

Merkle Denmark A/S

Meldahlsgade 5, 5. sal, 1613 København V

CVR no. 25 53 32 67

Annual report 2023

Approved at the Company's annual general meeting on 11 June 2024

Chair of the meeting:

.....
Casper Haagen Loch Henriksen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Merkle Denmark A/S for the financial year 1 January - 31 December 2023.

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 of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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, 11 June 2024
Executive Board:

.....
Robert Peter Hollingsworth

.....
Steen Østerby

Board of Directors:

.....
Ulrik Petersen
Chairman

.....
Casper Haagen Loch
Henriksen

.....
Robert Peter Hollingsworth

.....
Kristian Koch Jensen

.....
Rikke Knaack

Independent auditor's report

To the shareholder of Merkle Denmark A/S

Opinion

We have audited the financial statements of Merkle Denmark A/S for the financial year 1 January - 31 December 2023, which comprise an 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 financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 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 the 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 skepticism 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.

Independent auditor's report

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

Copenhagen, 11 June 2024

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised Public Accountant
mne32271

Jenny Lam
State Authorised Public Accountant
mne49836

Management's review

Company details

Name	Merkle Denmark A/S
Address, Postal code, City	Meldahlsgade 5, 5. sal, 1613 København V
CVR no.	25 53 32 67
Established	14 July 2000
Registered office	København
Financial year	1 January - 31 December
Website	https://www.merkleinc.com/emea/offices/copenhagen
Board of Directors	Ulrik Petersen, Chairman Casper Haagen Loch Henriksen Robert Peter Hollingsworth Kristian Koch Jensen Rikke Knaack
Executive Board	Robert Peter Hollingsworth Steen Østerby
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 Copenhagen

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Turnover	364,450	394,824	323,236	249,021	247,363
Gross profit	242,493	253,781	250,340	191,815	179,206
Operating profit/loss	22,717	55,406	86,478	60,887	53,435
Net financials	515	-424	271	-510	-339
Profit for the year	18,030	42,445	67,597	46,950	41,146
Balance sheet					
Total assets	67,200	161,319	181,906	143,580	111,074
Investments in property, plant and equipment	2,278	1,502	793	1,412	3,496
Equity	34,824	59,239	84,391	63,744	57,794
Financial ratios					
Operating margin	6.2%	14.0%	26.8%	24.5 %	21.6 %
Gross margin	66.5%	64.3%	77.4%	77.0%	72.4%
Return on assets	19.9%	32.3%	53.1%	47.8%	49.9%
Equity ratio	51.8%	36.7%	46.4%	44.4%	52.0%
Return on equity	38.3%	59.1%	91.3%	77.3%	79.6%

For terms and definitions, please see accounting policies.

Management's review

Business review

Merkle is in a leading position within data driven customer experience designs across channels and platforms.

Merkle Denmark is a digital bureau that operates within three areas of business: Design and development of digital platforms, including commerce-, app- and web solutions, Marketing Automation and Performance Marketing. Across all three areas of business we have seen lower activity in 2023.

Financial review

The income statement for 2023 shows a profit of DKK 18,030 thousand against a profit of DKK 42,445 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 34,824 thousand. Management doesn't consider the Company's financial performance in the year satisfactory.

The profit for 2023 does not meet the expectations communicated in the annual report for 2022. The lower profit is driven by a combination of lower client activity in the second half of 2023 than expected combined with the need to take one-off severance costs to adjust the cost-base to reflect a lower activity level among clients.

Knowledge resources

The Company makes a great effort to motivate and develop its staff, believing that committed and responsible staff who wants to make a difference is perceived positively by the clients, which has a positive influence on the financial results. The Company emphasises value-based management, the key elements of which include open, honest and direct communication, a sense of responsibility, cost awareness and the will to win.

Statutory CSR report

In accordance with section 99 a(7) of the Danish Financial Statements Act, the Company has not drawn up any CSR report, as the Parent Company has done so for the entire Group. Please refer to the annual report of the parent company Dentsu Danmark A/S (CVR no. 58227811), where information on CSR has been provided jointly for the Group. The parent company's annual report can be found at www.cvr.dk.

Report on the gender composition of Management

5 years overview

	2023
<i>Supreme governing body</i>	
Total number of members	5
Underrepresented gender in %	20
Target figure in %	40
Year in which the target figure is expected to be met	2025
<i>Other levels of management</i>	
Total number of members	57
Underrepresented gender in %	35
Target figure in %	40
Year in which the target figure is expected to be met	2025

Management's review

Supreme governing body

The Board of Directors of Merkle Denmark A/S has set a target of 40% corresponding to 2 out of 5 board members, for the underrepresented gender. The Board of Directors has set the target to be achieved by the end of 2025.

The Board of Directors of Merke Denmark A/S currently consists of 4 elected male members and 1 elected female members representing a 80/20 split between the genders. There has been only one opening during 2023, where a female member was elected. The split between genders is not considered satisfactory as the target figure is not met and the Company will in 2024 search for suitable female candidates should positions open up in the Board of Directors in order to meet the set target of a 60/40 split between genders latest in 2025 as set out in our revised target.

Other levels of management

Management has adopted a policy to ensure a balance between genders on the other levels of management, including the Company's managers and team leaders. The policy sets out a framework for the individual manager's career development and opportunities for mentoring and provides simultaneous internal targets for the proportion of female managers. The policy also provides guidelines for the recruitment and retention of women leaders in the business.

Specifically, the Company has initiated several actions to increase the proportion of female managers which was performed in 2023 and will be further strengthened in 2024:

- Support for the preparation of individual career plans
- Mentoring
- Personnel policy that promotes career opportunities for both genders
- Recruitment procedures, which help to ensure same recruitment opportunities for both genders
- Mandatory training for all employees in diversity and inclusion
- Improved terms for paid parental leave ensuring almost identical terms for each gender

Throughout 2023, we rigorously tracked and reported gender diversity metrics, ensuring accountability and transparency in our efforts to achieve the target representation of the underrepresented gender in management.

The Leadership DK forum in Denmark under the supreme governing body, Merkle Management Executive Board, consists of 1 female and 9 male leaders, hence the underrepresented gender makes up $1 / 10 = 10\%$. The target is to have at least 40% latest in 2025 of the underrepresented gender in this management forum and hence the current composition is not satisfactory.

The proportion of female managers at all other management levels in Merkle Danmark A/S is around the same level as last year, totalling 40%. The other management is all people with employee responsibilities who are not part of the Leadership DK forum. The percentage is calculated by counting the number of head count within each gender with a employee responsibility and then comparing them to each other. There is a total of 47 leaders meeting these criteria, of which 19 are female and 28 are male. The target is to have at least 40% of leaders from the underrepresented gender at this level, which the company is meeting in 2023.

Consequently, the gender distribution in the other levels of management is considered satisfactory and within the set target.

Other levels of management in total consists of 57 members, and constitutes of 37 men and 20 women, hence the underrepresented gender makes up 35%. The target is to have at least 40% latest in 2025 of the underrepresented gender in other levels of management and hence the current composition is not satisfactory.

Whenever the company filled any openings within management, the best candidate was selected based on experience, expertise, and competencies relevant to the role, hence the underrepresented gender was not the most qualified in enough cases to reach to set target. The sum of new appointments performed in 2023 was therefore not enough to meet the set target for the underrepresented gender.

The management does not find the current balance satisfactory between the genders at all levels satisfactory. Hence it's a focus area and supported by the initiatives listed in this paragraph.

Management's review

Data ethics

For Merkle it's a priority to work with data in professional and ethical manner. We each year obtain an ISAE 3000 declaration to demonstrate our compliance with GDPR rules in the way we work with our clients' data. Further, we have mandatory trainings which more than 90% of all employees have completed with both data security and ethics & compliance. Finally, we have a number of global policies outlining how we work with data across the business, including, but not limited to, an Acceptable Use Policy, multiple security policies and an information classification and handling policy. These are not consolidated into one policy for data ethics but covers the area between them.

Internally the main data area for the company is employee data. We handle all information digitally to avoid physical data trails and we store the vast majority in our HR system Workday, a leading global HR solution, to ensure compliance with data regulations as well as internal policies.

For clients the company acts as data processor, typically handling non-sensitive PII such as browsing data and / or contact information. This is regulated between the company and each individual client in a data processing agreement, the framework and controls for which are checked as part of the ISAE 3000 declaration. As part of acting as data processor for our clients, we use a number of sub-processors, typically big tech companies such as Meta, Google and Adform. These relationships are also audited in the ISAE 3000 declaration.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

The Company expects that the market in which it operates in 2024 mainly be slightly down compared to 2023, in the range of -3% to 0% growth. However, the uncertain situation created by both the current geo-political environment, the inflation as well as a potential recession are possible risks to the market. The overall outlook for the Company is negative for 2024 compared to 2023, mainly arising from internal reorganisations and changes in the client base. We expect turnover and gross profit in the range of -15% to -20%. This is below our expectations for prior year, we do expect to see a slightly improved momentum towards the end of the year and are hence more optimistic when looking beyond 2024.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
2	Turnover	364,450	394,824
	Cost of sales	-41,797	-63,353
3	Other external expenses	-80,160	-77,690
	Gross profit	242,493	253,781
4	Staff costs	-218,217	-196,190
5	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,559	-2,185
	Profit before net financials	22,717	55,406
6	Financial income	1,661	550
	Financial expenses	-1,146	-974
	Profit before tax	23,232	54,982
7	Tax for the year	-5,202	-12,537
	Profit for the year	18,030	42,445

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	2,430	2,223
	Leasehold improvements	1,287	775
		<u>3,717</u>	<u>2,998</u>
9	Investments		
	Other receivables	1,935	1,891
		<u>1,935</u>	<u>1,891</u>
	Total fixed assets	<u>5,652</u>	<u>4,889</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	32,118	75,481
	Work in progress	7,759	7,567
	Receivables from group entities	8,367	49,014
10	Deferred tax assets	223	365
	Other receivables	351	4,272
11	Prepayments	943	797
		<u>49,761</u>	<u>137,496</u>
	Cash	<u>11,787</u>	<u>18,934</u>
	Total non-fixed assets	<u>61,548</u>	<u>156,430</u>
	TOTAL ASSETS	<u><u>67,200</u></u>	<u><u>161,319</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	500	500
	Retained earnings	34,324	16,294
	Dividend proposed	0	42,445
	Total equity	34,824	59,239
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Prepayments received from customers	1,579	12,247
	Trade payables	4,205	5,882
	Payables to group entities	9,428	46,559
	Corporation tax payable	5,060	12,347
	Other payables	11,424	25,045
13	Deferred income	680	0
		32,376	102,080
	Total liabilities other than provisions	32,376	102,080
	TOTAL EQUITY AND LIABILITIES	67,200	161,319

- 1 Accounting policies
- 14 Appropriation of profit
- 15 Contractual obligations and contingencies, etc.
- 16 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Dividend proposed	Total
	Equity at 1 January 2022	500	16,294	67,597	84,391
14	Transfer, see "Appropriation of profit"	0	0	42,445	42,445
	Dividend distributed	0	0	-67,597	-67,597
	Equity at 1 January 2023	500	16,294	42,445	59,239
14	Transfer, see "Appropriation of profit"	0	18,030	0	18,030
	Dividend distributed	0	0	-42,445	-42,445
	Equity at 31 December 2023	500	34,324	0	34,824

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Merkle Denmark A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Dentsu Danmark A/S.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Turnover

The Company uses IAS 11 / IAS 18 as interpretation for the recognition of turnover.

Income from the rendering of services is recognised as turnover as the services are rendered. Accordingly, turnover corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of services used in generating the year's turnover.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/ depreciation

The item comprises amortisation/ depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/ depreciation, which is calculated as cost less any residual value, is amortised/ depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	3 years
Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, realised and unrealised capital gains and losses relating to exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and other Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables from group enterprises relate to current intercompany balances and cash pool facility with other group enterprises.

Work in progress

Service supplies and service contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account. Receivable or payable joint taxation contribution are recognised as income tax receivables or income tax payables.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Amounts owed by group entities relate to current intercompany balances and cash pool facility with other group entities.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022
2 Segment information		
Breakdown of turnover by geographical segment:		
The Nordic countries	235,245	259,849
Europe	128,542	132,692
Outside of Europe	663	2,283
	<u>364,450</u>	<u>394,824</u>

All revenue generating activities for the Company falls within the service line CXM – Customer Experience Management.

3 Fee to the auditors appointed in general meeting

With reference to section 96 (3) of the Danish Financial Statements Act, information about auditor's fee has been omitted, as the information is disclosed in the consolidated accounts of Dentsu Danmark A/S.

DKK'000	2023	2022
4 Staff costs		
Wages/salaries	189,912	172,195
Pensions	24,334	20,463
Other social security costs	2,632	2,603
Other staff costs	1,339	929
	<u>218,217</u>	<u>196,190</u>
Average number of full-time employees	<u>304</u>	<u>285</u>

Remuneration to members of Management:

Executive Board	3,621	3,042
Board of Directors	0	0
	<u>3,621</u>	<u>3,042</u>

The members of the Board of Directors are all employed by either Merkle Denmark A/S or Dentsu Danmark A/S and paid for their employment. It is estimated that the share of remuneration directly relating to their role as members of the board of directors is DKK 50.000 in total.

DKK'000	2023	2022
5 Amortisation/ depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	6
Depreciation of property, plant and equipment	1,559	2,179
	<u>1,559</u>	<u>2,185</u>
6 Financial income		
Interest receivable, group entities	1,122	459
Other financial income	539	91
	<u>1,661</u>	<u>550</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000		2023	2022
7 Tax for the year			
Estimated tax charge for the year		5,060	12,347
Deferred tax adjustments in the year		142	14
Tax adjustments, prior years		0	176
		<u>5,202</u>	<u>12,537</u>
8 Property, plant and equipment			
	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
DKK'000			
Cost at 1 January 2023	9,343	7,171	16,514
Additions	1,239	1,039	2,278
Disposals	-1,743	0	-1,743
Cost at 31 December 2023	<u>8,839</u>	<u>8,210</u>	<u>17,049</u>
Impairment losses and depreciation at 1 January 2023	7,120	6,396	13,516
Depreciation	1,032	527	1,559
Reversal of accumulated depreciation and impairment of assets disposed	-1,743	0	-1,743
Impairment losses and depreciation at 31 December 2023	<u>6,409</u>	<u>6,923</u>	<u>13,332</u>
Carrying amount at 31 December 2023	<u>2,430</u>	<u>1,287</u>	<u>3,717</u>
9 Investments			
DKK'000			Other receivables
Cost at 1 January 2023			1,891
Additions			44
Cost at 31 December 2023			<u>1,935</u>
Carrying amount at 31 December 2023			<u>1,935</u>
DKK'000		2023	2022
10 Deferred tax			
Deferred tax at 1 January		-365	-379
Deferred tax adjustment for the year		142	14
Deferred tax at 31 December		<u>-223</u>	<u>-365</u>
Deferred tax relates to:			
Intangible assets		0	-94
Property, plant and equipment		-223	-271
		<u>-223</u>	<u>-365</u>

Financial statements 1 January - 31 December

Notes to the financial statements

11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years.

DKK'000	2023	2022
12 Share capital		
Analysis of the share capital:		
500 shares of DKK 1,000.00 nominal value each	500	500
	500	500

The Company's share capital has remained DKK 500 thousand over the past 5 years.

13 Deferred income

Deferred income as per 31 December 2023, DKK 680 thousand (31 December 2022: DKK 0 thousand), consists of payments received from customers that may not be recognised until the subsequent financial year.

DKK'000	2023	2022
14 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	0	42,445
Retained earnings	18,030	0
	18,030	42,445

15 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with other Danish group entities. As a group entity, the Company has joint and several unlimited liability for Danish corporation taxes as well as withholding taxes on interest, royalties and dividends within the joint taxation unit. The jointly taxed companies' total known net payable in respect of corporation taxes and withholding taxes amounted to DKKt 1,207 thousand at 31 December 2023. Any subsequent adjustments to the joint taxation income and withholding taxes, etc., may entail that the Company's liability will increase.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2023	2022
Rent and lease liabilities	2,411	3,292

Rent and lease liabilities include a rent obligation totalling DKK 2,256 thousand in interminable rent agreements with remaining contract terms of up to 6 months. Furthermore, the Company has liabilities under operating leases, totalling DKK 155 thousand, with remaining contract terms of up to 2 years.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Related parties

Merkle Denmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Dentsu Danmark A/S	Overgaden Neden Vandet 7, Copenhagen, Denmark	Participating interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Dentsu Danmark A/S	Copenhagen, Denmark	The consolidated financial statements for Dentsu Danmark A/S are available on www.cvr.dk .

Related party transactions

Merkle Denmark A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2023</u>	<u>2022</u>
Purchase of services from group entities	120,730	62,522
Sale of services to group entities	51,633	62,422
Interest receivable from group entities	1,122	459
Dividend, paid	42,445	67,597
Receivables from group enterprises	8,367	49,014
Payables to group enterprises	9,428	46,559

Ownership

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

<u>Name</u>	<u>Domicile</u>
Dentsu Danmark A/S	Overgaden Neden Vandet 7 Copenhagen Denmark

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Steen Østerby

Direktionsmedlem

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Ulrik Petersen

Bestyrelsesformand

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Kristian Koch Jensen

Bestyrelsesmedlem

On behalf of: Merkle Denmark A/S

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2024-06-11 13:45:17 UTC



Rikke Knaack

Bestyrelsesmedlem

On behalf of: Merkle Denmark A/S

Serial number: 557a9db8-f973-47d4-bbbd-8a019cb5ec66

IP: 83.94.xxx.xxx

2024-06-11 15:17:18 UTC



Robert Peter Hollingsworth

CEO

On behalf of: Merkle Denmark A/S

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Robert Peter Hollingsworth

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Martin Melchior Eiler

Statsautoriseret revisor

On behalf of: KPMG Statsautoriseret Revisionspartners...

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Jenny Tuyet Phung Lam

Statsautoriseret revisor

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Casper Haagen Loch Henriksen

Dirigent

On behalf of: Merkle Denmark A/S

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