

# Nord DDB Copenhagen ApS

Møntergade 1, 2.  
1116 København K

CVR no. 24 25 69 44

## Annual report 2019

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

14 September 2020

*Niclas Melin*

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chairman

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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 Nord DDB Copenhagen ApS for the financial year 1 January – 31 December 2019.

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 assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen, 14 September 2020

Executive Board:



\_\_\_\_\_  
Annette Piilgaard  
Rasmussen  
CEO

Board of Directors:



\_\_\_\_\_  
Niclas Melin  
Chairman



\_\_\_\_\_  
Andreas Dahlqvist



\_\_\_\_\_  
Annette Piilgaard  
Rasmussen



## Independent auditor's report

### To the shareholders of Nord DDB Copenhagen ApS

#### Opinion

We have audited the financial statements of Nord DDB Copenhagen ApS for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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 rules and requirements.

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

#### Management's responsibility for the 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made 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

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may

## Independent auditor's report

- 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 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, 14 September 2020

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



David Olafsson  
State Authorised  
Public Accountant  
mne19737

**Nord DDB Copenhagen ApS**  
Annual report 2019  
CVR no. 24 25 69 44

## Management's review

### Company details

Nord DDB Copenhagen ApS  
Møntergade 1, 2.  
1116 København K

CVR no.:	24 25 69 44
Established:	22 January 1990
Registered office:	Copenhagen
Financial year:	1 January – 31 December

### Board of Directors

Niclas Melin, Chairman  
Andreas Dahlqvist  
Annette Piilgaard Rasmussen

### Executive Board

Annette Piilgaard Rasmussen, CEO

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen

## Management's review

### Operating review

#### Principal activities

The purpose of the company is advertising and related activities.

#### Development in activities and financial position

The Company's income statement for 2019 shows a loss of DKK -2,272 thousand as against a profit of DKK 8,564 thousand in 2018. Equity in the Company's balance sheet at 31 December 2019 stood at DKK 5,714 thousand as against DKK 3,944 thousand at 31 December 2018.

#### Events after the balance sheet date

At the beginning of 2020, an outbreak of the Corona virus COVID-19 has affected large parts of the world. The outbreak of COVID-19 occurred during 2020 and did not exist at the balance sheet date 31 December 2019. The effect of the virus outbreak is considered a non-regulating subsequent event and therefore it does not affect the financial reporting for the financial year ended 31 December 2019.

Except for the above, no events have occurred after the yearend that affect the presented financial statements.

## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2019	2018
<b>Revenue</b>		50,110	63,556
Other operating income		1,232	1,685
Other external costs		<u>-35,551</u>	<u>-42,123</u>
<b>Gross profit</b>		15,791	23,118
Staff costs	2	-20,927	-23,981
Depreciation, amortisation and impairment losses		<u>-190</u>	<u>-144</u>
<b>Operating loss</b>		-5,326	-1,007
Income from equity investments in group entities		1,927	2,238
Financial income		0	6,949
Financial expenses		<u>-127</u>	<u>-109</u>
<b>Profit/loss before tax</b>		-3,526	8,071
Tax on profit/loss for the year	3	<u>1,254</u>	<u>493</u>
<b>Profit/loss for the year</b>		<u><u>-2,272</u></u>	<u><u>8,564</u></u>
<b>Proposed profit appropriation/distribution of loss</b>			
Retained earnings		<u>-2,272</u>	<u>8,564</u>
		<u><u>-2,272</u></u>	<u><u>8,564</u></u>



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2019	2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	4		
Fixtures and fittings, tools and equipment		296	287
Leasehold improvements		204	270
		<u>500</u>	<u>557</u>
<b>Investments</b>	5		
Equity investments in group entities		6,193	6,267
<b>Total fixed assets</b>		<u>6,693</u>	<u>6,824</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		6,187	14,054
Receivables from group entities		5,766	6,422
Contract work in progress	6	977	742
Other receivables		239	257
Deferred tax asset		87	109
Prepayments		1,005	1,700
		<u>14,261</u>	<u>23,284</u>
<b>Cash at bank and in hand</b>		<u>26</u>	<u>10</u>
<b>Total current assets</b>		<u>14,287</u>	<u>23,294</u>
<b>TOTAL ASSETS</b>		<u><u>20,980</u></u>	<u><u>30,118</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2019	2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		500	500
Retained earnings		<u>5,214</u>	<u>3,444</u>
<b>Total equity</b>		<u>5,714</u>	<u>3,944</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Payables to group entities		<u>0</u>	<u>3,479</u>
<b>Current liabilities</b>			
Trade payables		1,083	1,705
Payables to group entities		9,458	10,819
Corporation tax		68	0
Other payables		2,358	3,851
Contract work in progress	6	<u>2,299</u>	<u>6,320</u>
		<u>15,266</u>	<u>22,695</u>
<b>Total liabilities</b>		<u>15,266</u>	<u>26,174</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>20,980</u>	<u>30,118</u>
<b>Contractual obligations, contingencies, etc.</b>	7		
<b>Related party disclosures</b>	8		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	500	3,444	3,944
Cash capital increase	0	562	562
Debt remission	0	3,480	3,480
Distribution of loss	0	-2,272	-2,272
<b>Equity at 31 December 2019</b>	<b>500</b>	<b>5,214</b>	<b>5,714</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Nord DDB Copenhagen ApS for 2019 has been prepared in accordance with the provisions applying to reporting class B 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.

#### Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Nord DDB Copenhagen ApS and group entities are included in the consolidated financial statements of Omnicom Group Inc., USA.

#### 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 amortization, depreciation and impairment losses, are also recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

#### 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

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

#### Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

#### Other external costs

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

#### Staff costs

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

#### Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

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/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

##### Balance sheet

##### Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

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
Leasehold improvements	3-5 years

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

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Equity investments in group entities

Equity investments in subsidiaries and associates are measured according to the equity method.

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

Subsidiaries and associates with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down by the parent company's share of the negative net asset value if the amount owed is considered irrecoverable. Where the negative net asset value exceeds the amount owed, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the subsidiary's negative balance.

Net revaluation of investments in subsidiaries and associates is transferred to the re-serve for net revaluation in equity according to the equity method to the extent that the carrying amount exceeds cost.

##### Receivables

Receivables are measured at amortised cost.

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

##### 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. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual contract.

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

The individual contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of the contracts where progress billings exceed the selling price.

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

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Prepayments

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

##### Cash at bank and in hand

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

##### 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/loss 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.

##### Liabilities

Liabilities are measured at net realisable value.

##### Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.



## Financial statements 1 January – 31 December

### Notes

DKK'000	<u>2019</u>	<u>2018</u>	
<b>2 Staff costs</b>			
Wages and salaries	20,071	23,012	
Pensions	741	829	
Other social security costs	<u>115</u>	<u>140</u>	
	<u>20,927</u>	<u>23,981</u>	
Average number of full-time employees	<u>34</u>	<u>41</u>	
<b>3 Tax on profit/loss for the year</b>			
Current tax for the year	-1,232	-453	
Deferred tax for the year	<u>-22</u>	<u>-40</u>	
	<u>-1,254</u>	<u>-493</u>	
<b>4 Property, plant and equipment</b>			
	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
DKK'000			
Cost at 1 January 2019	4,143	8,943	13,086
Additions for the year	<u>132</u>	<u>0</u>	<u>132</u>
Cost at 31 December 2019	<u>4,275</u>	<u>8,943</u>	<u>13,218</u>
Depreciation and impairment losses at 1 January 2019	-3,856	-8,673	-12,529
Depreciation for the year	<u>-123</u>	<u>-66</u>	<u>-189</u>
Depreciation and impairment losses at 31 December 2019	<u>-3,979</u>	<u>-8,739</u>	<u>-12,718</u>
<b>Carrying amount at 31 December 2019</b>	<u>296</u>	<u>204</u>	<u>500</u>

## Financial statements 1 January – 31 December

### Notes

#### 5 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2019	48,182
Cost at 31 December 2019	48,182
Revaluations at 1 January 2019	-41,915
Profit/loss for the year	1,926
Dividend	-2,000
Revaluations 31 December 2019	-41,989
<b>Carrying amount at 31 December 2019</b>	<b>6,193</b>

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
DDB Copenhagen A/S	Copenhagen	100%	1,759	10
Spoiled Productions A/S	Copenhagen	100%	4,434	1,916
			6,193	1,926

#### 6 Contract work in progress

Selling price of work performed	4,666	8,377
Progress billings	-5,988	-13,955
	-1,322	-5,578
Incorporated thus in balance sheet:		
Contract work in progress (assets)	977	742
Contract work in progress (equity & liabilities)	-2,299	-6,320
	-1,322	-5,578

## Financial statements 1 January – 31 December

### Notes

#### 7 Contractual obligations, contingencies, etc.

##### Contingent liabilities

Rental obligation with a period of interminability of 43 months with an annual payment of DKK 1,420 (2018: DKK 1.392 thousand).

##### Recourse and non-recourse guarantee commitments

The parent company is jointly taxed with its Danish group entities. The jointly taxed entities have joint and several unlimited liability for Danish income taxes and withholding taxes on dividends and interest within the group of jointly taxed entities. The Group as a whole is not liable towards any third parties.

Guarantee towards OMD Denmark A/S where the parent company is liable for losses on both its own and the subsidiaries' clients in relation to placement of adverts made by OMD Denmark A/S.

#### 8 Related party disclosures

Nord DDB Copenhagen ApS' related parties comprise the following:

##### Control

NORD DDB Copenhagen ApS' related parties include DDB Holding Europe Limited og Omnicom Group Inc. NORD DDB Copenhagen ApS' related parties with significant in-fluence include group enterprises and associates, as referred to in notes 2 and 3, as well as the companies' Board of Directors and Executive Boards, executive employees and family members. Related parties also include companies in which the above per-sons have substantial interests.

DHE Regional Limited, Bankside 3, 90-100 Southwark Street, SE1 0SW London, England.

DHE Regional Limited, Bankside 3, 90-100 Southwark Street, SE1 0SW London, England exercise control.

##### Ownership

According to the register of shareholders, the following shareholders hold minimum 5% of the voting rights or minimum 5% of the share capital:

DHE Regional Limited  
Bankside 3, 90-100 Southwark Street  
SE1 0SW London  
England

Nord DDB Copenhagen ApS is part of the consolidated financial statements for Omnicom Group Inc, USA, which is the smallest group in which the company is included as a subsidiary per. 31 December 2019. In 2020, a management buy-out has been made and the company will therefore resign from the Omnicom Group.