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**Procter & Gamble Danmark ApS  
Central Business Registration No  
20960531  
Kirkebjerg Parkvej 9  
2605 Brøndby**

**Annual report 2015/16**

The Annual General Meeting adopted the annual report on 18.11.2016

**Chairman of the General Meeting**

  
Name: Jacob Hjortshøj

Member of Deloitte Touche Tohmatsu Limited

## Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Accounting policies	8
Income statement for 2015/16	12
Balance sheet at 30.06.2016	13
Statement of changes in equity for 2015/16	15
Notes	16

## **Entity details**

### **Entity**

Procter & Gamble Danmark ApS  
Kirkebjerg Parkvej 9  
2605 Brøndby

Central Business Registration No: 20960531

Registered in: Copenhagen

Financial year: 01.07.2015 - 30.06.2016

### **Board of Directors**

Jacob Hjortshøj, chairman

Matthew John Tipple

Nicolai Fisker Kristiansen

### **Executive Board**

Calvin Fiendell

### **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Procter & Gamble Danmark ApS for the financial year 01.07.2015 - 30.06.2016.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016.

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

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.11.2016

### Executive Board



Calvin Fiendich

### Board of Directors



Jacob Hjortshøj  
chairman



Matthew John Tipple



Nicolaj Fisker Kristiansen

## **Independent auditor's reports**

### **To the owner of Procter & Gamble Danmark ApS**

#### **Report on the financial statements**

We have audited the financial statements of Procter & Gamble Danmark ApS for the financial year 01.07.2015 - 30.06.2016, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of financial statements that give a true and fair view 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

#### **Opinion**

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30.06.2016 and of the results of its operations for the financial year 01.07.2015 - 30.06.2016 in accordance with the Danish Financial Statements Act.

## **Independent auditor's reports**

### **Statement on the management commentary**

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the financial statements.

Copenhagen, 16.11.2016

### **Deloitte**

Statsautoriseret Revisionspartnerselskab



Flemming Larsen

State Authorised Public Accountant

CVR-nr. 33963556

## Management commentary

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>	<u>2013/14</u> <u>DKK'000</u>	<u>2012/13</u> <u>DKK'000</u>	<u>2011/12</u> <u>DKK'000</u>
<b>Financial high-lights</b>					
<b>Key figures</b>					
Revenue	95.744	115.660	108.093	113.680	105.355
Gross profit/loss	63.980	72.212	76.775	79.818	74.047
Operating profit/loss	18.790	19.398	16.896	19.772	17.957
Net financials	0	(1)	(19)	(17)	523
Profit/loss for the year	14.477	14.754	12.448	14.435	13.309
Total assets	130.920	133.801	230.069	189.009	291.693
Investments in property, plant and equipment	2.071	0	0	373	315
Equity	52.206	37.729	84.975	72.527	58.092
Employees in average	60	69	84	88	86
<b>Ratios</b>					
Gross margin (%)	66,8	62,4	71,0	70,2	70,3
Net margin (%)	15,1	12,8	11,5	12,7	12,6
Return on equity (%)	32,2	24,0	15,8	22,1	22,9

## Management commentary

### Primary activities

The Company's activity consists of distributing Procter & Gamble products in Denmark. As consideration for this, the Company receives a commission.

### Development in activities and finances

The profit realised by the Company in the financial year amounts to DKK 14,477 thousand (2014/15 profit DKK 14,754 thousand) which Management considers satisfactory.

During the financial year, P&G has completed the following divestures:

#### Duracell (Closing February 29th 2016)

The P&G group divested its Duracell brands and global business to the Berkshire Hathaway Inc. group on February 29th (Closing). As part of this divestiture P&G Danmark ApS first transferred the Duracell customers and business in Denmark the distributor Aurora Group Danmark A/S. Then, on Closing, the distributor contract was assigned to Duracell Germany GmbH within the Berkshire Hathaway Inc. group.

#### Wella Balsam (Closing May 31st 2016)

The P&G group divested several hair care brands and businesses globally to Henkel. For Denmark this impacted the Wella Balsam shampoo and conditioner business which was divested to Henkel who was granted a limited license to use the Wella trademarks for 2 years. As part of the transaction P&G Danmark ApS however continued to sell Wella Balsam for a period of 4 months after Closing, i.e. until Sep 30th 2016, when the full transition to Henkel happened.

#### Fabric Care/Ariel & Lenor (Closing June 30th 2016)

The P&G group divested several fabric care brands and businesses globally to the PHI group. For Denmark this impacted the Ariel detergent and Lenor fabric softener business which was sold to the PHI group effective end June 2016. As part of the transaction P&G Danmark ApS however continued to sell Ariel and Lenor for a period of 3 months after Closing while the local business was transferred to Arvid Nordquist HAB, a full service distributor appointed by the PHI Group. I.e. as of September 1st 2016 P&G Danmark ApS doesn't have any Ariel and Lenor business.

### Outlook

Above divestures are expected to decrease the revenue further by 9 % at most in the coming financial year.



## **Management commentary**

### **Events after the balance sheet date**

The P&G group divested several beauty brands and businesses globally to Coty Inc. after the balance sheet date, see note 1 for further information.

No other events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## **Accounting policies**

### **Reporting class**

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied for these financial statements are consistent with those applied last year.

### **Recognition and measurement**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

### **Income statement**

#### **Revenue**

Revenue consists of commission income comprised by commission on the sale of the Procter & Gamble Groups products to Danish customers carried out by Procter & Gamble Danmark ApS.

#### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities.

## Accounting policies

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, 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 intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Balance sheet

### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

## Accounting policies

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

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Receivables which falls due more than 1 year after the balance sheet date is recognized as long term receivables in the balance sheet under other receivables.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Cash flow statement

Referring to section 86(4) of the Danish Financial Statements Act, Procter & Gamble Danmark ApS has not prepared any cash flow statement.

## Accounting policies

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2010" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Ratios reflect</b>
Gross margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The Entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.

**Income statement for 2015/16**

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Revenue	1	95.744	115.660
Other external expenses		<u>(31.764)</u>	<u>(43.448)</u>
<b>Gross profit/loss</b>		<b>63.980</b>	<b>72.212</b>
Staff costs	2	(45.016)	(52.493)
Depreciation, amortisation and impairment losses	3	<u>(174)</u>	<u>(321)</u>
<b>Operating profit/loss</b>		<b>18.790</b>	<b>19.398</b>
Other financial income	4	9	5
Other financial expenses	5	<u>(9)</u>	<u>(6)</u>
<b>Profit/loss from ordinary activities before tax</b>		<b>18.790</b>	<b>19.397</b>
Tax on profit/loss from ordinary activities	6	<u>(4.313)</u>	<u>(4.643)</u>
<b>Profit/loss for the year</b>		<b><u>14.477</u></b>	<b><u>14.754</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>14.477</u>	<u>14.754</u>
		<b><u>14.477</u></b>	<b><u>14.754</u></b>

**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Other fixtures and fittings, tools and equipment		2.179	281
Leasehold improvements		0	0
<b>Property, plant and equipment</b>	<b>7</b>	<b><u>2.179</u></b>	<b><u>281</u></b>
Other receivables		1.219	2.106
Deferred tax	9	55	26
<b>Fixed asset investments</b>	<b>8</b>	<b><u>1.274</u></b>	<b><u>2.132</u></b>
<b>Fixed assets</b>		<b><u>3.453</u></b>	<b><u>2.413</u></b>
Trade receivables		35.839	53.727
Receivables from group enterprises		89.299	74.740
Other short-term receivables		1.215	1.459
Prepayments	10	650	1.175
<b>Receivables</b>		<b><u>127.003</u></b>	<b><u>131.101</u></b>
<b>Cash</b>		<b><u>464</u></b>	<b><u>287</u></b>
<b>Current assets</b>		<b><u>127.467</u></b>	<b><u>131.388</u></b>
<b>Assets</b>		<b><u>130.920</u></b>	<b><u>133.801</u></b>

**Balance sheet at 30.06.2016**

	<u>Notes</u>	<u>2015/16 DKK'000</u>	<u>2014/15 DKK'000</u>
Contributed capital	11	20.000	20.000
Retained earnings		<u>32.206</u>	<u>17.729</u>
<b>Equity</b>		<u><b>52.206</b></u>	<u><b>37.729</b></u>
Trade payables		12.618	4.659
Debt to group enterprises		39.617	58.839
Income tax payable		2.062	2.316
Other payables	12	<u>24.417</u>	<u>30.258</u>
<b>Current liabilities other than provisions</b>		<u><b>78.714</b></u>	<u><b>96.072</b></u>
<b>Liabilities other than provisions</b>		<u><b>78.714</b></u>	<u><b>96.072</b></u>
<b>Equity and liabilities</b>		<u><u><b>130.920</b></u></u>	<u><u><b>133.801</b></u></u>
Discontinued operations	1		
Unrecognised rental and lease commitments	13		
Related parties with control	14		
Ownership	15		
Consolidation	16		



**Statement of changes in equity for 2015/16**

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	20.000	17.729	37.729
Profit/loss for the year	0	14.477	14.477
<b>Equity end of year</b>	<b>20.000</b>	<b>32.206</b>	<b>52.206</b>

## Notes

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>
<b>1. Discontinued operations</b>		
Revenue	28.786	0
Profit/loss for the year	1.300	0
Fixed assets	1.644	0
Current assets	7.100	0

The P&G group divested several beauty brands and businesses globally to Coty Inc., including salon professional hair care, Wella retail, fine fragrances and cosmetics. For Denmark this impacted the Wella retail business and the Salon Professional hair care business, including brands like Wella, Sebastian, Sassoon and Nioxin. As part of this transaction a Danish legal entity, HFC Prestige International Denmark ApS, was set up in order for it to take over the salon professional business shortly before Closing and therefore, effective September 23rd, the in-scope assets and liabilities were transferred from P&G Danmark ApS to HFC Prestige International Denmark ApS against a cash payment. As of closing HFC Prestige International Denmark ApS became part of the Coty Inc. group. The Wella retail business in Denmark (except Wella Balsam) was transferred to the distributor Brauner A/S by August 1st 2016 and then effective September 24th the distributor contract was assigned from P&G Danmark ApS to HFC Prestige International Operations Switzerland Sàrl, which now is also part of the Coty Inc. group.

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>
<b>2. Staff costs</b>		
Wages and salaries	38.373	43.722
Pension costs	4.044	4.628
Other social security costs	2.599	4.143
	<u>45.016</u>	<u>52.493</u>
 Average number of employees	 <u>60</u>	 <u>69</u>

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>
<b>3. Depreciation, amortisation and impairment losses</b>		
Depreciation of property, plant and equipment	143	246
Profit/loss from sale of intangible assets and property, plant and equipment	31	75
	<u>174</u>	<u>321</u>

## Notes

	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>4. Other financial income</b>		
Financial income arising from group enterprises	6	6
Interest income	3	(1)
	<u>9</u>	<u>5</u>
	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>5. Other financial expenses</b>		
Interest expenses	7	6
Interest regarding tax paid on account	2	0
	<u>9</u>	<u>6</u>
	<b>2015/16</b> <b>DKK'000</b>	<b>2014/15</b> <b>DKK'000</b>
<b>6. Tax on ordinary profit/loss for the year</b>		
Current tax	4.216	4.643
Change in deferred tax for the year	(30)	0
Adjustment relating to previous years	127	0
	<u>4.313</u>	<u>4.643</u>
	<b>Other fix- tures and fittings, tools and equipment</b> <b>DKK'000</b>	<b>Leasehold improve- ments</b> <b>DKK'000</b>
<b>7. Property, plant and equipment</b>		
Cost beginning of year	3.226	1.850
Additions	2.071	0
Disposals	(146)	0
<b>Cost end of year</b>	<u>5.151</u>	<u>1.850</u>
Depreciation and impairment losses beginning of the year	(2.945)	(1.850)
Depreciation for the year	(143)	0
Reversal regarding disposals	116	0
<b>Depreciation and impairment losses end of the year</b>	<u>(2.972)</u>	<u>(1.850)</u>
<b>Carrying amount end of year</b>	<u>2.179</u>	<u>0</u>

## Notes

	<b>Other re- ceivables DKK'000</b>	<b>Deferred tax DKK'000</b>	
<b>8. Fixed asset investments</b>			
Cost beginning of year	2.106	26	
Additions	150	29	
Disposals	(1.037)	0	
<b>Cost end of year</b>	<b>1.219</b>	<b>55</b>	
<b>Carrying amount end of year</b>	<b>1.219</b>	<b>55</b>	
	<b>2015/16 DKK'000</b>	<b>2014/15 DKK'000</b>	
<b>9. Deferred tax</b>			
Property, plant and equipment	96	26	
Liabilities other than provisions	(41)	0	
	<b>55</b>	<b>26</b>	
<b>10. Prepayments</b>			
Prepayments are costs paid in advance.			
	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK'000</b>
<b>11. Contributed capital</b>			
Ordinary shares	20.000	1.000,00	20.000
	<b>20.000</b>		<b>20.000</b>
		<b>2015/16 DKK'000</b>	<b>2014/15 DKK'000</b>
<b>12. Other short-term payables</b>			
VAT and duties		5.631	6.436
Wages and salaries, personal income taxes, social security costs, etc. payable		126	149
Holiday pay obligation		7.163	8.238
Other costs payable		11.497	15.435
		<b>24.417</b>	<b>30.258</b>

## Notes

	<u>2015/16</u> <u>DKK'000</u>	<u>2014/15</u> <u>DKK'000</u>
<b>13. Unrecognised rental and lease commitments</b>		
Commitments under rental agreements or leases until expiry	<u>16.434</u>	<u>18.648</u>

Rental and lease commitments relate to car leases, office rent etc.

## 14. Related parties with control

Related parties with a controlling interest in Procter & Gamble Danmark ApS:

Procter & Gamble Sverige AB, Sweden

The Procter & Gamble Company, Cincinnati, Ohio, USA

The Board of Directors and Executive Board as mentioned on page 1.

## 15. Ownership

The Company has registered the following shareholder to hold more than 5% of the voting share capital or of the minimal value of the share capital:

Procter & Gamble Sverige AB, Sweden

## 16. Consolidation

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

The Procter & Gamble Company, Cincinnati, Ohio, USA