
Maxus A/S

Antonigade 4, 3. tv., DK-1106 Copenhagen

Annual Report for 1 January - 31 December 2016

CVR No 28 09 89 95

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
6 /6 2017

Lars Petersen
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Maxus 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, 31 May 2017

Executive Board

Kristian Bæk-Mikkelsen
Executive Officer

Board of Directors

Jonas Von Barnekow Benzon
Hemmingsen
Chairman

Kristian Bæk-Mikkelsen

Jens Storkfelt

Independent Auditor's Report

To the Shareholder of Maxus A/S

Opinion

We have audited the Financial Statements of Maxus 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 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 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.

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.

Independent Auditor's Report

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.

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.

Copenhagen, 31 May 2017

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33 96 35 56

Kim Takata Mücke
State Authorised Public Accountant

Moren Jarlbo
State Authorised Public Accountant

Company Information

The Company

Maxus A/S
Antonigade 4, 3. tv.
DK-1106 Copenhagen

Telephone: + 45 70207115
Facsimile: + 45 70207125
Website: www.maxusglobal.dk

CVR No: 28 09 89 95
Financial period: 1 January - 31 December
Municipality of reg. office: Copenhagen

Board of Directors

Jonas Von Barnekow Benzou Hemmingsen, Chairman
Kristian Bæk-Mikkelsen
Jens Storkfelt

Executive Board

Kristian Bæk-Mikkelsen

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-0900 Copenhagen 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					
Revenue	208.838	189.551	139.400	129.932	118.959
Gross profit/loss	17.871	11.714	10.314	9.794	10.534
Operating profit/loss	-457	-2.178	1.542	464	801
Net financials	81	-43	-37	-27	3
Net profit/loss for the year	-353	-1.633	1.113	312	588
Balance sheet					
Balance sheet total	44.308	29.643	29.449	22.771	24.233
Equity	4.127	4.480	6.113	5.000	4.688
Ratios					
Gross margin	8,6%	6,2%	7,4%	7,5%	8,9%
Net margin	-0,2%	-0,9%	0,8%	0,2%	0,5%
Solvency ratio	9,3%	15,1%	20,8%	22,0%	19,3%
Return on equity	-8,2%	-30,8%	20,0%	6,4%	13,4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts 2015. For definitions, see under accounting policies.

Management's Review

Key activities

Maxus is a full-service media agency with integrated development of digital content, including microsites, display banners, mobile aps, video content, social community management etc.

Development in the year

The income statement of the Company for 2016 shows a loss of TDKK 353, and at 31 December 2016 the balance sheet of the Company shows equity of TDKK 4,127.

For Maxus Denmark, 2016 has continued the remarkable revenue growth due to the inflow of new customers at both local and Nordic levels, new business partnerships, new business areas, as well as additional sales to existing customers. While, the income statement shows a minor loss, it marks a significant improvement from the previous year. For Maxus, 2016 was a transition year: from a small agency to a medium sized. This brings new investments, in people, technology, facilities, rent, etc. Due to this, 2016 has been marked by increased costs and investments that results in the lower net profit. Performance is not satisfactory. However, Maxus is on a planned and positive trajectory to continue to outperform the market and competitors in top line growth and raise its profitability considerably. After the recent years transition, Maxus is very well placed to compete in the increasingly digital and data driven marketplace.

Financial performance is not satisfactory.

Particular risks

No unusual risks are associated with the Entity's business. The business conditions of the market and the external environment as a whole have not changed significantly.

Intellectual capital resources

A substantial part of the Entity's business hinges on the existence of certain staff resources and tools, which have been further developed throughout the year, both in terms of value-based management and with respect to processes and structures for knowledge-based work.

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
Revenue		208.838	189.551
Cost of sales		-173.253	-163.243
Other external expenses		-17.714	-14.594
Gross profit/loss		17.871	11.714
Staff expenses	1	-18.261	-13.838
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-67	-54
Profit/loss before financial income and expenses		-457	-2.178
Financial income	3	152	22
Financial expenses	4	-71	-65
Profit/loss before tax		-376	-2.221
Tax on profit/loss for the year	5	23	588
Net profit/loss for the year		-353	-1.633

Distribution of profit

Proposed distribution of profit

Retained earnings		-353	-1.633
		-353	-1.633

Balance Sheet 31 December

Assets

	Note	2016 TDKK	2015 TDKK
Other fixtures and fittings, tools and equipment		81	80
Leasehold improvements		111	144
Property, plant and equipment	6	192	224
Other receivables		250	254
Fixed asset investments		250	254
Fixed assets		442	478
Trade receivables		34.510	15.802
Contract work in progress		232	0
Receivables from group enterprises		7.747	11.075
Other receivables		896	1.588
Deferred tax asset		0	45
Corporation tax		277	593
Prepayments		204	62
Receivables		43.866	29.165
Currents assets		43.866	29.165
Assets		44.308	29.643

Balance Sheet 31 December

Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		500	500
Retained earnings		3.627	3.980
Equity	7	4.127	4.480
Provision for deferred tax		147	0
Provisions		147	0
Prepayments received from customers		5.120	1.255
Trade payables		19.959	21.126
Payables to group enterprises		12.699	1.315
Other payables		2.256	1.467
Short-term debt		40.034	25.163
Debt		40.034	25.163
Liabilities and equity		44.308	29.643
Contingent assets, liabilities and other financial obligations	8		
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Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January	500	3.980	4.480
Net profit/loss for the year	0	-353	-353
Equity at 31 December	500	3.627	4.127

Notes to the Financial Statements

	<u>2016</u> TDKK	<u>2015</u> TDKK
1 Staff expenses		
Wages and salaries	17.092	13.148
Pensions	661	410
Other social security expenses	243	117
Other staff expenses	265	163
	<u>18.261</u>	<u>13.838</u>
 Average number of employees	 <u>35</u>	 <u>24</u>
<p>The Executive Board and senior officers at Maxus A/S are participating in the WPP Group's share option programme. The programme have been entered with WPP Plc. and Maxus A/S is not impacted financially.</p>		
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	67	54
	<u>67</u>	<u>54</u>
3 Financial income		
Other financial income	152	1
Exchange adjustments	0	21
	<u>152</u>	<u>22</u>
4 Financial expenses		
Other financial expenses	32	16
Exchange adjustments, expenses	39	49
	<u>71</u>	<u>65</u>

Notes to the Financial Statements

	2016	2015
	TDKK	TDKK
5 Tax on profit/loss for the year		
Current tax for the year	-277	-588
Deferred tax for the year	192	0
Adjustment of tax concerning previous years	62	0
	<u>-23</u>	<u>-588</u>

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK
Cost at 1 January	1.420	1.754
Additions for the year	<u>35</u>	<u>0</u>
Cost at 31 December	<u>1.455</u>	<u>1.754</u>
Impairment losses and depreciation at 1 January	1.340	1.610
Depreciation for the year	<u>34</u>	<u>33</u>
Impairment losses and depreciation at 31 December	<u>1.374</u>	<u>1.643</u>
Carrying amount at 31 December	<u>81</u>	<u>111</u>

7 Equity

The share capital consists of 500 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

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

Notes to the Financial Statements

	2016 TDKK	2015 TDKK
8 Contingent assets, liabilities and other financial obligations		

Contingent liabilities

Commitments under rental agreements or leases until expiry	411	562
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The companies MEC Denmark Holding A/S, MEC Denmark A/S, Outrider A/S and Maxus A/S have provided a guarantee of DKK 14,500 thousand in favour of the companies' banker. The guarantee is provided towards the security fund of the Danish Association of Advertising and Relationship Agencies in order to compensate the companies' obligation in relation to owners of papers and magazines, and a specified group of Danish media owners, respectively.

The Company participates in a Danish joint taxation arrangement in which WPP Holding Denmark A/S serves as the administration company. According to the joint taxation provisions of 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 also for obligations, if any, relating to the withholding of tax interest, royalties and dividend for the jointly taxed companies.

9 Related parties

Basis

Controlling interest

MEC Denmark Holding A/A	Shareholder
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Consolidated Financial Statements

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

Name	Place of registered office
WPP Plc.	27 Farm Street, W17 5RJ, London, England

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

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Maxus A/S for 2016 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 2016 are presented in TDKK.

Recognition and measurement

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of media is recognised in the income statement when delivery is made to the buyer.

Consultancy services are included in revenue based on the stage of completion so that revenue corresponds to the sales value of the work performed in the financial year (the percentage-of-completion method).

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, stationery and office supplies, marketing costs and services provided by group related companies etc. This item also includes write-downs of receivables recognised in current assets.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, net foreign exchange gains, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net foreign exchange losses, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 the other WPP companies in Denmark. The tax effect of the joint taxation is allocated to 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	5 years
Leasehold improvements	3-5 years

Depreciation period and residual value are reassessed annually.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Contract work in progress

Contract work in progress 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 incurred costs relating to subsequent financial years. Prepayments are measured at cost.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods or service agreed.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Net margin	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$