
AdPeople A/S

Per Henrik Lings Allé 4, 6th floor, DK-2100
Copenhagen Ø

Annual Report for 1 January - 31 December 2019

CVR No 25 13 72 05

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
29/5 2020

Martin Hviid Saxtorph
Chairman of the General
Meeting

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12

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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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, 29 May 2020

Executive Board

Andrew Jordan Rutberg

Martin Hviid Saxtorph

Christopher John Myers

Board of Directors

Manuel de Manzanos Segimon
Chairman

Sofia Pietrella

Martin Hviid Saxtorph

Independent Auditor's Report

To the Shareholder of AdPeople A/S

Opinion

We have audited the Financial Statements of AdPeople A/S for the financial year 1 January - 31 December 2019, 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 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 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.

Independent Auditor's Report

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.

København, 29 May 2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant
mne10944

Brian Schmit Jensen
State Authorised Public Accountant
mne40050

Company Information

The Company

AdPeople A/S
Per Henrik Lings Allé 4, 6th 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 de Manzanos Segimon , Chairman
Sofia Pietrella
Martin Hviid Saxtorph

Executive Board

Andrew Jordan Rutberg
Martin Hviid Saxtorph
Christopher John Myers

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:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Gross profit/loss	44.602	38.123	33.791	36.461	50.899
Profit/loss before financial income and expenses	23.038	19.885	17.612	11.569	18.121
Net financials	6.464	7.727	4.523	5.184	4.340
Net profit/loss for the year	23.841	22.500	17.857	14.591	17.035
Balance sheet					
Balance sheet total	78.287	95.984	82.416	57.351	50.717
Equity	57.152	83.311	60.811	42.955	28.364
Investment in property, plant and equipment	108	623	18	0	56
Number of employees	42	36	29	38	54
Ratios					
Solvency ratio	73,0%	86,8%	73,8%	74,9%	55,9%
Return on equity	33,9%	31,2%	34,4%	40,9%	58,1%

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

The Company's primary business areas are creation of Advertising materials, Marketing Content Production, Creative Consultancy and Marketing Production Technology Development.

The Company breathe new life into the relationship between brands and consumers through quality content. Borrowing from a unique blend of local and international experience, combining strategic, creative and production capabilities into one seamless process – crafting a unified brand experience from conceptualization to completion. The company's onshore-offshore production solutions are best-in-class, managed by our team of talented account and creative leads in Copenhagen, and supported by execution specialists in Dhaka.

In 2019, AdPeople has become a global center of excellence for the creation and production of marketing content.

Development in the year

The income statement of the Company for 2019 shows a profit of TDKK 23,841, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 57,152.

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

The development in the result for the year meets Management's expectations for the financial year 2019.

Special risks - operating risks and financial risks

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

Targets and expectations for the year ahead

Management expects a positive result for 2020 at the level of 2019.

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

Subsequent events

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Gross profit/loss		44.602	38.123
Staff expenses	2	-21.383	-18.116
Depreciation and impairment of property, plant and equipment		-181	-122
Profit/loss before financial income and expenses		23.038	19.885
Income from investments in subsidiaries		7.039	8.061
Financial income		111	299
Financial expenses		-686	-633
Profit/loss before tax		29.502	27.612
Tax on profit/loss for the year	3	-5.661	-5.112
Net profit/loss for the year		23.841	22.500

Distribution of profit

Proposed distribution of profit

Extraordinary dividend paid	50.000	0
Retained earnings	-26.159	22.500
	23.841	22.500

Balance Sheet 31 December

Assets

	Note	2019 TDKK	2018 TDKK
Other fixtures and fittings, tools and equipment		278	293
Leasehold improvements		195	253
Property, plant and equipment	4	473	546
Investments in subsidiaries	5	588	588
Other receivables	6	699	685
Fixed asset investments		1.287	1.273
Fixed assets		1.760	1.819
Trade receivables		9.156	7.374
Contract work in progress	7	747	1.859
Receivables from group enterprises		64.144	83.178
Other receivables		2	0
Prepayments		589	556
Receivables		74.638	92.967
Cash at bank and in hand		1.889	1.198
Currents assets		76.527	94.165
Assets		78.287	95.984

Balance Sheet 31 December

Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital		518	518
Retained earnings		56.634	82.793
Equity	8	57.152	83.311
Provision for deferred tax	9	12	100
Other provisions	10	158	83
Provisions		170	183
Other payables		784	0
Long-term debt	11	784	0
Credit institutions		1.713	0
Trade payables		835	1.831
Contract work in progress, liabilities	7	8.914	3.905
Payables to group enterprises		3.896	2.496
Corporation tax		145	201
Other payables	11	4.678	4.057
Short-term debt		20.181	12.490
Debt		20.965	12.490
Liabilities and equity		78.287	95.984
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
Accounting Policies	14		

Statement of Changes in Equity

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	518	82.793	83.311
Extraordinary dividend paid	0	-50.000	-50.000
Net profit/loss for the year	0	23.841	23.841
Equity at 31 December	518	56.634	57.152

Notes to the Financial Statements

1 Subsequent events

No circumstances have occurred after the balance sheet date that distort the assessment of the annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not and is not expected to have a significant impact on the company's financial position and development.

	<u>2019</u> TDKK	<u>2018</u> TDKK
2 Staff expenses		
Wages and salaries	20.637	17.435
Pensions	475	393
Other social security expenses	271	288
	<u>21.383</u>	<u>18.116</u>
Average number of employees	<u>42</u>	<u>36</u>
3 Tax on profit/loss for the year		
Current tax for the year	5.749	5.107
Deferred tax for the year	-88	5
	<u>5.661</u>	<u>5.112</u>
4 Property, plant and equipment		
	<u>Other fixtures and fittings, tools and equipment</u> TDKK	<u>Leasehold improvements</u> TDKK
Cost at 1 January	2.278	290
Additions for the year	108	0
Cost at 31 December	<u>2.386</u>	<u>290</u>
Impairment losses and depreciation at 1 January	1.985	37
Depreciation for the year	123	58
Impairment losses and depreciation at 31 December	<u>2.108</u>	<u>95</u>
Carrying amount at 31 December	<u>278</u>	<u>195</u>

Notes to the Financial Statements

	2019 <u>TDKK</u>	2018 <u>TDKK</u>
5 Investments in subsidiaries		
Cost at 1 January	588	588
Carrying amount at 31 December	588	588
 6 Other fixed asset investments		
		Other receiv- ables <u>TDKK</u>
Cost at 1 January		685
Additions for the year		14
Cost at 31 December		699
 Carrying amount at 31 December		699
 7 Contract work in progress		
Selling price of work in progress	16.300	21.440
Payments received on account	-24.467	-23.486
	-8.167	-2.046
 Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	747	1.859
Prepayments received recognised in debt	-8.914	-3.905
	-8.167	-2.046

8 Equity

The share capital consists of 518,200 shares of a nominal value of TDKK 1. No shares carry any special rights.

Notes to the Financial Statements

	2019 <u>TDKK</u>	2018 <u>TDKK</u>
9 Provision for deferred tax		
Provision for deferred tax at 1 January	100	95
Amounts recognised in the income statement for the year	<u>-88</u>	<u>5</u>
Provision for deferred tax at 31 December	<u>12</u>	<u>100</u>

10 Other provisions

Other provisions comprise anticipated costs of refurbishment of leasehold and loss on sublease contract.

Other provisions	<u>158</u>	<u>83</u>
	<u>158</u>	<u>83</u>

11 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:

Other payables

Between 1 and 5 years	<u>784</u>	<u>0</u>
Long-term part	784	0
Other short-term payables	<u>4.678</u>	<u>4.057</u>
	<u>5.462</u>	<u>4.057</u>

Notes to the Financial Statements

	2019 TDKK	2018 TDKK
12 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Until expiry	1.777	3.337
	1.777	3.337

Other contingent liabilities

The Company participates in a Danish joint taxation arrangement with WPP Holding Denmark A/S as the administration company. According to the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding tax on interest, royalties and dividends for the jointly taxed companies.

13 Related parties

Basis

Controlling interest

Russel Square Holding B.V, Holland	Controlling shareholder
------------------------------------	-------------------------

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest and largest group:

Name	Place of registered office
WPP Jubilee Limited (smallest group)	18 Upper Ground, SE1 9GL, London, England
WPP Plc. (largest group)	Queensway House, Hilgrove Street, St. Helier, JE1 1ES, Jersey, England

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of AdPeople A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in TDKK.

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.

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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

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 performed 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 as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

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

Depreciation and impairment losses

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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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 Danish 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	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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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 rent, insurance premiums and subscriptions.

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 to the Financial Statements

14 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. Compensation and 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

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