

Stagwell Denmark ApS

Flæsketorvet 68, 1711 København V

Company reg. no. 43 64 55 52

Annual report

7 November 2022 - 31 December 2023

The annual report was submitted and approved by the general meeting on the 11 July 2024.

Isak Goodnoe
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Stagwell Denmark ApS for the financial year 7 November 2022 - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 7 November 2022 – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København V, 11 July 2024

Managing Director

Nicolai Skotland Wichmann

Board of directors

Peter McElligott
Chairman

Sandy Roberts

Toby Ross Southgate

The independent practitioner's report

To the Shareholders of Stagwell Denmark ApS

Conclusion

We have performed an extended review of the financial statements of Stagwell Denmark ApS for the financial year 7 November 2022 - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, 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 7 November 2022 - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

The independent practitioner's report

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

Our conclusion 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 extended review 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 extended review, 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 in the Management's Review.

Hellerup, 11 July 2024

Company reg. no. 33 77 12 31

Christopher Kowalczyk
State Authorised Public Accountant
mne47863

Company information

The company

Stagwell Denmark ApS
Flæsketorvet 68
1711 København V

Company reg. no. 43 64 55 52
Domicile: København V
Financial year: 7 November - 31 December

Board of directors

Peter McElligott, Chairman
Sandy Roberts
Toby Ross Southgate

Managing Director

Nicolai Skotland Wichmann

Auditors

PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup

Management's review

Description of key activities of the company

The purpose of the company is to conduct advertising, marketing, and design agency activities, as well as related activities as deemed appropriate by the board of directors.

Development in activities and financial matters

The income statement of Stagwell Denmark ApS for 2023 shows a loss of DKK 2.155.802, and at 31 December 2023 the balance sheet of the company shows negative equity of DKK 1.555.802.

The company has lost more than 50% of the sharecapital and is therefore covered på the capital loss provisions of the Companies Act. The management has stated that an extraordinary general meeting was held on the 7 February 2024 where a capital increase with share premium was adopted. The company's share capital has subsequently been re-established.

Income statement

All amounts in DKK.

<u>Note</u>	7/11 2022	- 31/12 2023
		<hr/>
	Gross profit	471.292
2	Staff costs	-2.622.903
	Depreciation and impairment of property, land, and equipment	-2.476
	Operating profit	-2.154.087
3	Other financial income	7.569
4	Other financial expenses	-9.284
	Pre-tax net profit or loss	-2.155.802
	Tax on net profit or loss for the year	0
	Net profit or loss for the year	-2.155.802
		<hr/>
	Proposed distribution of net profit:	
	Allocated from retained earnings	-2.155.802
	Total allocations and transfers	-2.155.802
		<hr/>

Balance sheet

All amounts in DKK.

<u>Note</u>	<u>31/12 2023</u>
Assets	
Non-current assets	
5 Other fixtures, fittings, tools and equipment	5.210
Total property, plant, and equipment	<u>5.210</u>
Total non-current assets	<u>5.210</u>
Current assets	
Contract work in progress	638
Receivables from group enterprises	377.612
Other receivables	52.838
Prepayments	63.730
Total receivables	<u>494.818</u>
Cash and cash equivalents	<u>390.154</u>
Total current assets	<u>884.972</u>
Total assets	<u>890.182</u>

Balance sheet

All amounts in DKK.

<u>Note</u>	<u>31/12 2023</u>
Equity and liabilities	
Equity	
Contributed capital	600.000
Retained earnings	<u>-2.155.802</u>
Total equity	<u>-1.555.802</u>
 Liabilities other than provisions	
Trade payables	70.217
Payables to group enterprises	1.599.378
Other payables	<u>776.389</u>
Total short term liabilities other than provisions	<u>2.445.984</u>
 Total liabilities other than provisions	 <u>2.445.984</u>
 Total equity and liabilities	 <u>890.182</u>

1 Going concern

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 7 November 2022	600.000	0	600.000
Retained earnings for the year	<u>0</u>	<u>-2.155.802</u>	<u>-2.155.802</u>
	<u>600.000</u>	<u>-2.155.802</u>	<u>-1.555.802</u>

Notes

All amounts in DKK.

1. Going concern

In order to strengthen the company's capital resources, the Parent Company has signed a support and comfort letter. The letter is valid until the annual general meeting in 2025. Hereby the company is able to pay its debts obligations.

	7/11 2022 - 31/12 2023
	<hr/>
2. Staff costs	
Salaries and wages	2.520.869
Pension costs	102.034
	<hr/> 2.622.903 <hr/>
Average number of employees	<hr/> 4 <hr/>
3. Other financial income	
Exchange differences	7.569
	<hr/> 7.569 <hr/>
4. Other financial expenses	
Other financial costs	9.284
	<hr/> 9.284 <hr/>
5. Other fixtures, fittings, tools and equipment	
Additions during the year	7.686
Cost 31 December 2023	<hr/> 7.686 <hr/>
Amortisation and depreciation for the year	-2.476
Depreciation and write-down 31 December 2023	<hr/> -2.476 <hr/>
Carrying amount, 31 December 2023	<hr/> 5.210 <hr/>

Accounting policies

The annual report for Stagwell Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

Income statement

Gross profit

Gross profit comprises the revenue, changes in work in progress, other operating income, and external costs. In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Accounting policies

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.