KAO Denmark A/S
Lyngbyvej 2, 2100 København

Company reg. no. 19 73 30 33

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 - 06 - 2024

Gitte Skouenborg

Gitte Skouenborg
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of KAO Denmark A/S for the financial year 1 January - 31 December 2023.

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

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 1 January – 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.

Copenhagen, 28 June 2024

Managing Director

Gitte Skouenborg

Gitte Skouenborg
Chief Executive Officer

Board of directors

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Heiko Michael Maile	Dominic Martin Pratt	Gitte Skouenborg
Chairman		

Independent auditor's extended review report

To the Shareholder of KAO Denmark A/S

Conclusion

We have performed an extended review of the financial statements of KAO DENMARK A/S for the financial year 01.01.2023- 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor'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 to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion. An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the Management's commentary

Management is responsible for the management commentary.

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

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

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

Copenhagen, 28 June 2024

Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR. no. 33 96 35 56

DocuSigned by:
Jan Larsen
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Jan Larsen
State Authorised Public
Accountant mne16541

Company information

The company	KAO Denmark A/S Lyngbyvej 2 2100 København Ø	
	Company reg. no.	19 73 30 33
	Established:	19 December 1996
	Domicile:	Copenhagen
	Financial year:	1 January 2023 - 31 December 2023

Board of directors	Heiko Michael Maile, Chairman Dominic Martin Pratt Gitte Skouenborg
Managing Director	Gitte Skouenborg, Chief Executive Officer
Auditors	Deloitte

Management's Review

The principal activities of the company

The main object of the Entity is to sell and distribute hair and skin products, accessories and appliances of any kind to hairdressers as well as any related business.

Development in activities and financial matters

The gross profit for the year totals DKK 17,382,713 against DKK 15,390,735 last year. Income or loss from ordinary activities after tax totals DKK 895,455 against DKK 546,253 last year. Management considers the net profit or loss for the year satisfactory.

Events subsequent to the financial year

No events subsequent to the financial year to this date, which would influence the evaluation of this annual report.

Income statement 1 January - 31 December

All amounts in DKK.

	Note	2023	2022
Gross Profit		**17,382,713**	**15,390,735**
Staff Costs	1	(16,445,206)	(14,464,235)
Depreciation and impairment of property, land and equipment	2	(166,215)	(401,584)
Operating Profit		**771,292**	**524,916**
Other financial income		538,966	242,593
Other financial costs	3	15,820	(67,242)
Pre-tax net profit or loss		**1,326,078**	**700,267**
Tax on net profit or loss for the year	4	(430,623)	(154,014)
Net profit or loss for the year		**895,455**	**546,253**

Proposed appropriation of net profit:

	2023	2022
Dividend for the financial year	890,000	2,020,000
Transferred to retained earnings	0	0
Allocated from retained earnings	5,455	(1,473,747)
Total allocations and transfers	**895,455**	**546,253**

Balance sheet at 31 December

All amounts in DKK.

Assets	**Note**	**2023**	**2022**
Non-current assets			
Other fixtures and fittings, tools and equipment	6	402,222	339,948
Leasehold improvements	7	—	3
Total property, plant and equipment		402,222	339,951
Deposits	8	575,915	728,385
Total investments		575,915	728,385
Total non-current assets		**978,137**	**1,068,336**
Current assets			
Trade receivables		3,777,405	2,366,805
Receivables from group enterprises		8,626,811	8,509,588
Deferred tax assets		135,000	127,000
Prepayments and accrued income		495,048	83,305
Total receivables		13,034,264	11,086,698
Cash on hand and demand deposits		2,047,921	6,209,969
Total current assets		**15,082,185**	**17,296,667**
Total assets		**16,060,322**	**18,365,003**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities	**Note**	**2023**	**2022**
Equity			
Contributed capital	9	5,000,000	5,000,000
Retained earnings		3,795,504	3,790,049
Proposed dividend for the financial year		890,000	2,020,000
Total equity		**9,685,504**	**10,810,049**
Liabilities other than provisions			
Trade payables		651,610	592,873
Payables to group enterprises		1,905,210	3,573,987
Income tax payable		305,360	179,014
Other payables		3,512,638	3,209,080
Total short term liabilities other than provisions		**6,374,818**	**7,554,954**
Total equity and liabilities		**16,060,322**	**18,365,003**

Contingencies	**10**
Related parties	**11**

Statement of changes in equity

All amounts in DKK.

		Contributed Capital	Retained Earnings	Proposed dividend for the year	Total
Equity	January 1, 2022	5,000,000	4,163,796	1,100,000	10,263,796
Profit/Loss for the year		0	(1,473,747)	2,020,000	546,253
Equity	January 1, 2023	5,000,000	2,690,049	3,120,000	10,810,049
Ordinary Dividend Paid		0	(2,020,000)	0	(2,020,000)
Profit/Loss for the year		0	5,455	890,000	895,455
		5,000,000	**675,504**	**4,010,000**	**9,685,504**

All amounts in DKK.

		2023	2022
1	**Staff Costs**		
	Salaries and wages	15,295,019	12,963,138
	Pension Costs	1,297,253	1,261,858
	Other costs for Social security	(147,066)	239,239
		16,445,206	**14,464,235**
	Average number of employees	24	20
2	**Depreciation and impairment of property, land and equipment**		
	Depreciation of leasehold improvements	—	132,467
	Depreciation of other fixtures and fittings, tools and equipment	166,215	269,117
		166,215	**401,584**
3	**Other Financial costs**		
	Financial costs, group enterprises	—	—
	Other financial costs	(15,820)	67,242
		(15,820)	**67,242**
4	Tax on net profit or loss for the year		
	Tax on net profit or loss for the year	305,360	207,014
	Tax on profit from previous years	(2,800)	—
	Other related tax expenses	136,063	—
	Adjustment of deferred tax for the year	(8,000)	(53,000)
		430,623	**154,014**

All amounts in DKK.

			2023	2022
6	**Other fixtures and fittings, tools and equipment**			
	Cost	January 1, 2023	2,013,040	2,181,383
	Additions during the year		234,201	132,902
	Disposals during the year			(301,245)
	Cost	**December 31, 2023**	**2,247,241**	**2,013,040**
	Amortization and writedown	January 1, 2023	(1,673,092)	(1,705,220)
	Amortisation and depreciation for the year		(166,215)	(269,117)
	Reversal of depreciation, amortisation and impairment loss, assets disposed of		(5,712)	301,245
	Amortization and writedown	**December 31, 2023**	**(1,845,019)**	**(1,673,092)**
	Carrying amount	**December 31, 2023**	**402,222**	**339,948**

7	**Leasehold improvements**			
	Cost	January 1, 2023	662,338	662,338
	Disposals during the year			
	Cost	**December 31, 2023**	**662,338**	**662,338**
	Depreciation and writedown	January 1, 2023	(662,335)	(529,867)
	Amortisation and depreciation for the year		—	(132,467)
	Reversal of depreciation, amortisation and impairment loss, assets disposed of		-3	
	Amortization and writedown	**December 31, 2023**	**(662,338)**	**(662,335)**
	Carrying amount	**December 31, 2023**	**—**	**3**

All amounts in DKK.

			2023	2022
8	**Deposits**			
	Cost	January 1, 2023	728,385	604,841
	Addition/Release		(152,470)	123,544
	Cost	December 31, 2023	**575,915**	**728,385**
	Carrying amount	December 31, 2023	575,915	728,385

		2023	2022
9	**Contributed capital**		
	Aktie a 1, nominal value	2,750,000	2,750,000
	Aktie a 1, nominal value	1,125,000	1,125,000
	Aktie a 1, nominal value	575,000	575,000
	Aktie a 1, nominal value	550,000	550,000
		5,000,000	5,000,000

The share capital consist of 4 shares. The shares have not been divided into classes. The share capital remained unchanged in the past five financial years.

10. Contingencies

Contingent liabilities

The Entity has entered into a 11-year office rental liabilities agreement in 2016. The rental commitment for the rest 4 years amounts to DKK 3431 thousand.

The Entity’s operating lease commitments amounts to DKK 1820 thousand.

11. Related parties

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
- KAO Corporation, Japan

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
- KAO Germany GmbH, Germany

Accounting policies

The annual report for KAO Denmark A/S 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 accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognized in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit
Referring to special competitive considerations only gross profit or loss is shown in the income statement as an aggregation of revenue, cost of raw materials and consumables and other external expenses, see section 32 of the Danish financial Statements Act.

The enterprise will be applying IFRS15 ass its basis of interpretation for the recognition of revenue. This standard replaced IAS 11 and IAS 18 in 2018 for the entity.

Revenue is recognized in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year.

Other operating income comprises accounting items of a secondary nature as regards the principal activities of the enterprise, including lease income from temporary production facilities leased out.

Other external costs comprise costs 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 writedown for impairment
Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Other operating costs
Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise.

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

Intangible assets

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown 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 and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	5 years	0 %

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

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.

Leasehold improvements
Leasehold improvements are measured at cost less accrued depreciation. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Leases
The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other 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.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, 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. Writedown 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 nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realizable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income
Prepayments and accrued income recognized under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.