

Zupa A/S

Studsgade 29, 8000 Aarhus C
CVR no. 20 64 31 02

Annual report for the financial year 01.07.22 - 30.06.23

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 23.11.23

Karen Bach Lück
Dirigent



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The company

Zupa A/S
Studsgade 29
8000 Aarhus C
Registered office: Aarhus
CVR no.: 20 64 31 02
Financial year: 01.07 - 30.06

Executive Board

Mogens Kristensen

Board of Directors

Albert Crilles Sebastian Funder
Lars Bo Hansen
Michael Kaltoft Paterson
Morten Eskildsen
Jesper Angelsø Hjortshøj
Peter Herlev Enevoldsen
Mads Heide Mikkelsen
Peer Brændholt
Mogens Kristensen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Lawyer

Bech-Bruun

Parent company

Spring Family ApS

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.07.22 - 30.06.23 for Zupa A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 30.06.23 and of the results of the company's activities for the financial year 01.07.22 - 30.06.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Aarhus C, November 23, 2023

Executive Board

Mogens Kristensen

Board of Directors

Albert Crilles Sebastian
Funder
Chairman

Lars Bo Hansen

Michael Kaltoft Paterson

Morten Eskildsen

Jesper Angelsø Hjortshøj

Peter Herlev Enevoldsen

Mads Heide Mikkelsen

Peer Brændholt

Mogens Kristensen

To the Shareholder of Zupa A/S**Opinion**

We have audited the financial statements of Zupa A/S for the financial year 01.07.22 - 30.06.23, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 30.06.23 and of the results of the company's operations for the financial year 01.07.22 - 30.06.23 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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' 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.

Statement regarding the management's review

Management is responsible for management's review.

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

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

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

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

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

Aarhus, November 23, 2023

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Lars Østergaard

State Authorized Public Accountant
MNE-no. mne26806

Primary activities

The Company carries on business as an advertising agency.

Development in activities and financial affairs

The income statement for the period 01.07.22 - 30.06.23 shows a profit/loss of DKK -517,575 against DKK 1,418,104 for the period 01.07.21 - 30.06.22. The balance sheet shows equity of DKK 22,140,104.

Outlook

The company expects a profit before tax in the region of mio. DKK 2,1 for the coming year. Ongoing investments in expanding and qualifying ZUPAs range of competencies is foreseen to contribute positively to results. Sale across existing and new customers are predicted to increase by 8 %; driven by a revised focus on commercial activities as well as the expansion of service range, capabilities, and talent. Competition between creative agencies remains fierce.

The agency market continues to undergo massive changes as a category. In particular this is driven by technology, industry drift and consolidation. ZUPA remains on a continuous lookout for business opportunities and ongoing development of the service offering. Balancing short term growth, profit as well as investment in capabilities that support long term growth continues to be a cardinal part of developing ZUPA.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2022/23 DKK	2021/22 DKK
	Gross profit	54,633,867	45,557,075
1	Staff costs	-54,377,438	-42,738,206
	Profit before depreciation, amortisation, write-downs and impairment losses	256,429	2,818,869
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-875,176	-1,028,684
	Other operating expenses	0	-436,656
	Operating profit/loss	-618,747	1,353,529
2	Financial income	258,122	2,540,832
3	Financial expenses	-126,757	-1,894,515
	Profit/loss before tax	-487,382	1,999,846
4	Tax on profit or loss for the year	-30,193	-581,742
	Profit/loss for the year	-517,575	1,418,104
	Proposed appropriation account		
	Retained earnings	-517,575	1,418,104
	Total	-517,575	1,418,104

ASSETS		30.06.23	30.06.22
		DKK	DKK
Note			
	Goodwill	1,734,848	2,380,605
	Total intangible assets	1,734,848	2,380,605
	Leasehold improvements	103,009	86,375
	Other fixtures and fittings, tools and equipment	220,958	380,495
	Total property, plant and equipment	323,967	466,870
	Deposits	350,032	389,052
	Total investments	350,032	389,052
	Total non-current assets	2,408,847	3,236,527
5	Work in progress for third parties	6,221,690	3,978,326
	Trade receivables	18,125,753	15,566,575
	Receivables from group enterprises	8,006,152	15,901,795
	Income tax receivable	615,996	0
	Other receivables	28,625	0
	Prepayments	1,137,533	203,880
	Total receivables	34,135,749	35,650,576
	Cash	1,095	1,084
	Total current assets	34,136,844	35,651,660
	Total assets	36,545,691	38,888,187

EQUITY AND LIABILITIES		30.06.23	30.06.22
		DKK	DKK
Note			
	Share capital	750,000	750,000
	Retained earnings	21,390,104	21,907,679
	Total equity	22,140,104	22,657,679
	Provisions for deferred tax	695,189	49,000
	Total provisions	695,189	49,000
6	Other payables	1,249,128	1,610,776
	Total long-term payables	1,249,128	1,610,776
5	Prepayments received from work in progress for third parties	3,781,893	4,905,704
	Trade payables	1,198,737	2,564,808
	Payables to group enterprises	2,300,168	1,733,042
	Income taxes	0	1,001,792
	Other payables	5,180,472	4,365,386
	Total short-term payables	12,461,270	14,570,732
	Total payables	13,710,398	16,181,508
	Total equity and liabilities	36,545,691	38,888,187
7	Contingent liabilities		
8	Charges and security		
9	Related parties		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.07.21 - 30.06.22			
Balance as at 01.07.21	750,000	20,489,575	21,239,575
Net profit/loss for the year	0	1,418,104	1,418,104
Balance as at 30.06.22	750,000	21,907,679	22,657,679
Statement of changes in equity for 01.07.22 - 30.06.23			
Balance as at 01.07.22	750,000	21,907,679	22,657,679
Net profit/loss for the year	0	-517,575	-517,575
Balance as at 30.06.23	750,000	21,390,104	22,140,104

	2022/23	2021/22
	DKK	DKK
1. Staff costs		
Wages and salaries	48,451,400	37,758,439
Pensions	3,787,339	3,172,160
Other social security costs	535,057	473,559
Other staff costs	1,603,642	1,334,048
Total	54,377,438	42,738,206
Average number of employees during the year	73	65

2. Financial income

Interest, group enterprises	258,122	2,540,832
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3. Financial expenses

Interest, group enterprises	0	1,970,925
Other interest expenses	8,254	83,382
Foreign exchange losses	76,262	-159,792
Other financial expenses	42,241	0
Other financial expenses	126,757	-76,410
Total	126,757	1,894,515

	2022/23 DKK	2021/22 DKK
4. Tax on profit or loss for the year		
Current tax for the year	-615,996	1,001,792
Adjustment of deferred tax for the year	646,189	-432,003
Adjustment of tax in respect of previous years	0	11,953
Total	30,193	581,742

	30.06.23 DKK	30.06.22 DKK
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5. Work in progress for third parties

Work in progress for third parties	6,186,718	4,041,243
On-account invoicing	-3,746,920	-4,968,621
Total work in progress for third parties	2,439,798	-927,378
Work in progress for third parties	6,221,690	3,978,326
Prepayments received from work in progress for third parties, short-term payables	-3,781,893	-4,905,704
Total	2,439,797	-927,378

6. Long-term payables

Figures in DKK	Outstanding debt after 5 years	Total payables at 30.06.23	Total payables at 30.06.22
Other payables	1,249,128	1,249,128	1,610,776
Total	1,249,128	1,249,128	1,610,776

7. Contingent liabilities

Lease commitments

Tenancy agreements has been entered into, including parking spaces, at an annual rent of approx. DKK 1.483k. The lease is non-terminable for 1-18 months (total liability of DKK 911k).

In addition, the Company has entered into car lease agreements, which is settled over 12 to 30 months. The remaining liability constitutes DKK 164k.

The Company has leased photo copying machines and IT equipment, which is settled over 60 months. The remaining liability constitutes DKK 560k.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the group's jointly taxed income etc. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, royalty tax and tax on unearned income. Any subsequent adjustments to corporation taxes and withholding taxes may imply that the Company's liability is higher.

8. Charges and security

The company enters into a cashpool arrangement with the group. The group companies are jointly and severally liable for the credit limit.

An all monies mortgage of DKK 34,000k has been provided as security for the group with Nordea Bank A/S, securing a company charge over receivables from sale, other plant, operating equipment and inventory as well as goodwill. The Company's book value of the said assets totals DKK 20,185k on 30 June 2023.

9. Related parties

The company is included in the consolidated financial statements of the parent Spring Family ApS.

10. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies used are unchanged compared to the previous year. It has been made individual reclassifications in the annual report. These reclassifications affect neither result or equity. Comparison figures have been adjusted.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

10. Accounting policies - continued -**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue, other operating income and raw materials and consumables and other external expenses.

Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Expenses for consumables comprise the consumables consumed to achieve revenue for the year

10. Accounting policies - continued -**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill	5-10	0
Leasehold improvements	10	0
Other plant, fixtures and fittings, tools and equipment	1-10	0

Goodwill is amortised over 5-10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

10. Accounting policies - continued -

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Goodwill

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

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

10. Accounting policies - continued -

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

10. Accounting policies - continued -

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes operating cash.

10. Accounting policies - continued -**Current and deferred tax**

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.