Statsautoriseret
Revisionsinteressentskab

# Kevin Murphy Europe A/S

Refshalevej 163A, 2. tv.

1432 København K

CVR No. 38691473

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# Annual Report
# 1 July 2022 - 30 June 2023

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30 October 2023

Elizabeth Anne Milner
Chairman

## Contents

## Company details

| | | |
|---|---|---|
| **Company** | Kevin Murphy Europe A/S<br>Refshalevej 163A, 2. tv.<br>1432 København K | |
| | CVR No. | 38691473 |
| | Date of formation | 6 June 2017 |
| | Registered office | København |
| | Financial year | 1 July 2022 - 30 June 2023 |
| **Supervisory Board** | Lars Georg Brandt<br>Loui Piva<br>Elizabeth Anne Milner | |
| **Executive Board** | Vincent Jean Baptiste Tercé, Man. Director | |
| **Shareholders according to the Danish Companies Act** | The following owner is the ultimate parent company and holds 100% of the votes and share capital:<br><br>Kevin Murphy Group Pty Ltd.<br>c/o OnCore Legal Services<br>Level 10<br>239 George Street, Brisbane, QLD 4000<br>Australia | |
| **Auditors** | KRESTON CM<br>Statsautoriseret Revisionsinteressentskab<br>Adelgade 15<br>1304 København K<br>CVR-no.: 39463113 | |
| **Bank** | Sydbank | |

## Management's Statement

Today, Management has considered and adopted the Annual Report of Kevin Murphy Europe A/S for the financial year 1 July 2022 - 30 June 2023.

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 assets, liabilities and financial position of the Company at 30 June 2023 and of the results of the Company's operations and cash flow for the financial year 1 July 2022 - 30 June 2023.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 13 September 2023

**Executive Board**

Vincent Jean Baptiste Tercé
Man. Director

**Supervisory Board**

| | | |
|---|---|---|
| Lars Georg Brandt<br>Chairman | Loui Piva<br>Member | Elizabeth Anne Milner<br>Member |

## Independent Auditors' Report

**To the shareholders of Kevin Murphy Europe A/S**

**Opinion**
We have audited the financial statements of Kevin Murphy Europe A/S for the financial year 1 July 2022 - 30 June 2023, which comprise an income statement, balance sheet, statement of changes in equity, cash flows and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 30 June 2023 and of the results of its operations and cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

**Basis of opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in the "Auditors' responsibility for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statement in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Management's 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 considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

**The auditor's responsibility for the audit of the financial statements**
Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

* Identify and assess the risk of material misstatements in 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 a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or 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

## Independent Auditors' Report

Company's internal control.

* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.

* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect 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 which we identify during our audit.

**Statement on Management's Review**
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 13 September 2023

**KRESTON CM**
**Statsautoriseret Revisionsinteressentskab**
CVR-no. 39463113

Bent Kofoed
State Authorised Public Accountant
mne11664

Kevin Murphy Europe A/S

## Management's Review

**The Company's principal activities**
The Company's principal activities consist of promotion and sale of products for the professional hair care/ hairstyling market in Europe.

**Insecurity regarding recognition or measurement**
There is no material insecurity regarding recognition or measurement.

**Exceptional circumstances**
No exceptional circumstances have affected recognition or measurement.

**Development in the activities and the financial situation of the Company**
The Company's Income Statement of the financial year 1 July 2022 - 30 June 2023 shows a result of EUR 5.833.679 and the Balance Sheet at 30 June 2023 a balance sheet total of EUR 26.993.523 and equity of EUR 16.206.401.

**Post financial year events**
After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

**Expectations for the future**
The company's management expects a growth in net turnover of 5-7 % and a profit margin of 14-17 %.

The company's management expects a profit from ordinary activities before tax of EUR 10,000,000 to 11,000,000 for FY24.

**Knowledge and know-how resources**
The company sells products developed in cooperation with its parent company and the rest of the group. Since the company's activities consist of promotion and sale of products, no special knowledge resource is connected to this activity.

The company's most dominant resource is its employees. The ongoing development of employees' competencies through professional challenges and a good social environment is given high priority.

**Risks**
*General risk*
The group's most significant operational risk is related to its ability to be strongly positioned in the key markets. Furthermore, it is crucial for the group to continuously stay ahead of developments of hair products.

*Currency risks*
The company is exposed to currency risks in respect of current operations. The company bills in EUR and USD, whereas all purchases are primarily in EUR and USD and operating costs are in DKK.

Other than that, the company has no significant risks relating to its operations.

*Interest Rate Risks*
Moderate changes in the interest rate level will not have any significant direct impact on earnings. Interest rate positions are entered into to hedge interest rate risks.

*Credit risks*
The group does not have significant risks related to a single customer or partner. The company's policy for assuming credit risks involves ongoing credit assessments of all major customers and other partners.

**Environmental issues**
The company is not considered to cause pollution or emission that in any case affects the environment. The company has no production activity in Denmark.

## Management's Review

**Research and development activities**
There is no research and development activities in or for the Company.

**Branches abroad**
There are no branches abroad.

**Net profit for the year compared with expected developments in the most recently published annual report**
The management's expectation for the year was that the company would maintain a high level of activity and achieve satisfactory earnings. The company has succeeded in maintaining a high level of activity and has achieved satisfactory and expected earnings.

**Corporate social responsibility**
*Business model*
Kevin Murphy Europe A/S's principal activities consist of promotion and sale of products for the professional hair care/ hairstyling market in Europe.

The products are sold through a network of external regional distributors ("Distributor Network"), who then sell to major retail customers ("Salons").

Kevin Murphy Europe A/S wants to use the existing Distributors to reinforce the existing channel with our distributors to consolidate existing salons and new ones, also to find potential new Distributors partners in EMEA.

Kevin Murphy Europe A/S offers a full education program and support making a huge focus on the products, education and consolidate Hair Care and Color.me support with innovative products.

*Significant risks related to corporate social responsibility*
Kevin Murphy Europe A/S regularly evaluate the most significant risks to the company's existence, operations, and growth opportunities. The assessment involves comparing the probability and impact for various defined topics and aspects of corporate social responsibility.

For the current period, the following factors have been identified and assessed as relevant:
- Work environment and employee conditions, such refurbishment and new office equipment.

Environment and climate
- recycling options at the office
- green power used as based on the country rules
- choosing of latest technology at the office to lower the carbon and footprint

As part of Kevin Murphy Europe A/S's environmental and social responsibility, the group focuses on the climate impact of the group's products and transportation. Kevin Murphy Europe A/S chooses to maximize the production by regions and warehouse storage to minimize global transport between regions.

No significant risks related to human rights and anti-corruption have been identified. The primary reason for this is that Kevin Murphy Europe A/S conducts business in countries where the group has great confidence that the respective countries' administration of social taxes and corporate tax flows generated by Kevin Murphy Europe A/S activities are managed with the aim of minimizing obstacles that may hinder free market conditions and strengthening the integrity of society. Additionally, these countries have authorities that oversee business compliance with the law, and labor market stakeholders negotiate working conditions, including human rights aspects.

Kevin Murphy Europe A/S is B2B-oriented, often dealing with well-known industry clients, which is why attempts at corruption are rare, and the company has not experienced any such incidents. Therefore, there is no assessment of risks to an extent that necessitates the establishment of policies in the areas of human rights and anti-corruption.

## Management's Review

*Policies*
Kevin Murphy Europe A/S's policies related to corporate social responsibility include our environmental and climate policy and our occupational health and safety policy. Our environmental and climate policy is based on environmentally and energy responsible operations and is an integral part of the group's objectives for product quality conditions. Our occupational health and safety policy aims to achieve continuous improvements in employee safety, health, and overall satisfaction.

Kevin Murphy Europe A/S is aware of the group's corporate social responsibility in the regions and countries where the group operates its activities.

The group conducts its operations in accordance with national and local laws and regulations concerning employee social conditions, environmental and climate issues, as well as all corporate and tax matters.

In addition to the group's compliance with national and local regulations, specific Key Performance Indicators (KPIs), due diligence processes, or explicit corporate social responsibility policies are not used.

*Activities*
In relation to occupational health and safety, we systematically work on continuous improvements in all group companies. Ongoing occupational health and safety surveys are conducted in accordance with the respective countries' legislation. Management's assessment is that the working environment is at a satisfactory level. Concerning corporate social responsibility in other countries, the senior management closely monitors developments.

*Results*
Management assesses that the work on environmental and occupational health and safety positively contributes to the company's reputation and efficiency. Kevin Murphy Europe A/S has improved its performance on key environmental and occupational health and safety indicators in recent years.

**Human rights**
The group's corporate social responsibility policies include human rights policies. It is the group's intention to ensure that suppliers' employees have the right to establish trade unions, that men and women are employed on equal terms, and that suppliers do not engage in child labor.

**Target figures and policies for the underrepresented gender**
Quote from the European Convention on Human Rights

"Prohibition of Discrimination
The enjoyment of the rights and freedoms set forth in this Convention shall be secured without discrimination on any ground such as sex, race, color, language, religion, political or other opinion, national or social origin, association with a national minority, property, birth, or other status."
Source: (The European Convention on Human Rights, Article 14)

Kevin Murphy Europe A/S's goal is to achieve a balanced gender composition in the top management of the group, while also taking into consideration that the most suitable person, is appointed to lead the group.

*Target figure for the executive board*
The executive board Kevin Murphy Europe A/S, currently consists of 3 members, with two being male and one being female. The composition of the executive board remains unchanged compared to last year. The company has set a goal to achieve an executive board composition of approximately 33/66% (female/men) by the end of 2024 and 33/66% (female/men) by the end of 2025.

*Statement on the Underrepresented Gender in the Group*
Group has chosen to set and report targets solely for the underrepresented gender in the management in the companies within the group that, by virtue of their accounting class, are subject to SEL § 139 and ÅRL § 99 b.

## Management's Review

The policy, efforts, and results mentioned above for increasing women's representation at management level include all companies within the group that are required to report in accordance with ÅRL § 99 b.

**Data ethics**

The group focuses on data ethics issues in the company's economic activities, where data is collected, processed, and used solely for ethical and financially responsible purposes. If the group increasingly implements and utilizes algorithms for data analysis in the future, a specific data ethics policy will be developed and implemented. In the immediate future, the group will only focus on enhancing compliance with data protection laws and the protection of critical business data of customers, suppliers, and other business partners.

## Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:

| | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|---|---|---|---|---|
| Income Statement | | | | | |
| Net turnover | 55.043.629 | 45.408.282 | 38.714.891 | 30.838.509 | 34.451.031 |
| EBITDA | 9.728.777 | 8.970.238 | 9.467.930 | 2.384.207 | 5.112.475 |
| Operating profit/loss | 7.948.416 | 8.962.491 | 9.464.030 | 2.380.492 | 5.110.262 |
| Net financial income and expenses | -94.139 | -1.223.766 | 283.979 | -386.640 | -302.904 |
| Profit/loss before tax | 7.854.277 | 7.738.725 | 9.748.009 | 1.993.852 | 4.807.357 |
| Tax | -2.020.598 | -1.729.902 | -2.145.708 | -442.081 | -1.070.542 |
| Profit/loss for the year | 5.833.679 | 6.008.823 | 7.602.301 | 1.551.771 | 3.736.815 |
| | | | | | |
| Balance | | | | | |
| Investment in non-current assets | 89.306 | 23.863 | 0 | 2.952 | 6.556 |
| Total fixed assets | 2.678.263 | 61.408 | 43.195 | 50.604 | 41.790 |
| Current assets | 24.315.260 | 22.735.896 | 22.048.189 | 17.405.199 | 16.757.546 |
| Total assets | 26.993.523 | 22.797.304 | 22.091.384 | 17.455.645 | 16.799.013 |
| | | | | | |
| Total equity | 16.206.401 | 16.122.722 | 14.554.950 | 10.820.300 | 8.982.539 |
| Provision for deferred tax | 0 | 0 | 0 | 158 | 323 |
| Total liabilities | 10.787.122 | 6.674.582 | 7.536.435 | 6.635.345 | 7.816.473 |
| Total equity and liabilities | 26.993.523 | 22.797.304 | 22.091.384 | 17.455.645 | 16.799.013 |
| | | | | | |
| Key figures | | | | | |
| Profit margin (%) | 14,44 | 19,74 | 24,45 | 7,72 | 14,83 |
| Return on equity (ROE) (%) | 36,09 | 38,21 | 61,83 | 15,45 | 52,53 |
| Return on capital employed (%) | 31,93 | 39,11 | 49,45 | 13,69 | 33,52 |
| Acid test ratio I | 255,15 | 340,63 | 293,00 | 262,00 | 214,00 |
| Equity interest (equity ratio) (%) | 60,04 | 70,72 | 65,89 | 61,99 | 53,47 |

For definitions of key ratios, see Accounting and Valuation Principles

# Accounting Policies

**Reporting Class**
The annual report of Kevin Murphy Europe A/S for 2022/23 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

**Changed accounting policies, estimates and errors**
Accounting policies have been changed as follows:

The presentation currency has been changed from USD to EUR due to significant transactions conducted by the company in EUR.

The presentation currency has been changed by recalculate the opening balance sheet figures at the exchange rate on 30.06.2022. The figures for the comparative year have been recalculated so that assets and liabilities are recalculated at the balance sheet date's exchange rate, and the income statement is recalculated at the average exchange rate.

Comparative figures have been restated to reflect the change in accounting policies in conformity with the Danish Financial Statements Act.

The accumulated effect of the change in accounting policies recognised no effect in all the financial figures.

Apart from the above mentioned areas, the accounting policies are consistent with those of the previous year.

Comparative figures have been adapted to the changed accounting policies.

**Reporting currency**
The annual report is submitted in EUR.

The exchange rate as per 30 June 2023 is 744,76 DKK for 100 EUR.

**Translation policies**
Transactions in foreign currencies are translated into EUR at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into EUR based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the income statement under financial income and expenses.

# Accounting Policies

## General information

**Basis of recognition and measurement**
The financial statement have been prepared under the historical cost principle.

Income is recognised in the income statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortized cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statement, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## Income statement

**Revenue**
Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised excluding VAT and all discounts granted are recognised in revenue.

**Other operating income**
Other operating income comprises items of a secondary nature to the activities of the enterprises, including profits on sale of intangible and tangible assets.

**Raw materials and consumables used**
Costs for raw materials and consumables comprise the cost of goods purchased less discounts, costs subcontractors and change in inventories for the year.

**Other external expenses**
Other external expenses include expenses for distribution, sales, advertising, administration, premises, bad debts, operating leasing expenses etc.

**Staff costs**
Staff costs include wages and salaries including compensated absence and pension to the Companies employees, as well as other social security contributions etc. The item is deducted from refunds from public authorities.

Other staff expenses are recognised in other external expenses.

## Accounting Policies

**Amortisation and impairment of tangible and intangible assets**
Amortization and impairment of intangible assets, property, plant and equipment has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortized on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

| | Useful life | Residual value |
|---|---|---|
| Other fixtures and fittings, tools and equipment | 3-10 years | 0% |

Profit or loss resulting from the sale of intangible assets or property, plant and equipment is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the income statement under other operating income or expenses.

**Financial income and expenses**
Financial income and expenses are recognised in the income statement based at the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, financial expenses of finance leases, realised and unrealised capital gains and losses regarding securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the advance-payment of tax scheme.

Dividends from other investments are recognised as income in the financial year in which the dividends are declared.

**Tax on net profit for the year**
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The Company and the Danish associates are taxed jointly. The Danish income tax is distributed between profit- and loss-making Danish enterprises in relation to their taxable income (full distribution).

## Balance sheet

**Property, plant and equipment**
Property, plant and equipment are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the data of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use. The cost of self-constructed assets includes costs for materials, components, subcontractors, direct payroll costs and indirect production costs.

The cost of composite asset is disaggregated into components, which are separately depreciated if the useful lives of the individual component differ.

## Accounting Policies

**Other investments**
Investments in unlisted companies are recognised in the balance sheet at cost. The cost includes the purchase consideration calculated at fair value plus direct acquisition costs. Where the net realizable value is lower than cost, the investments are written down to this lower value. Realised and unrealised capital gains and losses are recognised in the income statement.

**Inventories**
Inventories are measured at cost on the basis of the FIFO principle. Where the net realizable value is lower than cost, the inventories are written down to this lower value.

The net realizable value of inventories is calculated as the selling price less costs of completion and costs incurred to make the sale. The value is determined taking into account the negotiability of inventories, obsolescence and expected development in sales price.

The cost of goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

**Receivables**
Receivables are measured at amortized cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

**Accrued income, assets**
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

**Equity**
Equity comprises the working capital and a number of equity items that may be statutory or stipulated in the articles of association.

**Dividend**
Proposed dividend for the year are recognised as a separate item under equity. Proposed dividends are recognised as a liability when approved by the Annual General Meeting.

**Provisions**
**Deferred tax**
Deferred tax and the associated adjustments for the year are determined according to the liability method as the tax base of all temporary differences between carrying amounts and the tax bases of assets and liabilities.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are recognised at the value at which they are expected to be used, either by elimination in tax on future earnings or by set-off against deferred tax liabilities in enterprises within the same legal entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax.

**Current tax liabilities**
Current tax liabilities and current tax receivables are recognised in the balance sheet as estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

## Accounting Policies

**Liabilities**
Financial liabilities are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the life of the financial instrument.

Mortgage debt is accordingly measured at amortized cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortized cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other liabilities are measured at net realisable value.

**Other payables**
Other payables are measured at amortized cost, which usually corresponds to the nominal value.

**Contingent assets and liabilities**
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

# Accounting Policies

## Accounting policies cash flow statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortization and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible assets and property, plant and equipment as well as investments.

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

## Explanation of financial ratios

| | | |
|---|---|---|
| Profit margin | = | Operating profit (EBIT) X 100<br>Revenue |
| Return on equity (%) | = | Profit/loss for the year<br>Avg. equity |
| Return on capital employed (%) | = | (Operating profit + Financial income) X 100<br>Avg. assets |
| Acid test ratio I | = | Total current assets<br>Short-term liabilities |
| Equity interest (equity ratio) (%) | = | Total equity X 100<br>Total liabilities |

## Income Statement

| | Note | 2022/23 EUR | 2021/22 EUR |
|---|---|---|---|
| Revenue | 1 | 55.043.629 | 45.408.282 |
| Other operating income | | 2.486.437 | 1.627.774 |
| Cost of goods sold | | -31.906.766 | -24.987.161 |
| Other external expenses | | -12.725.639 | -10.377.603 |
| **Gross profit** | | **12.897.661** | **11.671.292** |
| Other employee expense | 2 | -3.611.209 | -2.701.054 |
| Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss | | -31.750 | -7.747 |
| Writedowns of current assets, that exceed normal writedowns | 3 | -1.306.286 | 0 |
| **Profit from ordinary operating activities** | | **7.948.416** | **8.962.491** |
| Finance income | 4 | 37.699 | 0 |
| Finance expenses | | -131.838 | -1.223.766 |
| **Profit from ordinary activities before tax** | | **7.854.277** | **7.738.725** |
| Tax expense on ordinary activities | 5 | -2.020.598 | -1.729.902 |
| **Profit** | 6 | **5.833.679** | **6.008.823** |

Kevin Murphy Europe A/S

## Balance Sheet as of 30 June

| | Note | 2023 EUR | 2022 EUR |
|---|---|---|---|
| **Assets** | | | |
| Fixtures, fittings, tools and equipment | 7 | 9.298 | 1.583 |
| Leasehold improvements | 8 | 69.628 | 19.787 |
| **Property, plant and equipment** | | **78.926** | **21.370** |
| Long-term receivables from group enterprises | 9 | 2.541.769 | 0 |
| Deposits | 10 | 57.568 | 40.038 |
| **Investments** | | **2.599.337** | **40.038** |
| **Fixed assets** | | **2.678.263** | **61.408** |
| Manufactured goods and goods for resale | | 13.051.545 | 11.999.515 |
| **Inventories** | | **13.051.545** | **11.999.515** |
| Short-term trade receivables | | 6.380.851 | 6.985.872 |
| Short-term receivables from group enterprises | | 887.057 | 464.510 |
| Current deferred tax | 11 | 12.573 | 629 |
| Other receivables | | 579.715 | 954.901 |
| Deferred income assets | 12 | 1.018.926 | 322.019 |
| **Receivables** | | **8.879.122** | **8.727.931** |
| **Cash and cash equivalents** | | **2.384.593** | **2.008.450** |
| **Current assets** | | **24.315.260** | **22.735.896** |
| **Assets** | | **26.993.523** | **22.797.304** |

## Balance Sheet as of 30 June

| | Note | 2023<br>EUR | 2022<br>EUR |
|---|---|---|---|
| **Liabilities and equity** | | | |
| Contributed capital | | 67.211 | 67.211 |
| Retained earnings | | 16.139.190 | 16.055.511 |
| **Equity** | | **16.206.401** | **16.122.722** |
| Debt to banks | | 1.257.250 | 0 |
| **Long-term liabilities other than provisions** | 13 | **1.257.250** | **0** |
| Short-term part of long-term liabilities other than provisions | | 296.000 | 0 |
| Trade payables | | 2.622.863 | 3.320.751 |
| Payables to group enterprises | | 4.087.921 | 1.264.050 |
| Tax payables | | 1.101.147 | 1.606.844 |
| Tax payables to group enterprises | | 629.210 | 0 |
| Other payables | | 792.731 | 482.937 |
| **Short-term liabilities other than provisions** | | **9.529.872** | **6.674.582** |
| **Liabilities other than provisions within the business** | | **10.787.122** | **6.674.582** |
| **Liabilities and equity** | | **26.993.523** | **22.797.304** |

| | |
|---|---|
| Contingent liabilities | 14 |
| Collaterals and assets pledges as security | 15 |
| Ownership | 16 |
| Related parties | 17 |
| Fees for auditors elected on the general meeting | 18 |

Kevin Murphy Europe A/S

## Statement of changes in Equity

| | Contributed capital | Retained earnings | Extraordinary dividend recognised in equity | Total |
|---|---|---|---|---|
| Equity 1 July 2022 | 67.211 | 16.055.511 | 0 | 16.122.722 |
| Profit (loss) | 0 | 83.679 | 5.750.000 | 5.833.679 |
| Extraordinary dividend paid | 0 | 0 | -5.750.000 | -5.750.000 |
| **Equity 30 June 2023** | **67.211** | **16.139.190** | **0** | **16.206.401** |

## Cash Flow Statement

| | 2022/23<br>EUR | 2021/22<br>EUR |
|---|---|---|
| Profit | 5.833.679 | 6.008.823 |
| Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets | 31.750 | 7.747 |
| Writedowns of current assets | 1.306.286 | 0 |
| Adjustments of tax expense | 2.032.542 | 1.707.056 |
| Adjustments for deferred tax | -11.944 | -305 |
| Decrease (increase) in inventories | -1.052.031 | -2.379.129 |
| Decrease (increase) in receivables | -3.987.302 | -756.085 |
| Decrease (increase) in trade payables | 2.435.777 | -1.060.635 |
| **Cash flow from ordinary operating activities** | **6.588.757** | **3.527.472** |
| Income taxes paid | -1.909.028 | -2.379.129 |
| **Cash flows from operating activities** | **4.679.729** | **1.148.343** |
| | | |
| Purchase of property, plant and equipment | -89.306 | -23.863 |
| Purchase of investments | -17.530 | -3.992 |
| **Cash flows from investing activities** | **-106.836** | **-27.855** |
| | | |
| Proceeds from long-term liabilities | 1.635.000 | 0 |
| Repayments of long-term liabilities | -81.750 | 0 |
| Dividend paid | -5.750.000 | -5.281.068 |
| **Cash flows from financing activities** | **-4.196.750** | **-5.281.068** |
| | | |
| **Net increase (decrease) in cash and cash equivalents** | **376.143** | **-4.160.580** |
| Cash and cash equivalents, beginning balance | 2.008.450 | 5.814.974 |
| Exchange rate adjustments | 0 | 354.056 |
| **Cash and cash equivalents, ending balance** | **2.384.593** | **2.008.450** |

## Notes

| | 2022/23 | 2021/22 |
|---|---|---|
| **1. Revenue** | | |
| Sale of goods | 55.043.629 | 45.408.282 |
| | **55.043.629** | **45.408.282** |
| | | |
| **Revenue segmentation** | | |
| Africa | 449.132 | 410.492 |
| Commonwealth of Independent States | 2.492.369 | 1.917.380 |
| European Economic Area | 45.449.900 | 39.115.340 |
| Middle East | 1.586.128 | 1.492.031 |
| North America | 5.066.100 | 2.473.039 |
| | **55.043.629** | **45.408.282** |
| | | |
| **2. Salaries & Wages** | | |
| Wages and salaries | 3.235.621 | 2.448.825 |
| Post-employement benefit expense | 351.779 | 237.128 |
| Social security contributions | 23.809 | 15.101 |
| | **3.611.209** | **2.701.054** |
| | | |
| *Hereof remuneration to management* | | |
| Management | 814.437 | 675.091 |
| | **814.437** | **675.091** |
| | | |
| Average number of employees | 30 | 24 |
| | | |
| **3. Writedowns of current assets, that exceed normal writedowns** | | |
| Impairment of short-term receivables | 1.306.286 | 0 |
| **Balance at the end of the year** | **1.306.286** | **0** |
| | | |
| **4. Finance income** | | |
| Finance income from group enterprises | 11.311 | 0 |
| Other finance income | 26.388 | 0 |
| | **37.699** | **0** |
| | | |
| **5. Tax expense on ordinary activities** | | |
| Current tax for the year | 2.032.542 | 1.707.056 |
| Adjustments for deferred tax | -11.944 | -305 |
| Adjustments for current tax of prior period | 0 | 23.151 |
| | **2.020.598** | **1.729.902** |
| | | |
| **6. Distribution of profit** | | |
| Proposed extraordinary dividend | 5.750.000 | 5.745.541 |
| Retained earnings | 83.679 | 263.282 |
| | **5.833.679** | **6.008.823** |

## Notes

| | 2022/23 | 2021/22 |
|---|---|---|
| **7. Fixtures, fittings, tools and equipment** | | |
| Cost at the beginning of the year | 16.839 | 16.839 |
| Addition during the year, incl. improvements | 9.295 | 0 |
| **Cost at the end of the year** | **26.134** | **16.839** |
| | | |
| Depreciation and amortisation at the beginning of the year | -15.256 | -11.676 |
| Amortisation for the year | -1.580 | -3.580 |
| **Impairment losses and amortisation at the end of the year** | **-16.836** | **-15.256** |
| | | |
| **Carrying amount at the end of the year** | **9.298** | **1.583** |
| **8. Leasehold improvements** | | |
| Cost at the beginning of the year | 24.526 | 24.526 |
| Addition during the year, incl. improvements | 80.011 | 0 |
| **Cost at the end of the year** | **104.537** | **24.526** |
| | | |
| Depreciation and amortisation at the beginning of the year | -4.739 | -4.739 |
| Amortisation for the year | -30.170 | 0 |
| **Impairment losses and amortisation at the end of the year** | **-34.909** | **-4.739** |
| | | |
| **Carrying amount at the end of the year** | **69.628** | **19.787** |
| **9. Long-term receivables from group enterprises** | | |
| Cost at the beginning of the year | 0 | 0 |
| Addition during the year | 2.541.769 | 0 |
| **Cost at the end of the year** | **2.541.769** | **0** |
| | | |
| **Carrying amount at the end of the year** | **2.541.769** | **0** |
| **10. Deposits** | | |
| Cost at the beginning of the year | 40.038 | 35.893 |
| Addition during the year | 17.530 | 4.145 |
| **Cost at the end of the year** | **57.568** | **40.038** |
| | | |
| **Carrying amount at the end of the year** | **57.568** | **40.038** |

## Notes

| | 2022/23 | 2021/22 |
|---|---|---|
| **11. Provisions for deferred tax** | | |
| Deferred tax, opening balance | 629 | 324 |
| Recognized in the income statement for the financial year | 11.944 | 305 |
| **Balance at the end of the year** | **12.573** | **629** |
| | | |
| Deferred tax consist of: | | |
| Property, plant and equipment | 752 | 629 |
| Borrowing expenses | 11.821 | 0 |
| | **12.573** | **629** |

### 12. Deferred expenses

| | | |
|---|---|---|
| Prepaid insurance | 2.491 | 2.190 |
| Deferred expenses | 1.016.435 | 319.829 |
| **Balance at the end of the year** | **1.018.926** | **322.019** |

### 13. Long-term liabilities

| | Due after 1 year | Due within 1 year | Due after 5 years |
|---|---|---|---|
| Debt to banks | 1.257.250 | 296.000 | 0 |
| | **1.257.250** | **296.000** | **0** |

### 14. Contingent liabilities

The company has entered into rental agreements, which can be terminated within 1-6 months notice equal to t.EUR 98.

The company has entered into leasing agreements which run from 11 - 34 months after the financial year, amounting to a leasing obligation of t.EUR 18 where t.EUR 15 will be paid within a year.

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

### 15. Collaterals and securities

As collateral for debt to financial institutions t.EUR 1,553, the company has provided company pledge, total t.EUR. 4,297, in fixtures, fittings, tools and equipment, inventories and short-term trade receivables which financial value per June 30th 2023 is:
- Fixtures, fittings, tools and equipment, t.EUR. 9.
- Inventory t.EUR 13,052.
- Short-term trade receivables, t.EUR. 6,381.

The company has submitted a withdrawal declaration and letter of support of t.EUR 1,645 for Omni Blonde A/S.

## Notes

| | 2022/23 | 2021/22 |
|---|---|---|

### 16. Ownership

Kevin Murphy Group Pty Ltd.
c/o OnCore Legal Services
Level 10
239 George Street, Brisbane, QLD 4000
Australia.

Kevin Murphy Group Pty Ltd owns 100 % of the shares in Kevin Murphy Europe A/S.

Kevin Murphy Group Pty Ltd prepares the consolidated financial statement in which Kevin Murphy Europe A/S is included as a subsidiary. The consolidated financial statement can be obtained from XXX.

### 17. Related parties

Dominant participation
Kevin Murphy Group Pty Ltd
c/o OnCore Legal Services
Level 10
239 George Street, Brisbane, QLD 4000
Australia.

Related party transactions:
All transactions with related parties during the financial year have been completed on market terms.
Thus, no furter informations about transactions with related parties is disclosed ind accordance with §98 of the danish financial statments act.

### 18. Fees for auditors elected on the general meeting

| | 2022/23 | 2021/22 |
|---|---|---|
| Statutory audit | 28.197 | 26.885 |
| Tax consultancy | 3.525 | 3.361 |
| Other services | 30.379 | 3.361 |
| | **62.101** | **33.607** |