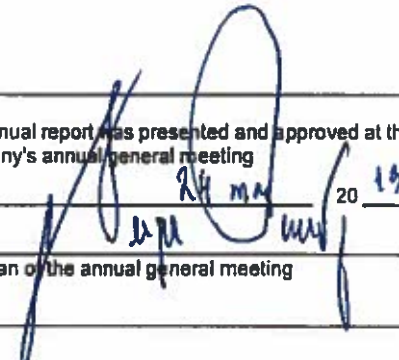


PHD Copenhagen A/S

Midtermolen 3
2100 København Ø

CVR no. 25 11 23 50

Annual report 2018

The annual report was presented and approved at the Company's annual general meeting
on <u>24 May</u> 20 <u>18</u>
 chairman of the annual general meeting

PHD Copenhagen A/S
Annual report 2018
CVR no. 25 11 23 50

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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 PHD Copenhagen A/S for the financial year 1 January – 31 December 2018.

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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 24 May 2019
Executive Board:

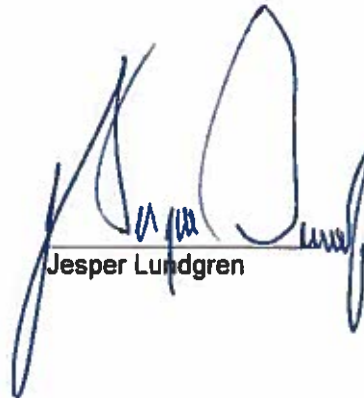


Christian W. Thorn
CEO

Board of Directors:



Peter Gottfredsen
Chairman


Martin Møller

Jesper Lundgren

Independent auditor's report

To the shareholders of PHD Copenhagen A/S

Opinion

We have audited the financial statements of PHD Copenhagen A/S for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet 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 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 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.

Independent auditor's report

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 financial statement 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 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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2019

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



David Olafsson
State Authorised
Public Accountant
MNE no. 19737

PHD Copenhagen A/S
Annual report 2018
CVR no. 25 11 23 50

Management's review

Company details

PHD Copenhagen A/S
Midtermolen 3
2100 København Ø

CVR no.: 25 11 23 50
Financial period: 1 January – 31 December
Established: 1 January 2000
Registered office: Copenhagen

Board of Directors

Peter Gottfredsen, Chairman
Martin Møller
Jesper Lundgren

Executive Board

Christian W. Thorn, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

General meeting

The annual general meeting is held on 24 May 2019 at the Company's address.

Management's review

Operating review

Principal activities

PHD provides a wide range of specialist services, that is offered to advertisers in the form of consultancy projects in the areas of; business growth plans, marketing strategy, media investment, digital performance optimisation, marketing intelligence and reporting.

The Company has an integrated cooperation with some of Denmark's largest advertisers and processes media orders and buying on behalf of these companies.

The company offers these services primarily in Denmark and the other Nordic countries.

Business development and finances

The Company's profitability and financial development is satisfactory and in line with the forecast in the company's latest annual report.

Subsequent events

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2018	2017
Revenue	2	36,049	35,364
Other external costs		-13,015	-13,227
Gross profit		23,034	22,137
Staff costs	3	-14,019	-13,219
Depreciation	4	-11	-54
Operating profit		9,004	8,863
Financial income	5	181	664
Financial expenses		-74	-50
Profit from ordinary activities before tax		9,111	9,478
Tax on profit for the year	6	-2,016	-2,152
Profit for the year		7,095	7,325
Proposed distribution of profit			
Transferred, cf. profit appropriation		7,000	7,000
Retained earnings		95	325
		7,095	7,325

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Other fixtures and fittings, tools and equipment		2	13
		2	13
Total fixed assets		2	13
Receivables			
Trade receivables		27,218	43,559
Contract work in progress	8	70	1
Amounts owed by group entities		45,910	48,277
Other receivables		998	1,033
Deferred tax	9	43	48
Prepayments		1	2
		74,241	92,920
Cash at bank and in hand		0	0
Total current assets		74,241	92,920
TOTAL ASSETS		74,243	92,933

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity	10		
Share capital		500	500
Retained earnings		1,705	1,610
Proposed dividend		7,000	7,000
Total equity		<u>9,205</u>	<u>9,110</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		37,960	46,888
Contract work in progress	8	126	18
Amounts owed to group entities/associates		20,849	28,312
Tax payable		1,376	1,532
Other payables		1,735	1,911
Prepayments		2,992	5,163
		<u>65,038</u>	<u>83,823</u>
Total liabilities other than provisions		<u>65,038</u>	<u>83,823</u>
TOTAL EQUITY AND LIABILITIES		<u>74,243</u>	<u>92,933</u>
Contingent liabilities and security	11		
Related parties disclosure	12		

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of PHD Copenhagen A/S for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with additions from higher accounting classes.

The accounting policies applied in the preparation of the annual report are consistent with those of last year.

The annual report of OMD Denmark A/S is included in the consolidated financial statements of Omnicom Media Group A/S.

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 amortisation, depreciation and impairment losses, 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 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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income statement

Revenue

Revenue consists of media revenue and revenue regarding consultancy services.

Media invoicing to customers is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before year end and that the income can be reliably measured and is expected to be received. Media revenue is measured ex. VAT, tax charged and rebates in connection with the sale. We act as an agent and revenue is recognised as invoicing to customers less media expenses.

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 recognised 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 Group.

Other external costs

Other external costs comprise expenses for sale, advertising, administration, premises, etc.

Staff costs

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts regarding the financial year. Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on securities, 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 for the year

Tax for the year comprises current tax and changes in deferred tax for the year. 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.

The Company is jointly taxed with the other Omnicom companies in Denmark. The tax effect of the joint taxation is allocated in proportion to the taxable income (full absorption).

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is provided on a straightline basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

Property, plant and equipment are written down to the recoverable amount if this is lower than the carrying amount. Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired.

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

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

When the selling price of a construction contract cannot be measured 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 under receivables or payables, depending on the net amount of the selling price less progress billings and prepayments.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred

Prepayments, assets

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Dividend

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year (declaration date) is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on 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 base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan together interest expenses.

Trade payables and amounts owed to group entities are recognised at cost.

Subsequently, these financial liabilities are measured at amortised cost.

Prepayments recognised as liabilities include incoming payments regarding income in following years.

Other liabilities are measured at net realisable value.

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 at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and 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 at 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

	<u>2018</u>	<u>2017</u>
DKK'000		
2 Revenue		
Invoicing to customers	275,729	348,089
Media expenses, etc.	<u>-239,681</u>	<u>-312,725</u>
	<u>36,049</u>	<u>34,364</u>
3 Staff costs		
Wages and salaries	13,181	12,171
Pensions	718	825
Other social security costs	137	137
Other staff costs	<u>-17</u>	<u>87</u>
	<u>14,019</u>	<u>13,219</u>
Average number of full-time employees	<u>20</u>	<u>23</u>
4 Depreciation		
Depreciation property, plant and equipment	<u>11</u>	<u>54</u>
	<u>11</u>	<u>54</u>
5 Financial income		
Other financial income	<u>181</u>	<u>664</u>
	<u>181</u>	<u>664</u>

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2018</u>	<u>2017</u>
6 Tax on profit from ordinary activities		
Current tax for the year/joint taxation contribution	2,011	2,094
Adjustment of deferred tax	5	-2
Adjustments related to previous year	0	61
	<u>2,016</u>	<u>2,152</u>
7 Property, plant and equipment		Other fixtures and fittings, tools and equipment
DKK'000		<u> </u>
Cost at 1 January 2018		278
Additions for the year		0
Disposals for the year		-162
Cost at 31 December 2018		<u>117</u>
Depreciations at 1 January 2018		-265
Depreciations for the year		-11
Depreciations on disposed assets		162
Depreciations at 31 December 2018		<u>-114</u>
Carrying amount at 31 December 2018		<u>2</u>

Financial statements 1 January – 31 December

Notes

DKK'000	2018	2017
8 Contract work in progress		
Contract work in progress	45	0
Work in progress, payments received on account	-101	-17
	<u>-56</u>	<u>-17</u>

Recognised in the balance sheet as follows:

Contract work in progress (assets)	70	1
Contract work in progress (liabilities)	-126	-18
	<u>-56</u>	<u>-17</u>

9 Deferred tax asset		
Deferred tax 1 January	48	46
Deferred tax adjustment	-5	2
Deferred tax at 31 December	<u>43</u>	<u>48</u>

DKK'000	Share capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2018	500	1,610	7,000	9,110
Dividends paid			-7,000	-7,000
Net profit for the year		95	7,000	7,095
Equity at 31 December 2018	<u>500</u>	<u>1,705</u>	<u>7,000</u>	<u>9,205</u>

The share capital consists of 5,000 shares of a nominal value of DKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years

Financial statements 1 January – 31 December

Notes

11 Contingent liabilities and security

The company has no lease commitments.

Joint taxation

The Company is jointly taxed with the group of Danish subsidiaries. The administrative company, together with the group of Danish subsidiaries included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends and interest. The jointly taxed companies' net liabilities to SKAT appears in the administrative company's annual report, DDB Copenhagen A/S, CVR no. 24 25 69 44. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, interest and royalties may entail that the Company's liability will increase.

12 Related parties and ownership

PHD Copenhagen A/S' related parties include Omnicom Media Group A/S and group enterprises as well as the companies' Board of Directors', Executive Board, executive employees and family members. Related parties also include companies in which the above persons have substantial interests.

Controlling interest

Omnicom Media Group A/S, Midtermolen 3, 2100 Copenhagen Ø, Denmark, which is the major shareholder.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Omnicom Media Group A/S
Midtermolen 3
2100 København Ø
Denmark