy, Marketing Technology Reviews, eCommerce Consulting and the development of other digital Business- and Communication strategies. In 2020 the company launched significant innovations and new product lines, in particular within advanced decision support systems and marketing technology.

The Company's core services include software production within advanced decision support which are produced and marketed through the specialist unit "Annalect".

In 2020 there has been a significant expansion of the companies' capabilities within the area of Performance Marketing through the specialist entity 'Resolution'. A long list of new clients have been onboarded and new alliances have been created with third party technologies.

Finally, the company delivers digital production and content development through the award-winning specialist unit 'DRUM'.

Omnicom Media Group provides shared services for the Group Companies in the areas of Management, Finance, IT and HR.

Business development and finances

The company was hugely successful during 2020 in terms of winning new clients and retaining existing relationships throughout the Covid-19 crises, but because of significant reductions in media and marketing investments among a wide range of clients, the total revenue has delined. Given the circumstances of the global pandemic, the financial development is satisfactory, and the increased number of clients and effective cost management means that the outlook for the future is very positive.

Investments have been made in strengthening the company's technical infrastructure which has been a vehicle for more efficient data management and improvement of internal processes, improved digital service interfaces for clients and enabled the launch of a new generation of agile decision support systems.

Hence, these investments have allowed the company to continuously improve productivity and customer experience and the new services have been instrumental in the continuous inflow of new clients in 2020. As in previous years, all agencies within the Group received an exceptionally high number of Danish and international awards and recognitions, and Omnicom Media Group was again the most award-winning media agency group in Denmark in 2020.

Outlook

We expect a positive development in the Danish economy and a corresponding trend in media spending.

We expect the Company to strengthen its market position and market share through a continued prioritisation of product and service development and a high number of new client relationships.

Hence, the Company foresees a structural growth in the market following the expected decline of the Covid-19 pandemic and organic growth from a continuous flow of new clients and the increasing sales of new products in particular within the areas of advanced decision support and Performance Marketing.

Intellectual capital

The Company's business concept is primarily based on the offering of advanced consultancy services delivered by highly qualified specialists.

This requires comprehensive knowledge resources, both in terms of talents and business procedures. To continuously offer such services, it is imperative for the Company to be able to recruit and retain highly skilled employees in all the relevant areas of expertise.

The strong performance on market recognition and awards has been instrumental in building a strong employer brand which is critical for the company's ability to attract talent.

Special risks – business risks and financial risks

The Company's business and financial risk is closely related to the development of the national economy, which is expected to grow significantly during 2021.

The primary financial risk for the company is the customers' ability to pay; therefore, the company has credit insurance coverage on all customers.

Subsidiaries

In the past year, the Company's two subsidiaries, the media agency OMD Denmark A/S and the media agency PHD Copenhagen A/S, experienced a positive result and contributed with approximately DKK 11.6 million to the Company's total earnings.

In 2018 the group launched a third agency; 'Hearts & Science A/S'. This company grew 43% in 2020 and reached a gross revenue of DKK 6.84 million, and for the first time, a positive net result. This is in line with the launch plan for the agency, and this considered a satisfactory result for the first fiscal year.

Management's review

Operating review

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Group and the results of the Company's operations and cash flows for the financial year 2020 have not been affected by any unusual events.

External environment

Omnicom Media Group A/S is environmentally conscious and works to reduce the environmental impacts of corporate operations.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group		Parent Company	
		2020	2019	2020	2019
Revenue	2	151,053	170,642	84,441	94,013
Other external costs		-27,798	-36,853	-25,032	-28,357
Gross profit		123,255	133,790	59,409	65,656
Staff costs	3	-98,790	-109,821	-49,987	-54,712
Depreciation, amortisation		-1,587	-1,241	-1,525	-1,146
Ordinary operating profit		22,878	22,728	7,897	9,797
Income from investments in subsidiaries	4	0	0	11,644	9,833
Financial income	5	95	0	0	0
Financial expenses	6	-625	-787	-488	-495
Profit before tax		22,348	21,941	19,053	19,134
Tax on profit for the year	7	-5,198	-4,839	-1,903	-2,033
Profit for the year		17,151	17,102	17,151	17,102
Proposed distribution of profit					
Proposed dividend for the year		0	0	0	0
Reserve for capitalized development projects, net of tax		2,321	0	2,321	0
Retained earnings		14,830	17,102	14,830	17,102
		17,151	17,102	17,151	17,102

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2020	2019	2020	2019
ASSETS					
Fixed assets					
Intangible assets	8				
Software		3,080	159	3,080	159
		<u>3,080</u>	<u>159</u>	<u>3,080</u>	<u>159</u>
Property, plant and equipment	9				
Other fixtures and fittings, tools and equipment		973	1,478	973	1,434
Leasehold improvements		147	344	125	305
		<u>1,120</u>	<u>1,822</u>	<u>1,099</u>	<u>1,739</u>
Investments					
Investments in subsidiaries	10	0	0	47,336	35,402
Deposits		2,813	2,752	2,812	2,751
		<u>2,813</u>	<u>2,752</u>	<u>50,148</u>	<u>38,153</u>
Total fixed assets		<u>7,012</u>	<u>4,732</u>	<u>54,326</u>	<u>40,051</u>
Current assets					
Receivables					
Trade receivables		224,345	177,246	5,844	7,758
Contract work in progress	11	1,901	1,930	575	798
Amount owed by group entities		134,704	148,325	74,667	84,710
Other receivables		6,552	8,377	1,559	2,225
Deferred tax asset	12	0	470	0	386
Prepayments		1,632	1,461	1,426	1,407
		<u>369,134</u>	<u>337,812</u>	<u>84,071</u>	<u>97,285</u>
Cash at bank and in hand		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total current assets		<u>369,134</u>	<u>337,812</u>	<u>84,071</u>	<u>97,285</u>
TOTAL ASSETS		<u>376,147</u>	<u>342,544</u>	<u>138,398</u>	<u>137,335</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	Group		Parent Company	
		2020	2019	2020	2019
EQUITY AND LIABILITIES					
Equity					
Share capital		3,037	3,037	3,037	3,037
Reserves in accordance with the articles of association		2,267	2,267	2,267	2,267
Reserve for capitalized development projects, net of tax		2,321	0	2,321	0
Retained earnings		33,763	18,933	33,763	18,933
Proposed dividend		0	0	0	0
Proposed dividend previous years		20,000	20,000	20,000	20,000
Total equity		61,388	44,237	61,388	44,237
Liabilities other than provisions					
Non-current liabilities other than provisions					
Deferred tax liability	12	164	0	201	0
Lease commitments		0	35	0	35
		164	35	201	35
Current liabilities other than provisions					
Lease commitments		35	111	35	111
Trade payables		155,900	163,511	6,032	4,179
Contract work in progress	11	9,483	4,815	4,070	827
Payables to associates		45,812	71,022	45,803	70,828
Corporation tax		2,262	2,207	619	1,188
Other payables		46,557	31,008	20,250	15,930
Deferred income		54,545	25,599	0	0
		314,594	298,272	76,809	93,063
Total liabilities other than provisions		314,594	298,307	77,010	93,098
TOTAL EQUITY AND LIABILITIES		376,147	342,544	138,398	137,335
Contractual obligations and contingencies, etc.					
	13				
Related parties and ownership	14				

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Statement of changes in equity

	Group				
	Share capital	Reserves in accordance with the articles of association	Reserve for capitalized development projects, net of tax	Retained earnings	Proposed dividend
DKK'000					
Equity at 1 January 2020	3,037	2,267	0	18,933	20,000
Ordinary dividend paid					
Net profit for the year			2,321	14,830	
Equity at 31 December 2020	3,037	2,267	2,321	33,763	20,000

	Parent Company				
	Share capital	Reserves in accordance with the articles of association	Reserve for capitalized development projects, net of tax	Retained earnings	Proposed dividend
DKK'000					
Equity at 1 January 2020	3,037	2,267	0	18,933	20,000
Ordinary dividend paid					
Net profit for the year			2,321	14,830	
Equity at 31 December 2020	3,037	2,267	2,321	33,763	20,000

The share capital consists of 3,037 shares with a nominal value of DKK 1,000. No shares carry any special rights.

The share capital can be specified as follows:

DKK'000	2020	2019	2018	2017	2016
Share capital at 1 January	3,037	3,037	3,037	3,037	3,037
Share capital at 31 December	3,037	3,037	3,037	3,037	3,037

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Cash flow statement

DKK'000	Note	Group	
		2020	2019
Revenue	2	151,053	170,642
Costs		-27,798	-36,853
Other operation costs		-98,790	-109,821
Cash flows from operating activities before changes in working capital		24,465	23,969
Changes in working capital		-15,449	-15,986
Cash flows from operations		9,016	7,983
Interest income		95	0
Interest expense		-625	-787
Cash flows from operating activities before extraordinary items and tax		8,486	7,195
Corporation tax paid		-4,508	-6,220
Cash flows from operating activities		3,978	976
Acquisition of property, plant and equipment		-3,806	-592
Changes in investments		-61	-232
Cash flows used for investing activities		-3,867	-825
Dividends paid		0	0
Payables to credit institutions		-111	-151
Cash flows from financing activities		-111	-151
Net cash flows for the year		0	0
Cash and cash equivalents at 1 January		0	0
Cash and cash equivalents at year end		0	0

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report for 2020 has been prepared in accordance with the provisions applying to reporting class C under the Danish Financial Statements Act with opt-in of capitalization of development projects from higher reporting classes.

The accounting policies used in the presentation of the financial statements are consistent with those of last year.

The annual report of Omnicom Media Group A/S is included in the consolidated financial statements of Omnicom Media Group A/S.

The annual report of Omnicom Media Group A/S is included in the consolidated financial statements of the ultimate parent company Omnicom Group Inc., USA. The annual report can be obtained on the Company's web site: <http://investor.omnicomgroup.com/investor-relations/news-events-and-filings/default.aspx#AnnualReports>.

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 instalments 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.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Omnicom Media Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. An overview of the group appears on page 8.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Income statement

Revenue

Revenue consists of media revenue and revenue regarding consultancy services.

Media invoicing to customers is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Media revenue is measured ex. VAT, tax charged and rebates in connection with the sale. We act as an agent and revenue is recognised as invoicing to customers less media expenses.

Contract work in progress is recognised as revenue as the production is carried out. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses and the stage of completion of the contract at the balance sheet date can be reliably calculated and when it is probable that the economic benefits, including payment, will flow to the Group.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise costs for sale, advertising, administration, rent, etc.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pensions and other social security costs, etc., to the Company's employees excluding refunds from public authorities.

Incentive programmes

The value of services received in exchange for granted options is measured at fair value of the options granted at the time of grant.

The value of the options is measured on each balance sheet day and at final settlement and changes in the value of the options are recognised in the income statement under staff costs proportionally in line with the vesting period where the employee has the right to exercise the options. The offset is being accounted for under liabilities in the balance sheet.

Income from investments in group subsidiaries

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of internal gains/losses.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amount relating to the financial year. Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with the other Omnicom companies in Denmark. The tax effect of the joint taxation is allocated in proportion to the taxable income (full absorption).

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Software

Software includes software from third parties and software development projects.

Third party software comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Development costs comprise costs, wages and salaries directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Software recognised in the balance sheet is measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work/when the asset is available for use, software costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3-5 years.

Property, plant and equipment

Fixtures and fittings and tools and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Leasehold improvements	During the lease period
Other fixtures and fittings, tools and equipment	3-5 years

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the sales price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportionate share of the enterprises' net asset values calculated in accordance with the parent company's accounting policies minus or plus unrealised intra-group profits and losses and goodwill.

Participating interests (including associates) with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Net revaluation of investments in subsidiaries is transferred to the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost.

Deposits

Deposits are measured at amortised cost.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 total expected income from the contract work in progress.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet under receivables or payables, depending on the net amount of the selling price less progress billings and pre-payments.

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised on the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and equity.

Current liabilities

Liabilities, which comprise trade and other payables and amount owed to group enterprises, are measured at amortised cost, substantially corresponding to nominal value.

Deferred income recognised as liabilities include incoming payments regarding income in following 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.

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.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group'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 profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise purchase and sale of treasury shares, payments arising from increases or reductions in capital and related costs as well as the payment of dividends to shareholders and the raising and repayment of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less, which are easily convertible into cash, and which are subject to only an insignificant risk of changes in value.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

	Group		Parent Company	
	2020	2019	2020	2019
DKK'000				
2 Revenue				
Invoicing to customers	1,125,310	1,272,012	87,625	95,595
Media expenses, etc.	-974,258	-1,101,369	-3,184	-1,582
Total revenue	<u>151,053</u>	<u>170,642</u>	<u>84,441</u>	<u>94,013</u>
3 Staff costs				
Wages and salaries	90,691	101,501	45,314	50,354
Pensions	6,467	6,898	3,571	3,640
Other social security costs	1,632	1,421	1,102	718
	<u>98,790</u>	<u>109,821</u>	<u>49,987</u>	<u>54,712</u>
Average number of full-time employees	<u>187</u>	<u>201</u>	<u>99</u>	<u>106</u>

Incentive programs

Senior executive members have been governed by discretionary incentive programs from Omnicom Group Inc. Vesting/settlement requires continued employment.

Remaining value of:				
Stock options granted 2017	0	170	0	170
Restricted stock units granted 2019	1,162	1,452	1,162	1,452
Cash incentives granted 2017	0	341	0	341
	<u>1,162</u>	<u>1,963</u>	<u>1,162</u>	<u>1,963</u>

	2020	
	Group	Parent Company
Restricted stock units granted 2019		
Number of restricted stock units	2,704	2,704
Stock price/share USD	62.37	62.37
Closing rate DKK/USD	6.0849	6.0849
Closing value (DKK'000)	1,026	1,026
Remaining exercise/vesting period in years	4	4

In accordance with section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. No remuneration has been paid to the Board of Directors.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

4 Income from investments in subsidiaries

	Parent Company	
	2020	2019
Income from investments in subsidiaries	11,644	9,833
	<u>11,644</u>	<u>9,833</u>

	Group		Parent Company	
	2020	2019	2020	2019
DKK'000				
5 Financial income				
Interest income received from associates	0	0	0	0
Other financial income	95	0	0	0
	<u>95</u>	<u>0</u>	<u>0</u>	<u>0</u>
6 Financial expenses				
Interest paid to associates	0	0	0	0
Other financial expenses	625	787	488	495
	<u>625</u>	<u>787</u>	<u>488</u>	<u>495</u>
7 Tax on profit for the year				
Current tax for the year	4,563	4,807	1,315	2,089
Deferred tax for the year	634	32	587	-56
Adjustment of tax concerning previous years	0	0	0	0
	<u>5,198</u>	<u>4,839</u>	<u>1,903</u>	<u>2,033</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

8 Intangible assets

	Group
	Software
DKK'000	
Cost at 1 January 2020	1,514
Additions for the year	3,442
Disposals for the year	0
Cost at 31 December 2020	4,956
Impairment losses and depreciation at 1 January 2020	-1,355
Depreciation for the year	-521
Depreciation on disposed assets	0
Impairment losses and depreciation at 31 December 2020	-1,876
Carrying amount at 31 December 2020	3,080

	Parent Company
	Software
DKK'000	
Cost at 1 January 2020	1,514
Additions for the year	3,442
Disposals for the year	0
Cost at 31 December 2020	4,956
Impairment losses and depreciation at 1 January 2020	-1,355
Depreciation for the year	-521
Depreciation on disposed assets	0
Impairment losses and depreciation at 31 December 2020	-1,876
Carrying amount at 31 December 2020	3,080

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

9 Property, plant and equipment

	Group		
	Other fix- tures and fittings, tools and equip- ment	Lease- hold im- prove- ments	Total
DKK'000			
Cost at 1 January 2020	7,253	984	8,237
Additions for the year	364	0	364
Disposals for the year	0	0	0
Cost at 31 December 2020	7,617	984	8,601
Depreciation and impairment losses at 1 January 2020	-5,775	-641	-6,415
Depreciation for the year	-869	-197	-1,066
Depreciation on disposed assets	0	0	0
Impairment losses and depreciation at 31 December 2020	-6,644	-838	-7,481
Carrying amount at 31 December 2020	973	147	1,120
Of which relates to finance lease	32	0	32

	Parent Company		
	Other fix- tures and fittings, tools and equip- ment	Lease- hold im- prove- ments	Total
DKK'000			
Cost at 1 January 2020	6,789	899	7,689
Additions for the year	364	0	364
Disposals for the year	0	0	0
Cost at 31 December 2020	7,153	899	8,052
Depreciation and impairment losses at 1 January 2020	-5,355	-594	-5,950
Depreciation for the year	-824	-180	-1,004
Depreciation on disposed assets	0	0	0
Impairment losses and depreciation at 31 December 2020	-6,180	-774	-6,954
Carrying amount at 31 December 2020	973	125	1,099
Of which relates to finance lease	32	0	32

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

DKK'000	Parent Company	
	2020	2019
10 Investments in subsidiaries		
Cost at 1 January	14,873	14,873
Additions for the year	0	0
Cost at 31 December	14,873	14,873
Revaluations at 1 January	20,530	10,696
Net profit for the year	11,644	9,977
Dividend to the Parent Company	0	0
Negative investment moved to amount owed by group entities	291	0
Revaluations at 31 December	32,464	20,530
Carrying amount at 31 December	47,336	35,402

Investments in subsidiaries are specified as follows:

Name/legal form	Registered office	Equity interest	Equity DKK'000	Net profit for the year DKK'000
Subsidiaries:				
OMD Denmark A/S	Copenhagen	100%	29,642	8,496
PHD Copenhagen A/S	Copenhagen	100%	17,694	3,139
Hearts & Science A/S	Copenhagen	100%	0	9
			47,336	11,644

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

	Group		Parent Company	
	2020	2019	2020	2019
DKK'000				
11 Contract work in progress				
Contract work in progress	1,706	2,733	709	1,286
Work in progress, payments received on account	-9,288	-5,618	-4,204	-1,315
	<u>-7,582</u>	<u>-2,885</u>	<u>-3,495</u>	<u>-29</u>
Recognised as follows in the balance sheet:				
Contract work in progress recognised in assets	1,901	1,930	575	798
Contract work in progress recognised in liabilities	-9,483	-4,815	-4,070	-827
	<u>-7,582</u>	<u>-2,885</u>	<u>-3,495</u>	<u>-29</u>
12 Deferred tax (negative = liability)				
Deferred tax at 1 January	470	502	386	330
Deferred tax adjustment	-634	-32	-587	56
	<u>-164</u>	<u>470</u>	<u>-201</u>	<u>386</u>

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

13 Contractual obligations and contingencies, etc.

Contingent liabilities/Rental obligations

	Group	Parent Company
DKK'000		
Lease obligations falling due within 1 year	4,133	3,904
Lease obligations falling due within 2-5 years	697	385
	<u>4,830</u>	<u>4,289</u>

The office lease contracts have a period of interminability at 6 months.

The subsidiary Hearts & Science A/S has lost more than half of the company's share capital, and the company is subject to the provisions on capital loss in section 119 of the Danish Companies Act. Omnicom Media Group A/S, has issued a support letter to the subsidiary, which confirms that the parent company will ensure that the subsidiary has sufficient liquidity to meet its liabilities.

Joint taxation

The Company is jointly taxed with the group of Danish subsidiaries. Omnicom Media Group A/S entered as administrative company May 29, 2020, after DDB Copenhagen A/S left the group. The administrative company, together with the group of Danish subsidiaries included in the joint taxation, has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends and interest. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
Purchase of services from group enterprises	-14,805	-23,107	-9,749	-6,542
Sale of services from group enterprises	10,292	30,687	81,217	87,634
	<u>-4,513</u>	<u>7,580</u>	<u>71,467</u>	<u>81,091</u>

14 Related parties and ownership

Purchase of services from group enterprises	-14,805	-23,107	-9,749	-6,542
Sale of services from group enterprises	10,292	30,687	81,217	87,634
	<u>-4,513</u>	<u>7,580</u>	<u>71,467</u>	<u>81,091</u>

Omnicom Media Group A/S' related parties include Optimum Media Direction A/S, Omnicom Media Group Europe Limited and OmnicomGroup Inc.

Omnicom Media Group A/S' related parties with significant influence comprise group enterprises, as and the Boards of Directors, Executive Boards and executive employees of the companies and their family members. Furthermore, related parties comprise companies in which the abovementioned persons have significant interests.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

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14 Related parties and ownership (continued)

Purchase of services from group enterprises consists of management fee, IT costs and handling fees.

Sale of services to group enterprises consists of management fee, facility services, administration services, IT costs and handling fees.

Controlling interest

Optimum Media Direction A/S, Midtermolen 3, 2100 Copenhagen Ø, Denmark.

Ownership

According to the register of shareholders, the following shareholders control minimum 5% of the votes or own minimum 5% of the share capital:

Optimum Media Direction A/S
Midtermolen 3
2100 Copenhagen Ø
Denmark

Omnicon Media Group Europe Limited
5th Floor, 85 Strand
London WC2R 0DW
England

Consolidated annual report

The supreme parent is Omnicom Group Inc., and their consolidated annual report can be required at:

Omnicom Group Inc.
437 Madison Avenue
New York, New York 10022

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Michael Holmer

Underskriver

På vegne af: The Board

Serienummer: PID:9208-2002-2-452268923158

IP: 185.170.xxx.xxx

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NEM ID 

Peter Gottfredsen

Underskriver

På vegne af: The Board

Serienummer: PID:9208-2002-2-765052496063

IP: 185.170.xxx.xxx

2021-05-31 08:10:53Z

NEM ID 

David Olafsson

Underskriver

På vegne af: KPMG

Serienummer: CVR:25578198-RID:16362487

IP: 83.151.xxx.xxx

2021-05-31 13:49:24Z

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John James Byrnes

Underskriver

På vegne af: The Board

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John J. Byrnes

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