

GroupM Denmark A/S

Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no. 30 24 07 82

Annual report 2023

The annual report was presented and approved at
the Company's annual general meeting on

31 May 2024

Jesper Skriver Jørgensen
Chairman of the annual general meeting

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GroupM Denmark A/S
Annual report 2023
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of GroupM Denmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

We believe that the management's review contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 31 May 2024
Executive Board:

Jonas von Barnekow
Benzon Hemmingsen
CEO

Board of Directors:

Pia Tellefsen
Chairman

Jonas von Barnekow
Benzon Hemmingsen

Michelle Anne Gullander
Herskind

Independent auditor's report

To the shareholder of GroupM Denmark A/S

Opinion

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 content of the financial statements, including the disclosures in the notes, 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 review

Management is responsible for the management review.

Our opinion on the financial statements does not cover the management 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 commentary and, in doing so, consider whether the management review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management review provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management review is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management review.

Copenhagen, 31 May 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Lars Hansen
State Authorised
Public Accountant
mne24828

GroupM Denmark A/S
Annual report 2023
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Management's review

Company details

GroupM Denmark A/S
Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no.: 30 24 07 82
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Pia Tellefsen, Chairman
Jonas von Barnekow Benzou Hemmingsen
Michelle Anne Gullander Herskind

Executive Board

Jonas von Barnekow Benzou Hemmingsen, CEO

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
CVR no. 33 96 35 56

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	1,103,559	1,074,737	1,029,673	687,884	727,273
Gross profit	166,857	169,459	142,312	126,634	121,714
Operating profit	8,999	2,205	1,815	3,116	1,486
Net financials	1,407	-1,204	-301	434	-103
Profit for the year	103,225	720	1,195	2,757	1,050
Total assets					
Total assets	345,942	205,898	236,259	189,343	168,455
Equity					
Equity	104,455	1,230	26,084	20,629	17,872
Investment in property, plant and equipment					
Investment in property, plant and equipment	5,923	3,199	3,416	11,327	11,967
Ratios					
Gross margin	15.1%	15.8%	13.8%	18.4%	16.7%
Return on equity	195.3%	5.3%	5.1%	14.3%	6.1%
Solvency ratio	30.2%	0.6%	11.0%	10.9%	10.6%
Average number of full-time employees					
Average number of full-time employees	242	249	230	203	208
Gender equality overview					
Board of Directors					
Total number of members	3				
Underrepresented gender in percent	33%				
Gender equality target	Achieved				
Other management levels					
Total number of members	7				
Underrepresented gender in percent	29%				
Gender equality target	Achieved				

The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

Main activities

GroupM DK is part of the GroupM network within the WPP Group, a global marketing solution provider. GroupM is a leading global media network comprising the following key agencies: Mindshare, EssenceMediacom, Wavemaker and Nexus Media Solutions.

The primary activities are to provide services within administration, accounting and business development to companies within the Group.

Development in the year

The Company's revenue for the financial year 2023 was TDKK 1,103,559, an increase of 2.7% from 2022 where the revenue amounted to TDKK 1,074,737 which is slightly above forecasted revenue for 2023.

The Company's income statement for 2023 shows a profit of TDKK 103,225 as against TDKK 720 in 2022 which is above our expected range of profit for the year 2023. This is due to the dividend received in June 2023 from the subsidiaries on the financial result 2022. The profit before financial income and expenses for the year 2023 was TDKK 8,999 as against TDKK 2,205 in 2023. This is attributable to the efforts of the Company to realize efficiencies on our own operations by decreasing our other external costs and staff costs to counter the increase of the cost of sales.

Equity in the Company's balance sheet at 31 December 2023 stood at TDKK 104,455 as against TDKK 1,230 at 31 December 2022. The increase year over year is mainly attributable to the dividend distribution from the subsidiaries that was proposed in their annual accounts for the year 2022.

The financial performance for the year 2023 is deemed satisfactory and in line with expectations.

Particular risks

There were no unusual risks associated with GroupM Denmark's business.

Outlook

The Company will continue the focus on investments to maintain its leading position in the data and technology driven communications market. We need to consider the pressure on the market and the generally low level of growth. Therefore, the forecast for 2024 shows a decrease in revenue at a cautious low 1 digit rate, with revenue ranging between TDKK 1,050,000 and TDKK 1,100,000. In addition, we will keep putting efforts to realize efficiencies within our own operations in order to counter the negative impact of the pressure on our prices and increased costs of sales. The expected profit before financial income and expenses for 2024 ranges between TDKK 1,000 and TDKK 2,000.

Intellectual capital resources

A substantial part of GroupM Denmark'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 the knowledge-based work.

Management's review

Operating review

Statement of corporate social responsibility

Being part of the global WPP Group we're privileged to work with many pioneers of sustainable business, helping our clients to create brands with purpose and to embed sustainability into products, marketing and communications.

A statement regarding the Company's policies, actions and results within matters relating to CSR is evident from the annual report of the ultimate Parent, WPP Plc. who is a member of the United Nations Global Compact and committed to its 10 principles.

The WPP Group provides a clear policy framework which are included in the WPP Policy Book. These policies are cascaded to employees through regular communication and online training modules.

For full details we refer to the annual report of the ultimate Parent, WPP Plc.

<https://www.wpp.com/en/sustainability/sustainability-report-2023>.

Statement on gender composition

At 31 December 2023, the gender balance of the Company showed a percentage of men of 55% and a percentage of women of 45% (2022: men 47%, women 53%).

The company has an equal gender distribution in the top management body and at the other management levels on the balance sheet date. Our approach to equal representation aligns with the Danish Business Authority's definition and guidance on equal representation, found here: <https://erhvervsstyrelsen.dk/vejledning-maltal-og-politikker-den-konsmaessige-sammensaetning-af-ledelsen-og-afrapportering-herom>.

At 31 December 2023, the Executive Committee is composed of 7 members out of which two are women (29%). The Board of Directors is composed of 3 directors out of which two are women (66%) and one man (33%). It is the overall and long-term objective of the Company to maintain an equal balance between the genders at management level, including to focus on attracting more women to the Company in the future and developing these women to join the management group. We continue to strive for gender parity at all levels of our business and expect the management group to reach a target of 50% women. Regarding the latter objective, we note that the percentage of women in the Executive Committee increased to 37.5% as of January 2024 as a result to our efforts to recruit talented women to fulfill executive Key Management roles. We also believe it is in our best interest to invest in people and therefore pursue with our diversity, equity and inclusivity agenda. This includes our new family and parental leave policies, leadership development programs focused on inclusive leadership and equal pay initiatives. We hope that these efforts will help us close the gender gap in our management group and across the senior levels of our business in general.

Statement on data ethics

The Company recognise the obligation for responsible collection, management, use and protection of data. We are transparent regarding our ethical decision-making process and educate our people on ethical data use. We share our approach with our stakeholders including share owners, clients, our own people, and vendors.

We work with many categories of data and uses the term data in its broadest sense. We include within this definition client data, consumer data and all information and data related to the operation of our business.

Management's review

Operating review

We take the confidentiality and safe handling of Client and Client consumer data for all our Clients very seriously. We work under a documented security and privacy policy distributed to all staff at the time of employment and communicated to all employees annually. This is supplemented by Information Security Awareness Training requiring all employees to comply with a code of business conduct prohibiting disclosure of Client confidential information.

As part of our governance, risk, and compliance program, it is essential to abide by the IT security policies, procedures and controls implemented and in operation to be effective and to ensure confidentiality, integrity and availability. We operate under WPP Data Privacy and Security Charter ("The Charter"). The Charter includes policies for data ethics, artificial intelligence and privacy and a bespoke standard set of controls (General Computing Controls (GCCs)) developed by WPP to be used on a global basis, derived from industry recognized standards and best practice including but not limited to ISO 27001, ITIL, COSO and COBIT and deemed appropriate for our industry. The controls include, but are not limited to, access management, physical security, server room access, network access security, malware prevention and monitoring, encryption, secure data backup & recovery, business continuity, secure data disposal, mobile device security, acceptable use, and awareness training. We represent our level of compliance with The Charter by performing self-assessments and participating in related audits in line with WPP's internal assurance program.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Revenue	2	1,103,559	1,074,737
Cost of sales		-869,168	-807,951
Other external costs		<u>-67,534</u>	<u>-97,327</u>
Gross profit		166,857	169,459
Staff costs	3	-153,673	-161,655
Depreciation, amortisation and impairment losses	4	<u>-4,185</u>	<u>-5,599</u>
Profit before financial income and expenses		8,999	2,205
Dividend income from equity investments in group entities		95,000	0
Financial income	5	3,196	831
Financial expenses	6	<u>-1,789</u>	<u>-2,035</u>
Profit before tax		105,406	1,001
Tax on profit for the year	7	<u>-2,181</u>	<u>-281</u>
Profit for the year	8	<u><u>103,225</u></u>	<u><u>720</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2023	2022
ASSETS			
Fixed assets			
Property, plant and equipment	9		
Fixtures and fittings, tools and equipment		8,358	8,353
Leasehold improvements		<u>7,572</u>	<u>5,839</u>
		<u>15,930</u>	<u>14,192</u>
Investments	10		
Equity investments in group entities		106,668	106,668
Deposits		<u>4,969</u>	<u>4,950</u>
		<u>111,637</u>	<u>111,618</u>
Total fixed assets		<u>127,567</u>	<u>125,810</u>
Current assets			
Receivables			
Trade receivables		36,372	62,503
Receivables from group entities		179,632	12,590
Contract work in progress	11	80	0
Other receivables		619	699
Corporation tax		0	1,554
Prepayments	12	<u>1,672</u>	<u>2,742</u>
		<u>218,375</u>	<u>80,088</u>
Total current assets		<u>218,375</u>	<u>80,088</u>
TOTAL ASSETS		<u>345,942</u>	<u>205,898</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital	13	510	510
Retained earnings		33,945	720
Proposed dividends for the financial year		70,000	0
Total equity		104,455	1,230
Provisions			
Provisions for deferred tax	14	200	859
Total provisions		200	859
Liabilities other than provisions			
Current liabilities other than provisions			
Pre-invoicing, contract work in progress	11	8,504	16,688
Prepayments received from customers		1,707	243
Trade payables		119,485	106,644
Payables to group entities		71,058	52,843
Corporation tax		1,808	0
Other payables	15	38,725	27,391
		241,287	203,809
Total liabilities other than provisions		241,287	203,809
TOTAL EQUITY AND LIABILITIES		345,942	205,898
Fees to auditor appointed at the general meeting	16		
Contractual obligations, contingencies, etc.	17		
Related party disclosures	18		
Disclosure of events after the balance sheet date	19		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividends for the financial year</u>	<u>Total</u>
Equity at 1 January 2023	510	720	0	1,230
Profit for the year	<u>0</u>	<u>33,225</u>	<u>70,000</u>	<u>103,225</u>
Equity at 31 December 2023	<u>510</u>	<u>33,945</u>	<u>70,000</u>	<u>104,455</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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

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

The financial statements for 2023 are presented in DKK thousand.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of GroupM Denmark A/S and group entities are included in the consolidated financial statements of WPP Plc.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of WPP Plc.

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.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of media and administrative services to group related WPP-companies 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 the revenue corresponds to the selling price of 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 comprises consumed use of media to achieve the revenue for the year. Use of media includes received discounts, etc.

Other external costs

Other external costs comprise costs of distribution, sales and advertising, administrative expenses, costs of premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Depreciation, amortisation and impairment losses

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

Income from equity investments in group entities

Dividends from equity investments in group entities measured at cost are recognised in the parent company's income statement in the financial year when the dividends are declared.

If the dividends declared exceed the investee's income for the year or if the cost price of the investment exceeds the Company's share of net assets in the investee then that is considered an impairment indicator and an impairment test is performed.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit 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 of 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:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-10 years

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Investments

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

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 prepayment of costs incurred relating to subsequent financial years.

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.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Liabilities other than provisions

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

2 Revenue

The revenue of the Company is mainly composed of recharges to the agencies of the Group for administrative, accounting, IT and business development services. A minor part of the revenue is directly related to media and consultancy services.

DKK'000	<u>2023</u>	<u>2022</u>
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3 Staff costs

Wages and salaries	143,690	151,735
Pensions	8,032	7,832
Other social security costs	<u>1,951</u>	<u>2,088</u>
	<u>153,673</u>	<u>161,655</u>

Average number of full-time employees	<u>242</u>	<u>249</u>
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In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has not been disclosed. No remuneration has been paid to the Board of Directors.

The Executive Board and senior officers at GroupM Denmark A/S are participating in the WPP Group's share option programme. The programme has been entered with WPP Plc. and GroupM Denmark A/S is not impacted financially.

4 Depreciation, amortisation and impairment losses

Depreciation of property, plant and equipment	6,404	5,599
Adjustment previous years	<u>-2,219</u>	<u>0</u>
	<u>4,185</u>	<u>5,599</u>

5 Financial income

Interest income from group entities	2,436	232
Other financial income	0	1
Exchange gains	<u>760</u>	<u>598</u>
	<u>3,196</u>	<u>831</u>

6 Financial expenses

Interest expense to group entities	525	609
Other financial costs	162	287
Exchange losses	<u>1,102</u>	<u>1,139</u>
	<u>1,789</u>	<u>2,035</u>

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2023</u>	<u>2022</u>	
7 Tax on profit for the year			
Current tax for the year	2,894	-554	
Deferred tax for the year	-659	835	
Adjustment of tax concerning previous years	-54	0	
	<u>2,181</u>	<u>281</u>	
8 Proposed profit appropriation			
Proposed dividends for the year	70,000	0	
Retained earnings	33,225	720	
	<u>103,225</u>	<u>720</u>	
9 Property, plant and equipment			
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	<u>Total</u>
Cost at 1 January 2023	20,117	12,610	32,727
Additions for the year	4,909	1,014	5,923
Cost at 31 December 2023	25,026	13,624	38,650
Depreciation and impairment losses at 1 January 2023	-11,764	-6,771	-18,535
Adjustment previous year	0	2,219	2,219
Depreciation for the year	-4,904	-1,500	-6,404
Depreciation and impairment losses at 31 December 2023	-16,668	-6,052	-22,720
Carrying amount at 31 December 2023	<u>8,358</u>	<u>7,572</u>	<u>15,930</u>

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10 Investments

DKK'000	Equity investments in group entities	Deposits	Total
Cost at 1 January 2023	106,668	4,950	111,618
Additions for the year	0	19	19
Cost at 31 December 2023	106,668	4,969	111,637
Carrying amount at 31 December 2023	106,668	4,969	111,637

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
			DKK'000	DKK'000
Subsidiaries:				
Wavemaker A/S	Copenhagen	100%	56,738	13,875
EssenceMediacom Denmark A/S	Copenhagen	100%	57,573	16,010
			114,311	29,885

DKK'000	2023	2022
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11 Contract work in progress

Selling price of work performed	10,641	9,565
Payments received on account	-19,065	-26,253
	-8,424	-16,688
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	80	0
Prepayments received recognised in debt	-8,504	-16,688
	-8,424	-16,688

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

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13 Equity

The share capital consists of 510 shares of a nominal value of DKK 1,000.

All shares rank equally.

DKK'000	2023	2022
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14 Provisions for deferred tax

Provisions for deferred tax at 1 January	859	24
Amounts recognised in the income statement for the year	-659	835
Provision for deferred tax at 31 December	200	859
Property, plant and equipment	624	-73
Accruals	598	-75
Contract work in progress	-1,022	1,007
Deferred tax	200	859

15 Other payables

Value added tax etc.	14,428	9,266
Wages and salaries, personal income taxes, social security costs, etc.	6,218	1,415
Holiday pay obligation	6,382	5,966
Other debt	11,697	10,744
	38,725	27,391

16 Fees to auditor appointed at the general meeting

Deloitte

Audit fee	879	662
	879	662

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17 Contractual obligations, contingencies, etc.

DKK'000	2023	2022
Contingent liabilities		
Commitments under rental agreements or leases until expiry	25,573	34,692
	<u>25,573</u>	<u>34,692</u>

The companies GroupM Denmark A/S and Wavemaker A/S have provided a guarantee of TDKK 34,913 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 Company's obligations in relation to owners of papers and magazines, and a specified group of Danish 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 for income taxes etc. for the jointly taxed companies and also for obligations, if any relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

18 Related party disclosures

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

WPP Holding Denmark A/S, Glentevej 61, 2400 Copenhagen NV.

WPP Holding Denmark A/S holds the majority of the contributed capital in the Company.

GroupM Denmark A/S is part of the consolidated financial statements of WPP Plc., 13 Castle Street, St. Helier, JE1 1ES, Jersey, England, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of WPP Plc. can be obtained at the following address: www.wppinvestor.com.

Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

19 Disclosure of events after the balance sheet date

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