

Procter & Gamble Danmark ApS

Kirkebjerg Parkvej 9
2605 Brøndby
Business Registration No
20960531

Annual report 01.07.2017 - 30.06.2018

The Annual General Meeting adopted the annual report on 21.11.2018

Chairman of the General Meeting

Name: Jacob Hjortshøj

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Entity details

Entity

Procter & Gamble Danmark ApS
Kirkebjerg Parkvej 9
2605 Brøndby

Central Business Registration No (CVR): 20960531

Registered in: Brøndby

Financial year: 01.07.2017 - 30.06.2018

Board of Directors

Jacob Hjortshøj, chairman
Matthew John Tipple
Nicolai Fisker Kristiansen

Executive Board

Andrew Eric Mill

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 01.07.2017 - 30.06.2018.

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 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018.

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, 21.11.2018

Executive Board

Andrew Eric Mill

Board of Directors

Jacob Hjortshøj
chairman

Matthew John Tipple

Nicolai Fisker Kristiansen

Independent auditor's report

To the shareholder of Procter & Gamble Danmark ApS

Opinion

We have audited the financial statements of Procter & Gamble Danmark ApS for the financial year 01.07.2017 - 30.06.2018, 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 Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018 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 Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Entity'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 Entity 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.

Independent auditor's report

We also:

- 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 Entity'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 Entity'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 Entity 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 commentary

Management is responsible for the management commentary.

Our opinion 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 audit 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 audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 21.11.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

Primary activities

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

Development in activities and finances

The profit realised by the Company in the financial year amounts to DKK 8,518 thousand (2016/17 profit DKK 10,744) which Management considers satisfactory.

Events during the financial year 2017/18

No significant events have taken place.

Outlook

Management expects a similar profit in the financial year 2018/19.

Events after the balance sheet date

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

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18 DKK'000</u>	<u>2016/17 DKK'000</u>
Revenue		55.524	62.922
Other external expenses		<u>(20.607)</u>	<u>(17.860)</u>
Gross profit/loss		34.917	45.062
Staff costs	1	(23.403)	(33.692)
Depreciation, amortisation and impairment losses	2	<u>(270)</u>	<u>(361)</u>
Operating profit/loss		11.244	11.009
Other financial income	3	4	3
Other financial expenses	4	<u>(373)</u>	<u>(96)</u>
Profit/loss before tax		10.875	10.916
Tax on profit/loss for the year	5	<u>(2.357)</u>	<u>(1.865)</u>
Profit/loss from continuing operations		8.518	9.051
Profit/loss from discontinued operations	6	<u>0</u>	<u>1.693</u>
Profit/loss for the year		8.518	10.744
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		50.000	0
Retained earnings		<u>(41.482)</u>	<u>10.744</u>
		8.518	10.744

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Other fixtures and fittings, tools and equipment		469	556
Leasehold improvements		193	305
Property, plant and equipment	7	662	861
Deposits		145	145
Deferred tax		98	90
Fixed asset investments	8	243	235
Fixed assets		905	1.096
Trade receivables		25.738	15.308
Receivables from group enterprises		101.265	84.372
Other receivables		1.103	629
Prepayments		300	278
Receivables		128.406	100.587
Cash		4.734	5.602
Current assets		133.140	106.189
Assets		134.045	107.285

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>	<u>2016/17</u> <u>DKK'000</u>
Contributed capital		20.000	20.000
Retained earnings		1.468	42.950
Proposed dividend		<u>50.000</u>	<u>0</u>
Equity		<u>71.468</u>	<u>62.950</u>
Bank loans		926	91
Trade payables		13.282	6.801
Payables to group enterprises		28.655	17.391
Income tax payable		172	808
Other payables		<u>19.542</u>	<u>19.244</u>
Current liabilities other than provisions		<u>62.577</u>	<u>44.335</u>
Liabilities other than provisions		<u>62.577</u>	<u>44.335</u>
Equity and liabilities		<u>134.045</u>	<u>107.285</u>
Unrecognised rental and lease commitments	9		
Group relations	10		

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	20.000	42.950	0	62.950
Profit/loss for the year	0	(41.482)	50.000	8.518
Equity end of year	20.000	1.468	50.000	71.468

Notes

	2017/18	2016/17
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	20.659	28.597
Pension costs	1.840	2.761
Other social security costs	601	1.282
Other staff costs	303	1.052
	23.403	33.692
Average number of employees	24	42
	2017/18	2016/17
	DKK'000	DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	270	307
Profit/loss from sale of intangible assets and property, plant and equipment	0	54
	270	361
	2017/18	2016/17
	DKK'000	DKK'000
3. Other financial income		
Financial income arising from group enterprises	0	3
Other interest income	4	0
	4	3
	2017/18	2016/17
	DKK'000	DKK'000
4. Other financial expenses		
Financial expenses from group enterprises	346	60
Other interest expenses	27	34
Interest regarding tax paid on account	0	2
	373	96

Notes

	2017/18	2016/17
	DKK'000	DKK'000
5. Tax on profit/loss for the year		
Current tax	2.406	2.597
Change in deferred tax	8	(35)
Adjustment concerning previous years	(57)	(697)
	2.357	1.865
	2017/18	2016/17
	DKK'000	DKK'000
6. Discontinued operations		
Income statement		
Revenue	0	10.214
Other external expenses	0	(3.906)
Staff costs	0	(4.138)
Profit/loss for the period	0	2.170
Tax on profit/loss from discontinued operations	0	(477)
Post-tax profit/loss from discontinued operations	0	1.693

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 2016, 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 2016 the distributor contract was assigned from P&G Danmark ApS to HFC Prestige International Operations Switerland Sarl, which now is also part of the Coty Inc. group.

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
7. Property, plant and equipment		
Cost beginning of year	3.526	2.258
Additions	71	0
Disposals	(658)	0
Cost end of year	2.939	2.258
Depreciation and impairment losses beginning of year	(2.970)	(1.953)
Depreciation for the year	(158)	(112)
Reversal regarding disposals	658	0
Depreciation and impairment losses end of year	(2.470)	(2.065)
Carrying amount end of year	469	193
	Deposits DKK'000	Deferred tax DKK'000
8. Fixed asset investments		
Cost beginning of year	145	90
Additions	0	8
Cost end of year	145	98
Carrying amount end of year	145	98
	2017/18 DKK'000	2016/17 DKK'000
9. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	3.886	4.703

Notes

10. Group relations

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

The Procter & Gamble Company, Cincinnati, Ohio, USA

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

The Procter & Gamble Company, Cincinnati, Ohio, USA

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to 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.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the entity's other operations.

Results from discontinued operations are presented in the income statement as a separate item consisting of operating profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to the discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities directly related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the balance sheet are not restated.

Accounting policies

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 rate 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.

Staff costs

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

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation 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.

Tax on profit/loss for the year

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.

Accounting policies

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.

Estimated useful lives and residual values are reassessed annually.

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

Deferred tax

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

Receivables

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Accounting policies

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