
AdPeople A/S

Per Henrik Lings Allé 4, 7th floor, DK-2100
Copenhagen Ø

Annual Report for 1 January - 31 December 2016

CVR No 25 13 72 05

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /5 2017

Martin Saxtorph
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of AdPeople A/S for the financial year 1 January - 31 December 2016.

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 2016 of the Company and of the results of the Company operations for 2016.

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, 7 April 2017

Executive Board

Andrew Jordan Rutberg

Martin Saxtorph

Christopher John Myers

Board of Directors

Manuel Segimon de Manzanos
Chairman

Melinda Brianne Edwards

Polly Barnes

Independent Auditor's Report

To the Shareholder of AdPeople A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of AdPeople A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

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.

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.

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.

Independent Auditor's Report

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.

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.

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.

Copenhagen, 7 April 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Henrik Agner Hansen
State Authorised Public Accountant

Morten Jarlbo
State Authorised Public Accountant

Company Information

The Company

AdPeople A/S
Per Henrik Lings Allé 4, 7th floor
DK-2100 Copenhagen Ø

CVR No: 25 13 72 05
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Manuel Segimon de Manzanos , Chairman
Melinda Brianne Edwards
Polly Barnes

Executive Board

Andrew Jordan Rutberg
Martin Saxtorph
Christopher John Myers

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 København C

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2016 TDKK	2015 TDKK	2014 TDKK	2013 TDKK	2012 TDKK
Key figures					
Profit/loss					
Gross profit/loss	36.461	50.899	45.668	64.345	82.182
Profit/loss before financial income and expenses	11.569	18.121	7.354	13.594	23.583
Net financials	5.184	4.340	4.928	2.165	1.520
Net profit/loss for the year	14.591	17.035	10.268	12.841	18.504
Balance sheet					
Balance sheet total	57.350	50.717	60.675	56.102	87.299
Equity	42.955	28.364	30.277	23.270	28.952
Investment in property, plant and equipment	77	56	80	388	1.160
Number of employees	38	54	68	88	94
Ratios					
Solvency ratio	74,9%	55,9%	49,9%	41,5%	33,2%
Return on equity	40,9%	58,1%	38,4%	49,2%	127,8%

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.

In connection with changes to accounting policies, the comparative figures back to 2012 have not been restated. See the description under accounting policies.

Management's Review

Main activity

As in prior years the Company's primary business areas are advertising, consultancy and software development.

The table has turned and today, customers, challenging brands to connect on their terms, define brands. Brands and their agencies need to master purposeful, effective and constantly evolving - not to mention 'always-on' - communication strategies. To do so and navigate today's volatile market requires reinvention of working processes and digital transformation. In 2016, AdPeople has focused all its efforts to excel a strategic always-on position, improving capacity, competencies and service structure. A successful implementation of this strategy has been capitalized through strong financial performance particular in the second half of 2016.

Development in the year

The income statement of the Company for 2016 shows a profit of TDKK 14,591, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 42,955.

The past year and follow-up on development expectations from last year

During the year the Company has sold some of its activities to a sister company. The sale of business activity has reduced revenue and headcount.

The development in the result for the year compared to the restructure is above Management's expectations for the financial year 2016.

Operating risks

The Company is not exposed to special risks except for normal risks within the industry.

Foreign exchange risks

The Company is increasingly exposed towards currency risk. To a great extent, the Company takes this into consideration when negotiating terms in agreements etc. The Company has not entered into any forward contracts.

Targets and expectations for the year ahead

Management expects a positive result for 2017 at the level of 2016.

Management also expects further integration within the Wunderman and WPP networks to improve its overall market position, competencies and client portfolio.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2016</u> TDKK	<u>2015</u> TDKK
Gross profit/loss		36.461	50.899
Staff expenses	1	-24.712	-32.283
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-180	-495
Profit/loss before financial income and expenses		11.569	18.121
Income from investments in subsidiaries		5.347	3.526
Financial income		1	871
Financial expenses		-164	-57
Profit/loss before tax		16.753	22.461
Tax on profit/loss for the year	2	-2.162	-5.426
Net profit/loss for the year		14.591	17.035

Distribution of profit

Proposed distribution of profit

Retained earnings		14.591	17.035
		14.591	17.035

Balance Sheet 31 December

Assets

	Note	2016 TDKK	2015 TDKK
Other fixtures and fittings, tools and equipment		61	205
Leasehold improvements		0	0
Property, plant and equipment	3	61	205
Investments in subsidiaries	4	588	588
Other receivables	5	1.880	1.843
Fixed asset investments		2.468	2.431
Fixed assets		2.529	2.636
Trade receivables		15.302	17.824
Contract work in progress	6	1.246	804
Receivables from group enterprises		31.292	25.411
Other receivables		746	1.801
Deferred tax asset	8	500	0
Prepayments		1.180	1.399
Receivables		50.266	47.239
Cash at bank and in hand		4.555	842
Currents assets		54.821	48.081
Assets		57.350	50.717

Balance Sheet 31 December

Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		518	518
Retained earnings		42.437	27.846
Equity	7	42.955	28.364
Provision for deferred tax	8	0	373
Other provisions	9	1.853	2.096
Provisions		1.853	2.469
Credit institutions		0	578
Trade payables		390	2.335
Contract work in progress, liabilities	6	1.236	6.984
Payables to group enterprises		5.636	864
Corporation tax		1.201	1.419
Other payables		4.079	7.704
Short-term debt		12.542	19.884
Debt		12.542	19.884
Liabilities and equity		57.350	50.717
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	518	12.005	27.846	40.369
Net effect from change of accounting policy	0	-12.005	0	-12.005
Adjusted equity at 1 January	518	0	27.846	28.364
Net profit/loss for the year	0	0	14.591	14.591
Equity at 31 December	518	0	42.437	42.955

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
1 Staff expenses		
Wages and salaries	23.758	30.828
Pensions	751	1.184
Other social security expenses	203	271
	<u>24.712</u>	<u>32.283</u>
Average number of employees	<u>38</u>	<u>54</u>
Including remuneration to the Executive Board of TDKK 1,144 for 2016. For 2015, remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Tax on profit/loss for the year		
Current tax for the year	3.401	4.857
Deferred tax for the year	-874	-334
Adjustment of tax concerning previous years	-365	903
	<u>2.162</u>	<u>5.426</u>

Notes to the Financial Statements

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Leasehold improvements TDKK
Cost at 1 January	10.757	760
Additions for the year	<u>77</u>	<u>0</u>
Cost at 31 December	<u>10.834</u>	<u>760</u>
Impairment losses and depreciation at 1 January	10.592	760
Depreciation for the year	<u>181</u>	<u>0</u>
Impairment losses and depreciation at 31 December	<u>10.773</u>	<u>760</u>
Carrying amount at 31 December	<u>61</u>	<u>0</u>
	2016 TDKK	2015 TDKK

4 Investments in subsidiaries

Cost at 1 January	<u>588</u>	<u>588</u>
Carrying amount at 31 December	<u>588</u>	<u>588</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
Graphic People Ltd.	Dhaka, Bangladesh	60%	26.582	10.922
SoftwarePeople Ltd.	Dhaka, Bangladesh	65%	2.695	1.475

5 Other fixed asset investments

	Other receiv- ables TDKK
Cost at 1 January	1.843
Additions for the year	<u>37</u>
Cost at 31 December	<u>1.880</u>
Carrying amount at 31 December	<u>1.880</u>

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
6 Contract work in progress		
Selling price of work in progress	26.110	21.503
Payments received on account	<u>-26.100</u>	<u>-27.683</u>
	<u>10</u>	<u>-6.180</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	1.246	804
Prepayments received recognised in debt	<u>-1.236</u>	<u>-6.984</u>
	<u>10</u>	<u>-6.180</u>
7 Equity		
The share capital consists of 518,200 shares of a nominal value of TDKK 1. No shares carry any special rights.		
8 Deferred tax asset		
Deferred tax asset at 1 January	-373	-707.705
Amounts recognised in the income statement for the year	873	334
Amounts recognised in equity for the year	<u>0</u>	<u>706.998</u>
Deferred tax asset at 31 December	<u>500</u>	<u>-373</u>
9 Other provisions		
Other provisions comprise anticipated costs of refurbishment of leasehold and loss on sublease contract.		
Other provisions	<u>1.853</u>	<u>2.096</u>
	<u>1.853</u>	<u>2.096</u>

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
10 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Until expiry	<u>5.231</u>	<u>6.828</u>
	<u>5.231</u>	<u>6.828</u>
Other contingent liabilities		

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of WPP Holding Denmark A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

11 Related parties

Basis

Controlling interest

Russel Square Holding B.V, Holland

Controlling shareholder

Transactions

The Company only disclose transactions with related parties which are not effected at arm's length. All transactions are at arm's length.

Consolidated Financial Statements

The largest Group preparing consolidated financial statements:

Name

Place of registered office

WPP plc.

27 Farm Street, W1J 5RJ London, England

The Group Annual Report of WPP plc. may be obtained at www.wpp.com.

Notes, Accounting Policies

Basis of Preparation

The Annual Report of AdPeople A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

Financial Statements for 2016 are presented in TDKK.

Changes in accounting policies

With effect from 2016, the Company has changed the accounting policies for investments in group enterprises from the equity method to the cost method. The change has resulted in a reduction of the equity at January 1, 2016 of TDKK 12,005. The net profit for 2015 has been reduced by TDKK 1,473.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of WPP plc., 27 Farm Street, W1J 5RJ London, England, the Company has not prepared consolidated financial statements.

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., 27 Farm Street, W1J 5RJ London, England, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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.

Notes, Accounting Policies

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Notes, Accounting Policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 WPP entities in Denmark. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes, Accounting Policies

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	3-5 years
Leasehold improvements	5 years

Depreciation period and residual value are reassessed annually.

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 amortisation and depreciation.

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Notes, Accounting Policies

Contract work in progress

Contract work in progress regarding service is measured at 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.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes, Accounting Policies

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. Extra payments and repayment 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

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