
Mindshare A/S

Holmbladsgade 133, DK-2300 Copenhagen S

Annual Report for 1 January - 31 December 2020

CVR No 20 59 56 98

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2021

Mikkel Primdal Kæregaard
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	12
Balance Sheet 31 December	13
Statement of Changes in Equity	15
Notes to the Financial Statements	16

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Mindshare A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 28 May 2021

Executive Board

Martin Ove Rasmussen
Nordic CEO

Board of Directors

Jonas von Barnekow Benzon
Hemmingsen
Chairman

Martin Ove Rasmussen

Pia Tellefsen

Independent Auditor's Report

To the Shareholder of Mindshare A/S

Opinion

We have audited the Financial Statements of Mindshare A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity 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 2020 and of the results of the Company's operations 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 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.

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.

Independent Auditor's Report

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, 28 May 2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Lars Hansen

State Authorised Public Accountant

mne24828

Company Information

The Company

Mindshare A/S
Holmbladsgade 133
DK-2300 Copenhagen S

Telephone: + 45 70227525
Facsimile: + 45 31733399
Website: www.mindshare.dk

CVR No: 20 59 56 98
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jonas von Barnekow Benzons Hemmingsen, Chairman
Martin Ove Rasmussen
Pia Tellefsen

Executive Board

Martin Ove Rasmussen

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:

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	310.436	341.914	339.146	359.067	361.796
Gross profit/loss	36.113	35.143	32.360	35.081	30.124
Operating profit/loss	12.877	9.579	7.064	5.823	4.607
Net financials	64	-78	-180	-306	-152
Net profit/loss for the year	10.085	7.138	5.398	4.288	3.568
Balance sheet					
Balance sheet total	151.518	131.397	120.055	104.316	99.661
Equity	54.519	44.434	37.295	31.897	27.609
Investment in property, plant and equipment	151	0	0	0	0
Number of employees	32	37	41	50	46
Ratios					
Gross margin	11,6%	10,3%	9,5%	9,8%	8,3%
Solvency ratio	36,0%	33,8%	31,1%	30,6%	27,7%
Return on equity	20,4%	17,5%	15,6%	14,4%	13,8%

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.

Management's Review

Core activity

Mindshare is a full-service marketing services agency.

We take responsibility for the entire customer journey and cut through the digital complexity. We help clients grow from turning changes in media, consumer behavior and technology into business opportunities.

As an integrated agency, we cover most marketing disciplines under the same roof within the same organization. It saves time, increase speed and flexibility, and enables more holistic solutions. Our clients can either pick from our marketing services buffet or select a fully integrated solution.

Our clients include many of the market's biggest, most demanding advertisers. Mindshare is a global enterprise employing over 9,000 people across 86 countries around the world. We are 100 pct. owned by WPP, the world's leading communications services group. Mindshare is also a part of GroupM, the largest media investment organization both in Denmark and worldwide. This gives us a level of purchasing power, digital, data & analytics services and expertise that no other company can match.

Business trends and activities

The total net media spending has decreased with 9 pct. FY 2020 vs. 2019. Especially Cinema and outdoor is losing market share due to COVID19 and lock down (closed cinemas and less traffic out of home). Television and radio have introduced COVID19 additional discounts (up to 20 pct.) leading to less movement of budgets from these media groups in April – June 2020. In the longer perspective television is still expected to lose market share, due to the movement of budgets towards WebTV and the decrease in daily viewing. Digital media spend decreased 8 pct., and global digital platforms (Youtube, Google and Facebook) continued to increase their share of market. From July (after lockdown), we have seen a recovery in budgets. 1st H. market decrease was 18 pct. vs. FY decrease at 9 pct.

Traditional television viewing has decreased in 2020 (7,7 pct. in adults 21-50) due to cable cutting and streaming services penetration (NFLX, HBO etc.). Hence COVID19 still couldn't change the fact that TV-viewing was at a lower level in 2020 compared to 2019. Viewing will move to other devices, and streaming services will continue to increase viewing. Discovery's channels haven't been a part of YouSee households from January 1st, 2020, having a huge impact in the whole tv market. Within the digital media group especially web TV and video together are increasing, and premium video inventory (from broadcasters) is sold out in most periods. The new challenge in digital advertising is privacy regulation, and how data is tracked and used. Most known by the fact that the cookie will disappear. This changes the way digital should be bought and will have a huge impact in the future.

As the global COVID19 crisis hit the country in 2020, businesses were forced to adjust and change their way of working as consumers' behavior and consumption patterns shifted in record time. According to a five-round survey conducted by GroupM among +1.000 Danes, 8 out of 10 have developed new habits that they will stick to post pandemic. In the latest analysis, 38 pct. indicate that they have changed their shopping habits compared to pre COVID19. The digital role in the customer journey has likewise been strengthened tremendously in 2020 as online shopping took a quantum leap with 1 out of 5 Danes that have shopped more online than before the pandemic. As national borders were shut down and consumers

Management's Review

were recommended to stay at home, a local oriented mindset flourished with almost half of the Danes prioritizing locally produced goods as one of the most important factors for their future choice of brands. Online convenience and sustainability were likewise brand choice parameters that experienced increasing focus among Danish consumers in their future brand choice. These brand assets will likely affect future business- and marketing trends on longer terms as consumers in a post-pandemic world will begin to assemble an approach to life and business that combines what they miss from life before COVID19 and what they discovered as new positive behaviors and mindsets during the pandemic.

Advertisers are increasingly looking to re-bundle their marketing efforts with fewer partners due to increasing complexity, need for speed and financial pressure. In Denmark most advertisers would now prefer a single agency, where all disciplines are integrated. And the share of companies who use one agency for all work has doubled since 2018. A major reason being that they need their agencies to be faster and nimbler. But also, because that they find a fully integrated agency delivers more value than using more agency partners. E.g. 8 out of 10 advertisers claim to get additional value through more holistic solutions using an integrated agency.

For several years, the Mindshare management have focused on adapting the agency to meet the overall market trends and to secure a leading market position within an industry in upheaval.

This includes continually improving and expanding expertise and advisory services across all marketing disciplines. In addition, the focus on digital and data related marketing disciplines, in collaboration with GroupM, remains undiminished. Since the acquisition of a creative agency and later also adding PR services in 2018 via an official partnership with Hill and Knowlton Strategies, Mindshare has expanded its position as the only fully integrated communications and media agency on the market.

A very positive first quarter of 2020 was replaced by great uncertainty due to the global pandemic. Mindshare has a very diverse client portfolio which followed the general markets exposure to the crisis. A minor part of clients would experience a positive development, another part would not be affected, but a major part of clients was risking a severe business impact. The first projections indicated 20 pct. decline in net sales with the biggest impact in the second quarter and slow recovery in the last quarter.

Mindshare took measures to protect its business as well as its employees from the consequences of the crisis. Apart from a significant cost freeze, this also included a mandatory salary reduction for management combined with a voluntary reduction for other employees in the second quarter. More than 80 pct. participated in the initiative.

The agency also focused on supporting its clients as much as possible and started a series of initiatives that was specifically designed to deliver aid to their business.

Management's Review

Achievements and business results

A focused, substantial commitment to marketing for an integrated position has had a positive long-term effect. Mindshare has become one of the most well-known agency brands across all sectors (creative, digital, media) on the Danish market with 71 pct. brand awareness in the recent survey.

A long-term trend since 2017 of increasing client satisfaction culminated in another record-breaking score in late 2020. Average likelihood-to-recommend increased once again to a staggering 8.7 (on a 0-10 scale), which was also the highest score among all Mindshare offices around the world. The yearly published New Business Barometer from COMvergence reported Mindshare as #2 on the danish market in winning and retaining media accounts. This underlines the agency's balanced focus on client retention and client acquisition.

Despite less focus on entering work for awards, the agency in 2020 won the yearly creative media award (Rambuk Experimental) for its client Animal Protection Org (Dyrenes Beskyttelse).

The agency continues to deliver y-o-y growth despite the tough market conditions in 2020. The operating result improved 35 pct. for the second consecutive year. Profits have almost tripled since 2016. Gross margin continued to increase slightly at a relatively high level. Gross profit/Net Sales per employee has further increased 20 pct. in 2020.

These positive results are a combination of internal cost measures, long-time focus on efficiency in core processes, new business wins, the agency's integrated strategy and pronounced business diversification as well as the free business aid initiatives for its clients in 2020 and has reversed a potential negative business impact from the pandemic in 2020 and turned the year in to an all-time high.

Adding value for our clients

The value of being part of a well-established and connected global network was obvious during 2020 as the pandemic evolved. The Mindshare network acted as an early-warning system as colleagues from first China and later from Italy could report on business and consumer impact as well as share successful strategies to deal with the health crisis.

A local Corona Business Impact group was established during April to collect data and best practice as well as design solutions for the agency's clients. The task force quickly launched a tracking survey to understand immediate changes in consumer behavior. And a virtual creative workshop format called HACKATON was implemented on a weekly basis to help create solutions for clients to overcome acute COVID19 business challenges. In the fall of 2020, a tailor-made workshop MAKE21 was developed together with sister-company Flip Studio, an experience design specialist agency, to help clients identify and sketch solutions for primary business challenges using a design thinking framework.

All these initiatives and more were offered free of charge to the agency's clients.

Management's Review

CSR

Mindshare is an international company with a key focus on cooperation and community spirit. We have offices on all continents in both developed and emerging markets, which is why helping disadvantaged people in Denmark and around the world is a natural part of our company values.

We make a substantial donation at the start of the year to the annual 'Danmarksindsamlingen', which has a wide remit and involves many Danish charity and aid organizations. We have chosen to support our client PlanBørnefonden's efforts on several fronts to help children in the world's poorest countries. Every department at Mindshare sponsors a child, and the annual Christmas gifts we give to our customers are donations to a project. We also supported the 'Knæk Cancer' campaign by the Danish Cancer Society. In 2020 we also supported Dansk Folkehjælp/Julehjælpen (Christmas aid for Danish families) together with our client Arbejdernes Landsbank as well as Team Rynkeby (Child Cancer Foundation) together with our client Ferratum.

Apart from financial aid the agency each year donate its unique integrated expertise and resources to a pro-bono project to put an important cause on the public agenda: Fair Welcome, Don't label (2015), Dyrenes Beskyttelse, Burgris – Nej tak! (2016/2017), Dove Denmark, Image_Hack (2017), Constructive Institute, A Global Call for Responsible Journalism (2018/2019) and latest the NGO Think Equal (2020). The agency is also part of global Mindshare Day each year on the 1st November, where the entire network of 9,000 employees work together on a brief based on the 17 UN sustainable development goals.

Expertise

Mindshare is constantly striving to improve and build its knowledge and expertise to the benefit for clients and the market. We collaborate with institutions, teachers and consultants, opinion leaders and experts, and undertake our own research projects, which create further expertise.

One example is 'Reklameanalysen' ('the Advertising Survey'), which has been assessing Danes' attitudes towards advertising since 2005. The analysis has for many years documented the growing irritation with and declining awareness of Danes with traditional advertising and forms the background for the agency's focus on reforming the industry. Mindshare is also behind the largest and most comprehensive brand survey in Denmark. Since 2002, the 3D analysis has measured more than 1,000 brands in almost 100 different categories. The Danish Mindshare office also developed a unique consumer segmentation model called Milestones, which divides the population in different life stages. The Milestones segments are available in each of the Nordic markets across all planning-/insights tools both offline and online and can even be used in programmatic buying.

Mindshare is thus well equipped with deeper insights into, and unique expertise on, consumers' attitudes and behavior towards brands, media and advertising.

We actively disseminate this unique knowledge via our own media and social platforms. The agency's professional blog with weekly articles had almost 30,000 readers over the course of the year (more than 3,000 active users per month). The inspirational HUDDLE podcast reached more than 30 episodes and a new video format Mindshare TV was launched in November 2020 focusing on CMO challenges. The third edition of our international reputable anti-conference HUDDLE for clients and partners was

Management's Review

unfortunately cancelled in 2020 due to COVID19. This was also the case for the 6th edition of the ambitious technology conference NextM, which Mindshare also organizes, together with the other GroupM agencies.

The agency's in-house staff are also a major source of valuable expertise. The company's employees are primarily experienced professionals with broad knowledge within media, advertising, communications, research, and data business. A dominant proportion of our employees have more than 10 years of experience within their fields. Our new market position and our investments in additional talents have brought us staff experienced in communications planning, public relations, social media and influencer marketing, business consulting, creative strategy, and execution.

It is Mindshare's objective to develop and retain motivated, innovative, and professionally competent employees. Despite the big change in work environment and general personal stress on all employees due to COVID19 the agency succeeded in further improving employee satisfaction during 2020. The employee referral rating grew from an average 7.6 score in April 2020 to a staggering 9.7 in first quarter 2021. The highest rating across the entire global Mindshare network.

Projected trends

The positive development in 2020 continues in 2021. First quarter results exceed the same period last year, which was pre-COVID19.

The on-going strong financial performance since 2015 is supporting heavy investments in new areas to further develop Mindshare's full-service offering. Four key strategic initiatives are planned during 2021, two of which has been launched in first quarter: The agency has established a branch in Aarhus with three senior consultants. And a new unit focusing on data-driven brand activation called Brandr has been launched by former DBU (Danish Soccer Association) CEO Katja Moesgaard, who has joined the company.

Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
Revenue		310.435.745	341.914.314
Cost of sales		-239.317.855	-274.207.717
Other external expenses		-35.005.332	-32.563.295
Gross profit/loss		36.112.558	35.143.302
Staff expenses	1	-23.232.830	-25.564.768
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.511	0
Profit/loss before financial income and expenses		12.877.217	9.578.534
Financial income	2	200.683	640.983
Financial expenses	3	-137.045	-718.797
Profit/loss before tax		12.940.855	9.500.720
Tax on profit/loss for the year	4	-2.855.517	-2.362.542
Net profit/loss for the year		10.085.338	7.138.178

Balance Sheet 31 December

Assets

	Note	2020 DKK	2019 DKK
Other fixtures and fittings, tools and equipment		148.156	0
Property, plant and equipment	5	148.156	0
Fixed assets		148.156	0
Trade receivables		56.662.602	49.747.741
Contract work in progress		8.260	707.913
Receivables from group enterprises		93.076.295	78.869.832
Other receivables		1.509.371	2.002.750
Deferred tax asset	9	31.801	27.663
Prepayments	6	81.479	32.221
Receivables		151.369.808	131.388.120
Cash at bank and in hand		0	8.721
Currents assets		151.369.808	131.396.841
Assets		151.517.964	131.396.841

Balance Sheet 31 December

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	7	550.000	550.000
Retained earnings		53.968.993	43.883.655
Equity		54.518.993	44.433.655
Other payables		1.794.316	725.609
Long-term debt	10	1.794.316	725.609
Prepayments received from customers		13.748.138	14.094.748
Trade payables		71.923.988	57.406.994
Payables to group enterprises		0	7.294.948
Corporation tax		1.127.636	643.654
Other payables	10,11	8.404.893	6.797.233
Short-term debt		95.204.655	86.237.577
Debt		96.998.971	86.963.186
Liabilities and equity		151.517.964	131.396.841
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	550.000	43.883.655	44.433.655
Net profit/loss for the year	0	10.085.338	10.085.338
Equity at 31 December	550.000	53.968.993	54.518.993

Notes to the Financial Statements

	2020 DKK	2019 DKK
1 Staff expenses		
Wages and salaries	21.711.310	23.923.941
Pensions	1.290.886	1.452.765
Other social security expenses	230.634	188.062
	23.232.830	25.564.768

Average number of employees	32	37
------------------------------------	-----------	-----------

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. No remuneration has been paid to the Company's Board of Directors.

The Executive Board and senior officers at Mindshare A/S are included in the WPP Group's share option programme. The programme has been entered with WPP Plc. and Mindshare A/S is not impacted financially.

2 Financial income

Interest received from group enterprises	102.534	81.668
Other financial income	21.743	0
Exchange adjustments	76.406	559.315
	200.683	640.983

3 Financial expenses

Other financial expenses	124.687	170.859
Exchange adjustments, expenses	12.358	547.938
	137.045	718.797

Notes to the Financial Statements

	2020 DKK	2019 DKK
4 Tax on profit/loss for the year		
Current tax for the year	2.859.655	2.103.673
Deferred tax for the year	-4.138	9.222
Adjustment of tax concerning previous years	0	249.647
	2.855.517	2.362.542

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	0
Additions for the year	150.667
Cost at 31 December	150.667
Impairment losses and depreciation at 1 January	0
Depreciation for the year	2.511
Impairment losses and depreciation at 31 December	2.511
Carrying amount at 31 December	148.156

6 Prepayments

Prepayments comprise prepayments of various subscriptions, rent, water, heating and electricity, etc.

7 Equity

The share capital consists of 5,500 shares of a nominal value of DKK 100. No shares carry any special rights.

Notes to the Financial Statements

	2020 DKK	2019 DKK
8 Distribution of profit		
Retained earnings	10.085.338	7.138.178
	10.085.338	7.138.178
9 Deferred tax asset		
Deferred tax asset at 1 January	27.663	36.885
Amounts recognised in the income statement for the year	4.138	-9.222
Deferred tax asset at 31 December	31.801	27.663
10 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:		
Other payables		
Between 1 and 5 years	1.794.316	725.609
Long-term part	1.794.316	725.609
Other short-term payables	8.404.893	6.797.233
	10.199.209	7.522.842
11 Other payables		
Holiday pay obligation	916.374	2.009.745
Wages and salaries, personal income taxes, social security costs, etc.	1.984.746	1.541.483
Other debt	5.503.773	3.246.005
	8.404.893	6.797.233

Notes to the Financial Statements

	2020 DKK	2019 DKK
12 Contingent assets, liabilities and other financial obligations		

Contingent liabilities

Commitments under rental agreements or leases until expiry	293.245	452.831
--	---------	---------

Mindshare A/S has provided a counter-guarantee of DKK 4,000 thousand for the Company's banker. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the Company's obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The Company is part of a Danish joint taxation with WPP Holding Denmark A/S as the administration company. The Company is liable, pursuant to the rules of the Corporation Tax Act, for income taxes, etc. for the jointly taxed companies and also for any obligations to withhold tax on interest, royalties and dividends for those companies.

13 Related parties

Basis

Controlling interest

WPP Holding Denmark A/S	Shareholder
-------------------------	-------------

Transactions

Transactions with related parties are conducted on market terms.

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Name	Place of registered office
WPP Plc.	27 Farm Street, W1J 5RJ, London, England

Consolidated financial statements are available at www.wpp.com

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Mindshare A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of WPP Plc., the Company has not prepared a cash flow statement.

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.

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.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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 media and consultants fees recognised in the income statement when deliveries made to the buyer. Revenue is recognised net of VAT, duties and sales discounts.

Project assignments of longer duration are recognised concurrently with performing the work so that the revenue equals the sales value of the work performed in the financial year (percentage-of-completion method).

Cost of sales

Cost of sales comprises consumed use of media to achieve the revenue for the year. Cost of sales includes received discounts, etc.

Other external expenses

Other external expenses comprise expenses for premises, stationery and office supplies, marketing costs and services provided by Group related companies etc. This item also includes write-downs of receivables recognised in current assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including social security contributions, pension contributions etc.

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net foreign exchange gains, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net foreign exchange losses, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Notes to the Financial Statements

14 Accounting Policies (continued)

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 the other WPP Companies in Denmark. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Fixed asset investments

Fixed asset investments consist of deposits.

Cash pool

The Company is part of a cash-pool scheme with other Danish WPP companies. Consequently, a considerable portion of the Company's bank deposits and debt is included in receivables from and payables to group enterprises, respectively.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Contract work in progress

Contract work in progress is measured at the sales value of the work carried out at the balance sheet date.

The sales value 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.

For some projects where the consumption of resources cannot be applied as a basis, stage of completion is determined as the ratio between completed and total sub activities of the individual projects.

Each contract in progress is recognised in the balance sheet under receivables or liabilities, depending on whether the net value, calculated as the selling price less on account billings, is positive or negative.

Cost of securing contracts are recognised in the income statement as incurred.

Notes to the Financial Statements

14 Accounting Policies (continued)

Prepayments

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

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 assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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.

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. Surcharges 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.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers to be recognised as revenue in subsequent years.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$