
Wavemaker A/S

Holmbladsgade 133, DK-2300 Copenhagen S

Annual Report for 1 January - 31 December 2020

CVR No 21 83 64 00

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

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Wavemaker 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

Kristian Bæk-Mikkelsen
Executive Officer

Board of Directors

Jonas von Barnekow Benzon
Hemmingsen
Chairman

Pia Tellefsen

Kristian Bæk-Mikkelsen

Independent Auditor's Report

To the Shareholder of Wavemaker A/S

Opinion

We have audited the Financial Statements of Wavemaker 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

Wavemaker A/S
Holmbladsgade 133
DK-2300 Copenhagen S

CVR No: 21 83 64 00
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jonas von Barnekow Benzons Hemmingsen, Chairman
Pia Tellefsen
Kristian Bæk-Mikkelsen

Executive Board

Kristian Bæk-Mikkelsen

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	549.842	579.243	628.913	632.677	641.641
Gross profit/loss	42.658	45.937	50.837	47.696	48.647
Operating profit/loss	5.133	8.168	8.658	724	-1.315
Net financials	-29	58	303	334	1.352
Net profit/loss for the year	3.966	6.422	6.956	842	-252
Balance sheet					
Balance sheet total	170.465	123.774	129.118	125.137	124.255
Equity	50.653	46.687	40.265	33.309	32.462
Ratios					
Solvency ratio	29,7%	37,7%	31,2%	26,6%	26,1%
Return on equity	8,1%	14,8%	18,9%	2,6%	-0,8%

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

Key activities

We believe there always is a better way to grow. We positively provoke growth for our clients by reshaping consumer decision-making and experiences through media, content and technology. The Wavemaker way is globally consistent. Fuelled by the world's most powerful consumer data, we understand where and how marketing can intervene decisively to help brands win more sales. Our 7,200 people across 90 markets have the deep knowledge, confidence and courage to provoke growth for some of the world's leading brands and businesses. We are a part of GroupM, WPP's global media investment management company.

The Entity's core business areas are media, content and technology including specialist skills within business consulting & development, strategy & communications planning, data & tech planning, content development, negotiation, traffic handling, implementation and measurement of the return on media investments for advertisers and advertising agencies.

Development in the year

The income statement of the Company for 2020 shows a profit of TDKK 3,966, and at 31 December 2020 the balance sheet of the Company shows equity of TDKK 50,653.

The minor decrease in profit compared to 2019 is due to an increase in global service fees and adjusted client activity due to the Covid 19-pandemic.

2020 was in all ways a year that was affected by the Covid19-pandemic. While some clients were negatively affected by the pandemic, others saw surge in eCommerce and increased their media, content, and insight/analytics activities. While strengthening our leadership team, Wavemaker again won acclaim in the media agency image survey (MyImage) as the agency with the best overall positioning scores in the market, incl. best digital competencies, best at creating business results and best at integrating solutions. Wavemaker also had an outstanding year in terms of new business, winning several large local and Nordic advertisers. We continued to show strong growth in diversified services, consolidating our position as a though-the-line agency. The financial performance is satisfactory and exceeds our recalibrated expectations for the negative impact of the Covid19-pandemic.

Particular risks

Business risks

The Entity's main business risks relate to the business sector's investments in media and marketing activities. Consequently, the development of the Entity is dependent on the general financial climate for enterprises in Denmark.

Management's Review

Outlook

Wavemaker is a stronger company going into 2021 due to a strengthened leadership team and our strengthened client roster. We expect to continue harvesting benefits from diversified services and business optimization. Growth, creativity and pursuing new ventures through horizontal and vertical integration are the core tenants of our business strategy. We expect to beat the market and will pursue growth through continued focus on client growth and centricity, new high margin business areas and partnerships and new clients.

Intellectual capital resources

A substantial part of the Entity's business hinges on the existence of certain staff resources and tools, which have been further developed throughout the year, both in terms of value-based management and with respect to processes and structures for knowledge-based work.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will continue to have impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2020).

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

Income Statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
Revenue		549.842	579.243
Cost of sales		-460.867	-483.141
Other external expenses		-46.317	-50.165
Gross profit/loss		42.658	45.937
Staff expenses	2	-37.512	-37.460
Depreciation, amortisation and impairment of property, plant and equipment	3	-13	-309
Profit before financial income and expenses		5.133	8.168
Financial income	4	529	680
Financial expenses	5	-558	-622
Profit before tax		5.104	8.226
Tax on profit/loss for the year	6	-1.138	-1.804
Net profit/loss for the year		3.966	6.422

Balance Sheet 31 December

Assets

	Note	2020 TDKK	2019 TDKK
Other fixtures and fittings, tools and equipment		37	31
Leasehold improvements		40	0
Property, plant and equipment	7	77	31
Deposits		41	41
Fixed asset investments	8	41	41
Fixed assets		118	72
Trade receivables		131.704	90.351
Contract work in progress	9	314	20
Receivables from group enterprises		37.211	30.784
Other receivables		923	2.014
Deferred tax asset	13	194	349
Prepayments	10	1	184
Receivables		170.347	123.702
Currents assets		170.347	123.702
Assets		170.465	123.774

Balance Sheet 31 December

Liabilities and equity

	Note	2020 TDKK	2019 TDKK
Share capital	11	24.600	24.600
Retained earnings		26.053	22.087
Equity		50.653	46.687
Other payables		3.069	1.145
Long-term debt	14	3.069	1.145
Prepayments received from customers		12.049	6.001
Trade payables		79.513	56.918
Contract work in progress, liabilities	9	13.323	7.531
Payables to group enterprises		572	1.749
Corporation tax		511	90
Other payables	14,15	10.775	3.653
Short-term debt		116.743	75.942
Debt		119.812	77.087
Liabilities and equity		170.465	123.774
Subsequent events	1		
Distribution of profit	12		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	24.600	22.087	46.687
Net profit/loss for the year	0	3.966	3.966
Equity at 31 December	24.600	26.053	50.653

Notes to the Financial Statements

1 Subsequent events

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

2 Staff expenses

	2020 TDKK	2019 TDKK
Wages and salaries	35.114	35.011
Pensions	1.922	1.854
Other social security expenses	406	521
Other staff expenses	70	74
	37.512	37.460
Average number of employees	69	73

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 Wavemaker A/S are participating in the WPP Group's share option programmes. The programmes have been entered with WPP plc. and Wavemaker A/S is not impacted financially.

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

Depreciation of property, plant and equipment	13	309
	13	309

Notes to the Financial Statements

	2020 TDKK	2019 TDKK
4 Financial income		
Interest received from group enterprises	57	32
Other financial income	119	219
Exchange gains	353	429
	529	680
5 Financial expenses		
Other financial expenses	82	82
Exchange adjustments, expenses	476	540
	558	622
6 Tax on profit/loss for the year		
Current tax for the year	983	1.990
Deferred tax for the year	155	-186
	1.138	1.804

Notes to the Financial Statements

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	44	0
Additions for the year	18	41
Cost at 31 December	62	41
Impairment losses and depreciation at 1 January	13	0
Depreciation for the year	12	1
Impairment losses and depreciation at 31 December	25	1
Carrying amount at 31 December	37	40

8 Fixed asset investments

	Deposits TDKK
Cost at 1 January	41
Cost at 31 December	41
Carrying amount at 31 December	41

9 Contract work in progress

	2020 TDKK	2019 TDKK
Selling price of work in progress	7.937	9.463
Payments received on account	-20.946	-16.974
	-13.009	-7.511
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	314	20
Prepayments received recognised in debt	-13.323	-7.531
	-13.009	-7.511

Notes to the Financial Statements

10 Prepayments

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

11 Equity

The share capital consists of 5 shares of a nominal value of TDKK 24,600. No shares carry any special rights.

The share capital is broken down as follow:

	Number	Nominal value TDKK
Ordinary Shares	1	23.500
Ordinary Shares	2	1.000
Ordinary Shares	2	100
		24.600

12 Distribution of profit

	2020 TDKK	2019 TDKK
Retained earnings	3.966	6.422
	3.966	6.422

13 Deferred tax asset

Deferred tax asset at 1 January	349	163
Amounts recognised in the income statement for the year	-155	186
Deferred tax asset at 31 December	194	349

Notes to the Financial Statements

14 Long-term debt

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

The debt falls due for payment as specified below:

	2020 TDKK	2019 TDKK
Other payables		
Between 1 and 5 years	3.069	1.145
Long-term part	3.069	1.145
Other short-term payables	10.775	3.653
	13.844	4.798

15 Other payables

Value added tax etc	4.712	0
Wages and salaries, personal income taxes, social security costs, etc.	3.584	153
Holiday pay obligation	1.324	2.799
Other debt	1.155	701
	10.775	3.653

16 Contingent assets, liabilities and other financial obligations

Contingent liabilities

Commitments under rental agreements or leases until expiry	152	1.563
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The companies GroupM Denmark A/S and Wavemaker have provided a joint guarantee of DKK 14,500 thousand in favour of the Companies' banks. The guarantee is provided towards the Security Fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the Companies' obligations in relation to owners of papers and magazines, and a specified group of Danish owners, respectively.

The Company participates in a Danish joint taxation arrangement in which WPP Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Notes to the Financial Statements

17 Related parties

	<u>Basis</u>
Controlling interest	
GroupM 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:

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

The Group Annual Report of may be obtained at the following address: www.wpp.com

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Wavemaker 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 TDKK.

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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of media is recognised in the income statement when delivery is made to the buyer.

Consultancy services are included in revenue based on the stage of completion so that revenue corresponds to the sales value of the work performed in the financial year (the percentage-of-completion method).

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

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

Property, plant and equipment

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

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

18 Accounting Policies (continued)

Impairment of fixed assets

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

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

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.

Prepayments

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

Notes to the Financial Statements

18 Accounting Policies (continued)

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.

Financial Highlights

Explanation of financial ratios

Solvency ratio

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

Return on equity

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