

## **HFC Prestige International Denmark ApS**

Kirkebjerg Parkvej 9  
2605 Brøndby  
Business Registration No  
37293407

## **Annual report 01.07.2017 - 30.06.2018**

The Annual General Meeting adopted the annual report on 16.11.2018

### **Chairman of the General Meeting**

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Name: Anders Erik Norder

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## Entity details

### Entity

HFC Prestige International Denmark ApS  
Kirkebjerg Parkvej 9  
2605 Brøndby

Central Business Registration No (CVR): 37293407

Registered in: Brøndby

Financial year: 01.07.2017 - 30.06.2018

### Board of Directors

Anders Erik Norder  
Kenneth Lundskov  
Henrik Rolf Haverkamp

### Executive Board

Henrik Rolf Haverkamp

### 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 HFC Prestige International Denmark 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, 16.11.2018

### Executive Board

Henrik Rolf Haverkamp

### Board of Directors

Anders Erik Norder

Kenneth Lundskov

Henrik Rolf Haverkamp

# Independent auditor's report

## To the shareholders of HFC Prestige International Denmark ApS

### Opinion

We have audited the financial statements of HFC Prestige International Denmark 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. 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 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.

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

## **Independent auditor's report**

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, 16.11.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Jan Larsen  
State Authorised Public Accountant  
Identification No (MNE) mne16541

## Management commentary

### Primary activities

The Company is engaged in buying, selling, trading and distributing products and services including without limitations cosmetics, fragrances, salon and retail hair care products and services and other products of every kind, promoting the marketing of such products and services, including consulting, and conducting any other related business.

### Development in activities and finances

Result for the year after tax is a profit of DKK 559k against a loss of DKK742k in 2016/17.

The Company has switched from being a commissionaire to become a Limited Risk Distributor as of July 1, 2017.

The Company has made changes in the board of directors. New board members are:

Henrik Haverkamp (CEO), replacing Juan Cristian Canthal

Kenneth Lundskov, replacing Jens Egelund Mueller

### Events after the balance sheet date

The Company integrated the business of GHD Scandinavia as of July 1, 2018, and is now selling the GHD products together with other HFC products.



## Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
<b>Gross profit</b>		<b>14.730.198</b>	<b>13.675.546</b>
Staff costs	1	(13.034.073)	(13.832.788)
Depreciation, amortisation and impairment losses	2	<u>(1.022.764)</u>	<u>(849.176)</u>
<b>Operating profit/loss</b>		<b>673.361</b>	<b>(1.006.418)</b>
Other financial income		49.607	73.928
Other financial expenses		<u>(23.844)</u>	<u>(1.313)</u>
<b>Profit/loss before tax</b>		<b>699.124</b>	<b>(933.803)</b>
Tax on profit/loss for the year	3	<u>(140.329)</u>	<u>191.875</u>
<b>Profit/loss for the year</b>		<b><u>558.795</u></b>	<b><u>(741.928)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>558.795</u>	<u>(741.928)</u>
		<b><u>558.795</u></b>	<b><u>(741.928)</u></b>

## Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Goodwill		2.413.840	3.150.710
<b>Intangible assets</b>	4	<b>2.413.840</b>	<b>3.150.710</b>
Other fixtures and fittings, tools and equipment		614.692	900.586
<b>Property, plant and equipment</b>	5	<b>614.692</b>	<b>900.586</b>
Deposits		1.416.738	723.282
Deferred tax		68.096	199.188
<b>Fixed asset investments</b>	6	<b>1.484.834</b>	<b>922.470</b>
<b>Fixed assets</b>		<b>4.513.366</b>	<b>4.973.766</b>
Trade receivables		6.045.201	5.576.710
Receivables from group enterprises		4.487.996	5.157.779
Other receivables		3.160.620	992.205
Prepayments		407.542	1.468.538
<b>Receivables</b>		<b>14.101.359</b>	<b>13.195.232</b>
<b>Cash</b>		<b>2.585.382</b>	<b>2.320.070</b>
<b>Current assets</b>		<b>16.686.741</b>	<b>15.515.302</b>
<b>Assets</b>		<b>21.200.107</b>	<b>20.489.068</b>

## Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital		50.001	50.001
Retained earnings		<u>5.075.595</u>	<u>4.516.800</u>
<b>Equity</b>		<b><u>5.125.596</u></b>	<b><u>4.566.801</u></b>
Trade payables		1.197.639	1.890.423
Payables to group enterprises		8.385.780	8.254.751
Income tax payable		211.565	7.313
Other payables		<u>6.279.527</u>	<u>5.769.780</u>
<b>Current liabilities other than provisions</b>		<b><u>16.074.511</u></b>	<b><u>15.922.267</u></b>
<b>Liabilities other than provisions</b>		<b><u>16.074.511</u></b>	<b><u>15.922.267</u></b>
<b>Equity and liabilities</b>		<b><u>21.200.107</u></b>	<b><u>20.489.068</u></b>
Unrecognised rental and lease commitments	7		
Contingent liabilities	8		
Group relations	9		

## Statement of changes in equity for 2017/18

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	50.001	4.516.800	4.566.801
Profit/loss for the year	<u>0</u>	<u>558.795</u>	<u>558.795</u>
<b>Equity end of year</b>	<b><u>50.001</u></b>	<b><u>5.075.595</u></b>	<b><u>5.125.596</u></b>

## Notes

	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	8.412.270	9.182.710
Pension costs	911.956	805.479
Other social security costs	213.448	254.619
Other staff costs	3.496.399	3.589.980
	<b>13.034.073</b>	<b>13.832.788</b>
Average number of employees	<b>15</b>	<b>10</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	736.870	562.890
Depreciation of property, plant and equipment	285.894	286.286
	<b>1.022.764</b>	<b>849.176</b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Current tax	211.565	0
Change in deferred tax	131.092	(199.188)
Adjustment concerning previous years	(7.313)	0
Refund in joint taxation arrangement	(195.015)	7.313
	<b>140.329</b>	<b>(191.875)</b>
		<b>Goodwill</b>
		<b>DKK</b>
<b>4. Intangible assets</b>		
Cost beginning of year		3.713.600
<b>Cost end of year</b>		<b>3.713.600</b>
Amortisation and impairment losses beginning of year		(562.890)
Amortisation for the year		(736.870)
<b>Amortisation and impairment losses end of year</b>		<b>(1.299.760)</b>
<b>Carrying amount end of year</b>		<b>2.413.840</b>

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK</b>	
	<b>Deposits DKK</b>	<b>Deferred tax DKK</b>
<b>5. Property, plant and equipment</b>		
Cost beginning of year	1.115.009	
<b>Cost end of year</b>	<b>1.115.009</b>	
Depreciation and impairment losses beginning of year		(214.423)
Depreciation for the year		(285.894)
<b>Depreciation and impairment losses end of year</b>		<b>(500.317)</b>
<b>Carrying amount end of year</b>		<b>614.692</b>
<b>6. Fixed asset investments</b>		
Cost beginning of year	723.282	199.188
Additions	693.456	0
Disposals	0	(131.092)
<b>Cost end of year</b>	<b>1.416.738</b>	<b>68.096</b>
<b>Carrying amount end of year</b>	<b>1.416.738</b>	<b>68.096</b>
	<b>2017/18 DKK</b>	<b>2016/17 DKK</b>
<b>7. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>2.974.138</b>	<b>2.814.398</b>

### 8. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which GHD Scandinavia ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2016/17 for income taxes etc for the jointly taxed entities, and from 23 September 2016 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

## Notes

### **9. Group relations**

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

HFC Prestige International Luxembourg SARL, Luxembourg

## 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.

The activities bought from P&G was acquired on 23 September 2016. Therefore, the revenue in the Income Statement for 2017/18 contains income for 12 months and the figures for 2016/17 therefore only contains income for nine months.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### 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, 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 interest income, including interest income on receivables from group enterprises, 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, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.



## Accounting policies

### 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

#### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The estimated useful life of Goodwill is determined to 5 years. This is in line with the longest length of our customer contracts that were part of the purchase of assets and liabilities from Procter and Gamble

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### 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	3-5 years
Leasehold improvements	3-5 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.

## Accounting policies

### 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.

### 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.