

Mindshare A/S

Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no. 20 59 56 98

Annual report 2022

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

26 May 2023

Mikkel Baaring Lerche

Chairman of the annual general meeting

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Mindshare A/S
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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 Mindshare A/S for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

We believe that the management's review contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 26 May 2023
Executive Board:

Jonas von Barnekow
Benzon Hemmingsen
CEO

Board of Directors:

Pia Tellefsen
Chairman

Jonas von Barnekow
Benzon Hemmingsen

Michelle Anne Gullander
Herskind

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 2022, which comprise the 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 Company's financial position at and of the results of its operations for the financial year 1 January - 31 December 2022, in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

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

Management is responsible for the Management's review.

Our opinion on the 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 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 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.

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

Copenhagen, 26 May 2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Lars Hansen
State Authorised
Public Accountant
mne24828

Mindshare A/S
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Management's review

Company details

Mindshare A/S
Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no.:	20 59 56 98
Registered office:	Copenhagen
Financial year:	1 January – 31 December

Board of Directors

Pia Tellefsen, Chairman
Jonas von Barnekow Benzón Hemmingsen
Michelle Anne Gullander Herskind

Executive Board

Jonas von Barnekow Benzón Hemmingsen, CEO

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
CVR no. 33 96 35 56

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	362,461	340,999	310,436	341,914	339,146
Gross profit	47,743	45,283	36,113	35,143	32,360
Operating profit	14,354	16,555	12,877	9,579	7,064
Net financials	290	-222	64	-78	-180
Profit for the year	11,398	12,720	10,085	7,138	5,398
Ratios					
Total assets	161,281	143,779	151,518	131,397	120,055
Equity	78,637	67,239	54,519	44,434	37,295
Investment in property, plant and equipment	0	12	151	0	0
Other key figures					
Average number of full- time employees	41	37	32	37	41

The financial ratios have been calculated as follows:

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

Return on equity
$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating 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 10,000 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. We also represent one of the world's leading global public relations companies Hill+Knowlton Strategies in Denmark.

These relations give us a level of purchasing power, digital, data & analytics services and communication expertise that no other company can match.

Achievements and business results

The Company's income statement for 2022 shows a profit after tax of DKK 11,398,137 as against DKK 12,719,944 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 78,637,074 as against DKK 67,238,937 at 31 December 2021.

The Company's revenue for the financial year 2022 was DKK 362,460,713, an increase of 6% from 2021 where the revenue amounted to DKK 340,998,567. The forecast for 2022 showed a cautious double-digit organic growth rate. The Company's revenue for the financial year 2022 is close to the expected revenue range from DKK 365,000,000 to DKK 375,000,000. 2022 brought more than 50 new clients, many of which have been attracted by our diversified services portfolio.

Outlook - Projected trends

The on-going strong financial performance since 2015 has supported heavy investments in new areas to further develop Mindshare's full-service offering. Within the last years the market has been volatile due to major events and in 2023 we continue to expect a volatile market and as a result of this have chosen to consolidate some of our business areas to remain financially secure in these market conditions.

In general, we expect a declining media market, which is why we have shifted focus towards optimization of existing business and securing our financial result for 2023. The forecast for 2023 shows revenue at a cautious double-digit organic growth rate. Our expected revenue ranges from DKK 340,000,000 to DKK 365,000,000 and our expected profit before tax ranges from DKK 10,350,000 to DKK 11,900,000.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Revenue		362,460,713	340,998,567
Costs of sales		-284,472,300	-262,342,220
Other external costs		-30,245,584	-33,373,159
Gross profit		47,742,829	45,283,188
Staff costs	2	-33,356,462	-28,696,245
Depreciation, amortisation and impairment losses		-32,448	-31,797
Profit before financial income and expenses		14,353,919	16,555,146
Financial income	3	608,676	133,168
Financial expenses	4	-319,031	-354,805
Profit before tax		14,643,564	16,333,509
Tax on profit for the year	5	-3,245,427	-3,613,565
Profit for the year	6	11,398,137	12,719,944

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		95,443	127,891
Total fixed assets		95,443	127,891
Current assets			
Receivables			
Trade receivables		56,036,707	56,130,180
Receivables from group entities		105,030,502	87,290,849
Contract work in progress	8	0	9,651
Other receivables		84,481	22,540
Corporation tax		60	172,334
Prepayments	9	33,822	25,544
		161,185,572	143,651,098
Total current assets		161,185,572	143,651,098
TOTAL ASSETS		161,281,015	143,778,989

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	10	550,000	550,000
Retained earnings		18,087,074	66,688,937
Proposed dividends for the financial year		<u>60,000,000</u>	<u>0</u>
Total equity		<u>78,637,074</u>	<u>67,238,937</u>
Provisions			
Provisions for deferred tax	11	<u>106,146</u>	<u>154,081</u>
Total provisions		<u>106,146</u>	<u>154,081</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Pre-invoicing, contract work in progress	8	8,296,633	5,509,931
Prepayments received from customers		20,530,785	10,918,582
Trade payables		46,809,326	51,206,954
Payables to group entities		566,202	837,064
Corporation tax		93,422	0
Other payables	12	<u>6,241,427</u>	<u>7,913,440</u>
		<u>82,537,795</u>	<u>76,385,971</u>
Total liabilities other than provisions		<u>82,537,795</u>	<u>76,385,971</u>
TOTAL EQUITY AND LIABILITIES		<u>161,281,015</u>	<u>143,778,989</u>
Contractual obligations, contingencies, etc.			
Related party disclosures	13 14		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2022	550,000	66,688,937	0	67,238,937
Profit for the year	0	-48,601,863	60,000,000	11,398,137
Equity at 31 December 2022	550,000	18,087,074	60,000,000	78,637,074

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Mindshare A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

The financial statements for 2022 are presented in DKK.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of WPP Plc.

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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation, amortisation and impairment of assets, equipment etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, 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 corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit 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 other WPP entities in Denmark. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	5 years
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The fixed assets' residual values are determined at nil.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

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

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated 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 as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

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 group enterprises.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in 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 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 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 at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK	2022	2021
2 Staff costs		
Wages and salaries	31,254,782	26,898,049
Pensions	1,722,004	1,555,757
Other social security costs	379,676	242,439
	<u>33,356,462</u>	<u>28,696,245</u>
Average number of full-time employees	<u>41</u>	<u>37</u>
<p>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.</p> <p>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.</p>		
3 Financial income		
Interest income from group entities	559,323	110,295
Other financial income	18,033	0
Exchange rate adjustments	31,320	22,873
	<u>608,676</u>	<u>133,168</u>
4 Financial expenses		
Other financial costs	272,660	354,805
Exchange rate adjustments costs	46,371	0
	<u>319,031</u>	<u>354,805</u>
5 Tax on profit for the year		
Current tax for the year	3,293,362	3,427,683
Deferred tax for the year	-47,935	185,882
	<u>3,245,427</u>	<u>3,613,565</u>
6 Proposed profit appropriation		
Proposed dividends for the year	60,000,000	0
Retained earnings	-48,601,863	12,719,944
	<u>11,398,137</u>	<u>12,719,944</u>

Financial statements 1 January – 31 December

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7 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment	
Cost at 1 January 2022		162,199
Cost at 31 December 2022		162,199
Depreciation and impairment losses at 1 January 2022		-34,308
Depreciation for the year		-32,448
Depreciation and impairment losses at 31 December 2022		-66,756
Carrying amount at 31 December 2022		95,443
DKK	2022	2021

8 Contract work in progress

Selling price of work in progress	9,706,154	4,987,513
Payments received on account	-18,002,787	512,767
	-8,296,633	5,500,280
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	0	9,651
Prepayments received recognised in debt	-8,296,633	-5,509,931
	-8,296,633	-5,500,280

9 Prepayments

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

10 Equity

The share capital consists of 5,500 shares of a nominal value of DKK 100 each.

All shares rank equally.

Financial statements 1 January – 31 December

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DKK	2022	2021
11 Provisions for deferred tax		
Provision for deferred tax at 1 January	154,081	-31,801
Amount recognised in the income statement for the year	<u>-47,935</u>	<u>185,882</u>
	<u>106,146</u>	<u>154,081</u>
12 Other payables		
VAT	2,874,608	0
Holiday pay obligation	1,154,118	1,290,404
Wages and salaries, personal income taxes, social security costs, etc.	798,496	2,544,366
Other debt	<u>1,414,205</u>	<u>4,078,670</u>
	<u>6,241,427</u>	<u>7,913,440</u>
13 Contractual obligations, contingencies, etc.		
Contingent liabilities		
Commitments under rental agreements or leases until expiry	<u>287,000</u>	<u>101,000</u>
	<u>287,000</u>	<u>101,000</u>

Mindshare A/S has provided a counter-guarantee of DKK 4,000k 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 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.

14 Related party disclosures

Mindshare A/S' related parties comprise the following:

WPP Holding Denmark A/S, c/o Wunderman A/S, Glentevej 61, 2400 Copenhagen NV.

WPP Holding Denmark A/S holds the majority of the share capital in the Company.

Mindshare A/S is part of the consolidated financial statements of WPP Plc., 27 Farm Street, W1J 5RJ, London, England, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of WPP Plc. can be obtained by contacting the Company at the following address: www.wpp.com.

Financial statements 1 January – 31 December

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Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.