

EssenceMediacom Danmark A/S

Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no. 78 42 20 17

Annual report 2022

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

26 May 2023

Mikkel Baaring Lerche
Chairman of the annual general meeting

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EssenceMediacom Danmark A/S
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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 EssenceMediacom Danmark 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 financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 26 May 2023
Executive Board:

Jesper Skriver Jørgensen
Executive Officer

Board of Directors:

Jonas von Barnekow
Benzon Hemmingsen
Chairman

Pia Tellefsen

Jesper Skriver Jørgensen

Independent auditor's report

To the shareholder of EssenceMediacom Danmark A/S

Opinion

We have audited the financial statements of EssenceMediacom Danmark A/S for the financial year 1 January – 31 December 2022, 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 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 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 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, 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'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, 26 May 2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56

Lars Hansen
State Authorised
Public Accountant
mne24828

EssenceMediacom Danmark A/S
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Management's review

Company details

EssenceMediacom Danmark A/S
Holmbladsgade 133
2300 Copenhagen S
Denmark

CVR no.: 78 42 20 17
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Jonas von Barnekow Benzon Hemmingsen, Chairman
Pia Tellefsen
Jesper Skriver Jørgensen

Executive Board

Jesper Skriver Jørgensen, Executive Officer

Auditor

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

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
Key figures					
Revenue	835,758	800,960	672,040	809,790	767,438
Gross profit	70,665	67,807	48,478	50,111	51,804
Operating profit/loss	9,440	20,846	5,440	2,389	-928
Net financials	-57	-134	-370	-188	34
Profit/loss for the year	7,284	16,128	3,944	1,687	-747
Balance sheet					
Total assets	255,838	247,462	209,817	188,947	185,336
Equity	101,563	94,279	78,151	74,207	72,520
Investment in property, plant and equipment	383	440	169	69	0
Ratios					
Gross margin	8.5%	8.5%	7.2%	6.2%	6.8%
Return on equity	7.4%	18.7%	5.2%	2.3%	-1.1%
Solvency ratio	39.7%	38.1%	37.2%	39.3%	39.1%
Other					
Average number of full- time employees	95	76	73	86	101

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

Primary activities

The Company's primary activity has been to service Danish, Nordic and global advertisers, mainly in cooperation with the sister company m/SIX and the strategic partner The & Partners along with the other MediaCom companies in Nordics.

Development in the year

The Company's income statement for 2022 shows a profit for the year of TDKK 7,284 as against TDKK 16,128 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at TDKK 101,563 as against TDKK 94,279 at 31 December 2021.

The forecast for 2022 showed a cautious double-digit organic growth rate. The Company's revenue for the financial year 2022 was TDKK 835,758, which is lower than the expected revenue range from TDKK 850,000 to TDKK 900.000. This represents an increase of 4% from 2021 where the revenue amounted to TDKK 800,960.

The year 2022 has been focused on preparing for the global merger with the Company's WPP sister agency, Essence - alongside with navigating the challenges that the unpredictable economic conditions has brought to the marketing industry in Denmark and the rest of the world.

The Company dedicated focus towards implementing a new operating model, building new capabilities within both Analytics & Insights, Addressable Creativity and establishing new areas of responsibility in between the Company on a national level and towards the Nordic and Central sister agencies in the network.

The vision for the newly established EssenceMediacom is simple: We want to deliver the important discoveries that helps our clients solve problems and grow their business. We call it breakthroughs. We are built to keep pace with change, built on data and technology, built for people and algorithms, built around diverse capabilities, built to test, and learn at scale and, crucially, built to evolve together with our clients and people.

With this new global vision, the Company have set out to build a new type of agency. An agency that adapts to the fact that the marketing landscape is changing at the speed of algorithms. That consumers don't respond to static models and traditional advertising. And that relevancy and rest less learning are the new foundation for growth. We are on a journey to become the preferred communications agency in the world.

Profit/loss for the year in relation to expected developments

The forecast for 2022 showed revenue at a cautious double-digit organic growth rate. The Company's revenue for the financial year 2022 was TDKK 835,758, representing a growth of 4% in comparison with 2021. Revenue in 2022 is slightly lower than expected due to the general deceleration on consumer spend which has a direct impact on the marketing spend levels by existing clients at the Company. Furthermore, the number of potential new business pitches was lower than expected compared to 2020 and 2021.

The Company's result for the financial year 2022 was TDKK 7,284. The decrease in the result is mainly attributable to the increase in staff costs partially offset by an increase in gross margin on the revenue. To equip the Company for the new operating model and capabilities in EssenceMediacom, investments in our people have been made. In addition, the recharges from GroupM Denmark A/S, providing the Company with services within administration, accounting, IT and business development, have increased and this led to higher external costs which effect profit margin. The financial performance for 2022 is considered satisfactory for the Company with a revenue growth of +4 and a profit margin of 8,5%.

Management's review

Operating review

Particular risk

The Company's main business risks relate to the business sector's investments in media, marketing, and creative development activities. Consequently, the development of the Company is dependent on the general financial climate for enterprises in Denmark as well as globally.

Outlook

The Company expects a revenue from TDKK 820.000 – TDKK 850.000 and an expected profit before tax from TDKK 7.000 – TDKK 10.000. This is a realistic target when seen in the light of the current economic situation in Denmark and globally. The growth is primarily expected to take place in higher digital spend from existing clients and from more diversified revenues streams such as Analytics & Insights and Addressable Creativity.

Intellectual capital resources

A substantial part of the Company's business is tied to the existence of certain staff resources, tools and products which have been further developed throughout the year of 2022, both in terms of value-based management and with respect to processes and structures for knowledge-based work.

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-2022>

Statement on gender composition

At 31 December 2022, the gender balance of the Company showed a percentage of women of 58% and a percentage of men of 42%. This has changed from 62% women and 33% men in 2021.

The Company's Executive management group now consists of 50% women and 50% men. There are three women (50%) on the Executive management group, out of 6 members in total. The Board of Directors is composed of 3 directors out of which one is a woman (33%).

In the end of 2022, the Company conducted an equity pay gap analysis with Mercer as impartial advisor. The analysis showed no gender related pay gaps. An area in which the Company has actively worked on to improve since 2021.

Uncertainty relating to recognition and measurement

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

Management's review

Operating review

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.

For full details we refer to the annual report of the Parent Company, GroupM Denmark A/S.

Subsequent events

No subsequent events have occurred that impact the profit and loss or balance statement for 2022.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue	2	835,758	800,960
Cost of sales		-695,091	-664,594
Other external costs		<u>-70,002</u>	<u>-68,559</u>
Gross profit		70,665	67,807
Staff costs	3	-60,976	-46,852
Depreciation, amortisation and impairment losses		<u>-249</u>	<u>-109</u>
Profit before financial income and expenses		9,440	20,846
Financial income	4	1,404	620
Financial expenses	5	<u>-1,461</u>	<u>-754</u>
Profit before tax		9,383	20,712
Tax on profit for the year	6	<u>-2,099</u>	<u>-4,584</u>
Profit for the year	7	<u><u>7,284</u></u>	<u><u>16,128</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
ASSETS			
Fixed assets			
Property, plant and equipment	8		
Fixtures and fittings, tools and equipment		518	487
Leasehold improvements		117	14
		<u>635</u>	<u>501</u>
Investments	9		
Other receivables		4	4
Total fixed assets		<u>639</u>	<u>505</u>
Current assets			
Receivables			
Trade receivables		218,782	192,177
Receivables from group entities		31,858	50,569
Contract work in progress	10	54	77
Other receivables		4,373	3,808
Prepayments	11	132	326
		<u>255,199</u>	<u>246,957</u>
Total current assets		<u>255,199</u>	<u>246,957</u>
TOTAL ASSETS		<u><u>255,838</u></u>	<u><u>247,462</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	12	21,000	21,000
Retained earnings		20,563	73,279
Proposed dividends for the financial year		60,000	0
Total equity		<u>101,563</u>	<u>94,279</u>
Provisions			
Provisions for deferred tax	13	66	18
Total provisions		<u>66</u>	<u>18</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Pre-invoicing, contract work in progress	10	18,580	10,582
Prepayments received from customers		12,090	20,384
Trade payables		110,598	108,176
Payables to group entities		3,477	2,019
Corporation tax		51	1,911
Other payables	14	9,413	10,093
		<u>154,209</u>	<u>153,165</u>
Total liabilities other than provisions		<u>154,209</u>	<u>153,165</u>
TOTAL EQUITY AND LIABILITIES		<u>255,838</u>	<u>247,462</u>
Fees to auditor appointed at the general meeting	15		
Contractual obligations, contingencies, etc.	16		
Related party disclosures	17		

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	21,000	73,279	0	94,279
Profit for the year	<u>0</u>	<u>-52,716</u>	<u>60,000</u>	<u>7,284</u>
Equity at 31 December 2022	<u>21,000</u>	<u>20,563</u>	<u>60,000</u>	<u>101,563</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of EssenceMediacom Danmark 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 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.

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.

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)

Income statement

Revenue

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

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

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

Cost of sales

Cost of sales comprises consumed use of media to achieve the revenue for the year. Cost of sales 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.

Depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and 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 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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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	5 years
Leasehold improvements	3-5 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 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.

Investments

Other receivables are recognised at amortised cost.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

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.

Cashpool

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 items where the temporary differences arise at the date of acquisition without affecting either profit 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	<u>2022</u>	<u>2021</u>
2 Revenue		
Media revenue	742,797	728,722
Consultancy services revenue	<u>92,961</u>	<u>72,238</u>
	<u>835,758</u>	<u>800,960</u>
3 Staff costs		
Wages and salaries	56,966	43,876
Pensions	3,005	2,279
Other social security costs	740	563
Other staff costs	<u>265</u>	<u>134</u>
	<u>60,976</u>	<u>46,852</u>
Average number of full-time employees	<u>95</u>	<u>76</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 b(3) of the Danish Financial Statements Act. No remuneration has been paid to the Company's Board of Directors.</p> <p>The Executive Board and senior officers at EssenceMediacom Danmark A/S are participating in the WPP Group's share option programme. The programme has been entered with WPP plc. and EssenceMediacom Danmark A/S is not impacted financially.</p>		
4 Financial income		
Interest income from group entities	363	66
Other financial income	3	13
Exchange rate adjustments	<u>1,038</u>	<u>541</u>
	<u>1,404</u>	<u>620</u>
5 Financial expenses		
Interest expense to group entities	0	76
Other financial costs	189	190
Exchange rate adjustments costs	<u>1,272</u>	<u>488</u>
	<u>1,461</u>	<u>754</u>
6 Tax on profit for the year		
Current tax for the year	2,051	4,100
Deferred tax for the year	<u>48</u>	<u>484</u>
	<u>2,099</u>	<u>4,584</u>

Financial statements 1 January – 31 December

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DKK'000	2022	2021	
7 Proposed profit appropriation			
Proposed dividends for the year	60,000	0	
Retained earnings	<u>-52,716</u>	<u>16,128</u>	
	<u>7,284</u>	<u>16,128</u>	
8 Property, plant and equipment			
DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2022	699	16	715
Additions for the year	<u>230</u>	<u>153</u>	<u>383</u>
Cost at 31 December 2022	<u>929</u>	<u>169</u>	<u>1,098</u>
Depreciation and impairment losses at 1 January 2022	-212	-2	-214
Depreciation for the year	<u>-199</u>	<u>-50</u>	<u>-249</u>
Depreciation and impairment losses at 31 December 2022	<u>-411</u>	<u>-52</u>	<u>-463</u>
Carrying amount at 31 December 2022	<u>518</u>	<u>117</u>	<u>635</u>
9 Investments		Other receivables	
DKK'000			
Cost at 1 January 2022		<u>4</u>	
Cost at 31 December 2022		<u>4</u>	
Carrying amount at 31 December 2022		<u>4</u>	
10 Contract work in progress			
Selling price of work performed	21,887	20,635	
Progress billings	<u>-40,413</u>	<u>-31,140</u>	
	<u>-18,526</u>	<u>-10,505</u>	
that can be specified as follows:			
Construction contracts (assets)	54	77	
Construction contracts (equity and liabilities)	<u>-18,580</u>	<u>-10,582</u>	
	<u>-18,526</u>	<u>-10,505</u>	
11 Prepayments			

Prepayments comprise prepayments of various subscriptions, rent, water, heating and electricity, etc.

Financial statements 1 January – 31 December

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12 Equity

The share capital consists of 21,000 shares of nominal value of DKK 1,000k.

All shares rank equally.

DKK'000	<u>2022</u>	<u>2021</u>
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13 Provisions for deferred tax

Provision for deferred tax at 1 January	18	-466
Amount recognised in the income statement for the year	<u>48</u>	<u>484</u>
	<u>66</u>	<u>18</u>

14 Other payables

Wages and salaries, personal income taxes, social security costs, etc.	1,420	3,199
Holiday pay obligation	2,541	2,063
Other debts	<u>5,452</u>	<u>4,831</u>
	<u>9,413</u>	<u>10,093</u>

15 Fees to auditor appointed at the general meeting

Deloitte

Audit fee	463	353
Other assurance engagements	<u>0</u>	<u>15</u>
	<u>463</u>	<u>368</u>

16 Contractual obligations, contingencies, etc.

Contingent liabilities

Commitments under rental agreements or leases until expiry	<u>594</u>	<u>103</u>
	<u>594</u>	<u>103</u>

The Company has provided a guarantee of DKK 12,000k in favour of the Company's banks. 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.

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Notes

17 Related party disclosures

EssenceMediacom Danmark A/S' related parties comprise the following:

GroupM Denmark A/S, Holmbladsgade 133, 2300 Copenhagen S.

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

EssenceMediacom Danmark A/S is part of the consolidated financial statements of WPP Plc., 27 Farm Street, W1J 5RJ, London, 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.