

Wunderman A/S

Glentevej 61
2400 Copenhagen NV
Denmark

CVR no. 33 97 14 19

Annual report 2022

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

10 February 2023

Martin Hviid Saxtorph
Chairman of the annual general meeting

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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 Wunderman A/S for the financial year 1 January – 31 December 2022.

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 assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Copenhagen, 10 February 2023
Executive Board:

Jan William Werner
CEO

Martin Hviid Saxtorph
CFO

Board of Directors:

Manuel De Manzanos
Segimon
Chairman

Ewen Cameron Sturgeon

Martin Hviid Saxtorph

Nina Werner

Jan William Werner

Independent auditor's report

To the shareholders of Wunderman A/S

Opinion

We have audited the financial statements of Wunderman A/S for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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' 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 10 February 2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Lars Hansen
State Authorised
Public Accountant
mne24828

Wunderman A/S
Annual report 2022
CVR no. 33 97 14 19

Management's review

Company details

Wunderman A/S
Glentevej 61
2400 Copenhagen NV
Denmark

CVR no.: 33 97 14 19
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Manuel De Manzanos Segimon, Chairman
Ewen Cameron Sturgeon
Martin Hviid Saxtorph
Nina Werner
Jan William Werner

Executive Board

Jan William Werner, CEO
Martin Hviid Saxtorph, CFO

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK-2300 Copenhagen S
CVR nr. 33 96 35 56

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	652,340	599,721	560,313	453,456	368,422
Gross profit	453,247	481,350	403,260	335,397	284,208
Operating profit	150,777	181,824	169,044	133,224	117,032
Net financials	-3,476	6,733	2,451	-415	2,042
Profit for the year	131,723	148,773	134,307	103,619	93,268
Assets					
Total assets	262,379	271,951	249,302	176,443	154,826
Equity	137,437	154,487	140,117	109,429	99,078
Investment in property, plant and equipment	8,857	30,001	2,828	2,441	4,989
Ratios					
Gross margin	69.5%	80.3%	72.0%	74.0%	77.1%
Return on equity	90.2%	101.0%	107.6%	99.4%	114.8%
Solvency ratio	52.4%	56.8%	56.2%	62.0%	64.0%
Employees					
Average number of full- time employees	453	472	437	379	247

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

The Company's core activity is providing marketing automation and personalization services to clients, including technology, data, communication consulting services, and other related solutions.

Development in activities and financial position

The Company's income statement for 2022 shows a profit of DKK 131,723k compared to DKK 148,773k in 2021. Equity in the Company's balance sheet on 31 December 2022 stood at DKK 137,437k compared to DKK 154,487k in 2021.

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

The results for 2022, viewed alongside the prior year, align with Management's expectations for the Company's economic performance. 2022 has been a year of consolidation and financial investment in the future business, including new and improved services, accelerators, technologies, and the establishment of new subsidiaries and locations. Additionally, significant investments made in intellectual property (technologies) in previous years have contributed positively to the 2022 financial year.

The Company continues the strategy of extensive diversification of risk in its diverse global client portfolios, and through new client partnerships formed in 2022, the Company increased its number of global clients. The revenue and gross profits that have increased over the past years indicate that the Company's focus on value-adding digital, direct relationship marketing solutions across all available channels is substantially in demand.

Operating risk

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

Foreign exchange risks

The Company is increasingly exposed to currency risk. To the extent possible, the Company considers this when negotiating terms in agreements and so forth. The Company has not entered into any forward contracts.

Subsidiaries and Foreign Operations

The Company has a subsidiary in UK, Portugal, and Sweden, to provide communication consulting services and related services to the Company's Global Clients.

Furthermore, the Company has operations in and outside of EMEA and through its presence in North America and APAC, the Company offers 24-hour support, 365 days a year in all time zones.

Targets and expectations for the year ahead

Management expects that revenue and profit before tax will remain at the same level for the coming financial year.

Management's review

Operating review

Data Ethics

The Company recognizes its obligation to the 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 employees, and vendors.

We work with many categories of data and use 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.

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, which is 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 the risk and compliance program within our governance, 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 the 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 practices 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.

Corporate social responsibility

We recognize the major threat that climate change and environmental degradation pose to global, social and economic development. We support urgent action to tackle the climate crisis through the Paris Agreement. Our ongoing environmental management program aims to reduce our carbon emissions and broader environmental impact, while helping us to identify and mitigate climate-related risks. The program reduces costs and business risks, while meeting our clients' and colleagues' expectations.

As a part of the global WPP Group, we are 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 appears in the annual report of the Parent company, WPP Plc., which is a member of the United Nations Global Compact and committed to its 10 principles.

The WPP Group provides a clear policy framework that is included in the WPP Policy Book. These policies cascade to employees through regular communication and online training modules. For full details, we refer to the annual report of the Parent company, WPP Plc. which covers the required statement on social responsibility, in accordance with the Financial Statements Act section 99a.

<https://www.wpp.com/investors>

Management's review

Operating review

Statement on inclusion, diversity and gender equality

The Company seeks to encourage diversity and create equal opportunities for all. With employees from 50+ nationalities across different cultural and ethnic backgrounds, we are proud to offer a truly diverse working environment.

We follow our policy to ensure an increased representation of women on the Board of Directors and in the senior management team. The Company has a target to increase female participation by a minimum of 40% by 2024. The current Board of Directors includes 20% female participation. No members have left the board in 2022, and therefore the distribution of the board has not changed in this financial year. It is our aim that members of the Board of Directors have the best qualifications to drive our business, and we continue to strive for more equal representation of genders.

Our overall workforce has an equal gender balance, which is also represented at the senior management level. It is the overall and long-term objective of the Company to maintain an equal gender balance at the management level by continuously attracting and retaining women and developing their potential to join the management group. Our approach to equal representation aligns with the Danish Business Authority's definition and guidance on equal representation, found here:

<https://erhvervsstyrelsen.dk/ny-vejledning-om-maalstal-og-politik-den-koensmaessige-sammensaetning-af-ledelsen-og-rapportering>

Events after the balance sheet date

No events of material importance have occurred after the balance sheet date of the 2022 annual report.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue	2	652,340	599,721
Other external costs		<u>-199,093</u>	<u>-118,371</u>
Gross profit		453,247	481,350
Staff costs	3	-295,682	-295,243
Depreciation, amortisation and impairment losses		<u>-6,788</u>	<u>-4,283</u>
Profit before financial income and expenses		150,777	181,824
Income from equity investments in group entities		16,969	8,628
Financial income	4	243	110
Financial expenses	5	<u>-3,719</u>	<u>-2,005</u>
Profit before tax		164,270	188,557
Tax on profit for the year	6	<u>-32,547</u>	<u>-39,784</u>
Profit for the year	7	<u><u>131,723</u></u>	<u><u>148,773</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment			
Fixtures and fittings, tools and equipment	8	9,211	9,221
Leasehold improvements		23,557	21,478
		<u>32,768</u>	<u>30,699</u>
Investments			
Equity investments in group entities	9	1,776	1,064
Deposits		599	1,216
		<u>2,375</u>	<u>2,280</u>
Total fixed assets		<u>35,143</u>	<u>32,979</u>
Current assets			
Receivables			
Trade receivables		80,497	88,032
Receivables from group entities		109,489	125,230
Contract work in progress	10	34,516	15,003
Other receivables		889	4,065
Corporation tax		0	422
Prepayments	11	1,788	6,173
		<u>227,179</u>	<u>238,925</u>
Cash at bank and in hand		<u>57</u>	<u>47</u>
Total current assets		<u>227,236</u>	<u>238,972</u>
TOTAL ASSETS		<u>262,379</u>	<u>271,951</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1,200	1,200
Retained earnings		4,514	4,514
Proposed dividends for the financial year		<u>131,723</u>	<u>148,773</u>
Total equity		<u>137,437</u>	<u>154,487</u>
Provisions			
Provisions for deferred tax	13	<u>4,158</u>	<u>1,739</u>
Total provisions		<u>4,158</u>	<u>1,739</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Contract work in progress, liabilities	10	18,850	18,556
Trade payables		11,213	21,312
Payables to group entities		39,577	23,536
Corporation tax		9,880	0
Other payables		<u>41,264</u>	<u>52,321</u>
		<u>120,784</u>	<u>115,725</u>
Total liabilities other than provisions		<u>120,784</u>	<u>115,725</u>
TOTAL EQUITY AND LIABILITIES		<u>262,379</u>	<u>271,951</u>
Fees to auditor appointed at the general meeting	14		
Contractual obligations, contingencies, etc.	15		
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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 2022	1,200	4,514	148,773	154,487
Ordinary dividends paid	0	0	-148,773	-148,773
Profit for the year	<u>0</u>	<u>0</u>	<u>131,723</u>	<u>131,723</u>
Equity at 31 December 2022	<u>1,200</u>	<u>4,514</u>	<u>131,723</u>	<u>137,437</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Wunderman A/S for 2022 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 2022 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 Company is included in the consolidated financial statements of WPP Plc., Queensway House, Hilgrove Street, St. Helier, JE1 1ES, Jersey, England.

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

The financial statements have been prepared under the historical cost method.

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

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

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

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

Other external 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.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation, amortisation and impairment of assets, equipment etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income from equity investments in group entities

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, etc.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with other WPP entities in Denmark. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	11 years

The fixed assets' residual values are determined at nil.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Investments

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Deposits are recognised at amortised cost.

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 selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

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 group enterprises.

Equity

Dividends

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

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 goodwill non-deductible for tax purposes and on office premises and other 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.

Liabilities other than provisions

Other liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK'000 2022 2021

2 Revenue

The Company has only one global business segment and operates in a global digital market.

Geographical segments

Revenue, global activities	<u>652,340</u>	<u>599,721</u>
	<u>652,340</u>	<u>599,721</u>

3 Staff costs

Wages and salaries	276,530	278,920
Pensions	2,226	2,211
Other social security costs	16,926	13,998
Other staff costs	<u>0</u>	<u>114</u>
	<u>295,682</u>	<u>295,243</u>
Average number of full-time employees	<u>453</u>	<u>472</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 b(3) of the Danish Financial Statements Act.

4 Financial income

Interest income from group entities	243	109
Exchange adjustments	<u>0</u>	<u>1</u>
	<u>243</u>	<u>110</u>

5 Financial expenses

Interest expense to group entities	73	66
Other financial costs	300	345
Exchange losses	<u>3,346</u>	<u>1,594</u>
	<u>3,719</u>	<u>2,005</u>

6 Tax on profit for the year

Current tax for the year	29,893	39,574
Deferred tax for the year	2,372	210
Adjustment of tax concerning previous years	235	0
Adjustment of deferred tax concerning previous years	<u>47</u>	<u>0</u>
	<u>32,547</u>	<u>39,784</u>

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DKK'000	<u>2022</u>	<u>2021</u>	
7 Proposed profit appropriation			
Reserve for net revaluation under equity method	0	-2,711	
Proposed dividends for the year	131,723	148,773	
Retained earnings	<u>0</u>	<u>2,711</u>	
	<u>131,723</u>	<u>148,773</u>	
8 Property, plant and equipment			
	Fixtures and fittings, tools and equipment	Leasehold improvements	<u>Total</u>
DKK'000			
Cost at 1 January 2022	19,736	21,867	41,603
Additions for the year	<u>4,489</u>	<u>4,368</u>	<u>8,857</u>
Cost at 31 December 2022	<u>24,225</u>	<u>26,235</u>	<u>50,460</u>
Depreciation and impairment losses at 1 January 2022	-10,515	-389	-10,904
Depreciation for the year	<u>-4,499</u>	<u>-2,289</u>	<u>-6,788</u>
Depreciation and impairment losses at 31 December 2022	<u>-15,014</u>	<u>-2,678</u>	<u>-17,692</u>
Carrying amount at 31 December 2022	<u>9,211</u>	<u>23,557</u>	<u>32,768</u>

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9 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2022	1,064
Additions for the year	0
Cost at 31 December 2022	1,064
Revaluations at 1 January 2022	0
Dividend Portugal 2021 not paid	712
Net profit for the year	16,969
Dividends to the Parent Company	-16,969
Revaluations 31 December 2022	712
Carrying amount at 31 December 2022	1,776

Name/legal form	Registered office	Voting rights and ownership interest	Share capital	Profit for the year
Subsidiaries:				DKK'000
Wunderman Sweden AB	Sweden	100%	SEK 200,000	1,466
Wunderman Thompson MAP Portugal	Portugal	100%	EUR 5,000	5,681
Wunderman Thompson MAP UK	UK	100%	GBP 1	9,822
Total				16,969

10 Contract work in progress

DKK'000	2022	2021
Selling price of work performed	359,991	357,117
Progress billings	-344,325	-360,670
	15,666	-3,553
that can be specified as follows:		
Construction contracts (assets)	34,516	15,003
Construction contracts (equity and liabilities)	-18,850	-18,556
	15,666	-3,553

11 Prepayments

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

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12 Equity

The share capital consists of 12,000 shares of a nominal value of DKK 100k each.

All shares rank equally.

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

13 Provision for deferred tax

Provision for deferred tax at 1 January	1,739	1,529
Amount recognised in the income statement for the year	<u>2,419</u>	<u>210</u>
	<u>4,158</u>	<u>1,739</u>

14 Fees to auditor appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the fee to auditors appointed at the general meeting included in the consolidated financial statements of WPP Plc. (largest group), the Company has not disclosed fee to auditors appointed at the general meeting.

15 Contractual obligations, contingencies, etc.

Rental and lease obligations

Until expiry	<u>177,080</u>	<u>169,454</u>
	<u>177,080</u>	<u>169,454</u>

Contingent liabilities

Recourse and non-recourse guarantee commitments	<u>9,000</u>	<u>12,488</u>
	<u>9,000</u>	<u>12,488</u>

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

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16 Related party disclosures

Wunderman A/S related parties comprise the following:

Control

WPP Kraken B.V., Laan op Zuid 167, 3072 Rotterdam, Netherlands.

WPP Kraken B.V. holds the majority of the contributed capital in the Company.

Wunderman A/S is part of the consolidated financial statements of WPP Jubilee Limited, 18 Upper Ground, SE 9GL, London, England, and the consolidated financial statements of WPP Plc., 13 Castle Street, St. Helier, JE1 1ES, Jersey, England, which are the smallest and largest groups, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of WPP Jubilee Limited can be obtained by contacting the Company at the address above.

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.

17 Disclosure of events after the balance sheet date

No events of material importance have occurred after the balance sheet date of the 2022 annual report.