

Unilever Danmark A/S

Ørestads Boulevard 73

2300 København S

CVR No 45963128

Annual Report 2019

The Annual Report was presented and approved at the Annual General Meeting of the Company on 23 June 2020

DocuSigned by:

Gunilla Leonardsson

4965BB29EF1949E...

Chairman

Unilever Danmark A/S

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Unilever Danmark A/S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Unilever Danmark A/S for the financial year 1 January - 31 December 2019.

The Annual Report has been prepared 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 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

Copenhagen, 23 June 2020

Executive Board

DocuSigned by:

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Bjarne Steen Jensen
Man. Director

Board of Directors

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Gunilla Maria Leonardsson
Chairman of the Board

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Patricia Juliá Lerche

DocuSigned by:

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Nina Hald Dalgaard

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Kenneth Hansen
Employee Representative

Unilever Danmark A/S

Independent auditor's report

To the shareholders of Unilever Danmark A/S

Opinion

We have audited the financial statements of Unilever Danmark A/S for the financial year 1 January - 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including 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 Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. 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 that 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 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 liquidate the Company 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company 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 Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Unilever Danmark A/S

Independent auditor's report

- 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 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 assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility 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 our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 23 June 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR-no. 25578198

DocuSigned by:

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Jon Beck
State Authorised
Public Accountant
mne32169

Unilever Danmark A/S

Company details

Company	Unilever Danmark A/S Ørestads Boulevard 73 2300 København S
Website	www.unilever.dk
CVR No.	45963128
Date of formation	28 February 1939
Registered office	Copenhagen
Financial year	1 January 2019 - 31 December 2019
Supervisory Board	Gunilla Maria Leonardsson, Chairman of the Board Patricia Juliá Lerche Nina Hald Dalgaard Kenneth Hansen, Employee Representative
Executive Board	Bjarne Steen Jensen, Man. Director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø CVR-no.25578198

Unilever Danmark A/S

Management Commentary

Principal activities

Unilever operates in the fast-moving consumer goods industry. In 2019, the Company operated across four categories: Beauty & Personal Care, Home Care, Foods and Refreshment.

Development in activities and financial position

2019 was a year where we were able to bring profit back to parts of the business, furthermore, strengthen with the fact that Unilever won a CSR award given by the biggest Danish retailer Salling group.

In 2019 Unilever further developed the business outside traditional retail and continued a retention rate at a strong general industry level.

The Company realized a profit for the year of T DKK 3.592 (2018: profit of T DKK 2.999), and the Company's total Assets and Equity at 31 December 2019 amount to T DKK 437.131 (2018: T DKK 420.426) and T DKK 251.588 (2018: T DKK 250.995), respectively.

Ice Cream sales had a significant decline in 2019, mainly due to the weather which was normalized versus the extreme great weather in 2018. In Personal Care a decline in activity was also a reality where price increases were implemented during the year causing a decrease in volume.

Within Dressing we continued to grow in 2019, driven by a solid performance within Mustards and Mayonnaise. Also, Home Care delivered a solid growth throughout the year.

The result for 2019 is higher than last year and in line with prior year target and with a continuing focus on profitability.

Unilever Danmark A/S continues to pursue strategy and vision in line with the global group and cooperates closely with other Nordic countries. The focus remains on simplifying the business and finding synergies while maintaining a strong focus on local customers and consumers.

Changes in the market such as increased digitalization, changing consumer habits and new sales channels place demands on Unilever's way of working. In order to better and faster meet these changes, a new organizational model "Connected 4 growth" was introduced in 2016, which is to create a faster, more efficient and more customer - and consumer - centered organization.

Outlook 2020

Key focus 2020 is to create value for the market for both our customers and Unilever, and secure that Unilever's CSR capabilities will be utilized in close co-operation with our customers, furthermore it will also be the year where Unilever will step change its footprint in relation to digitalization.

We expect a result for the year 2020 where turnover is increasing versus 2019, and also some improvement on profit.

Corporate social responsibility

Unilever Danmark A/S is included in the consolidated accounts of Unilever N.V, where the Corporate Social Responsibility statement, including environment, human rights and climate are presented (p.8 to 22). The company therefore does not present it in the Annual Report, cf. Danish Financial Statement Act §99a, section 7.

The Annual Report of Unilever N.V can be found using the link.

<https://www.unilever.com/investor-relations/annual-report-and-accounts/>

Unilever Danmark A/S

Goals and policies for the underrepresented gender

The Company has a policy for gender balance in the Board of Directors and other management levels.

For the gender balance of the Board of Directors, the company has set the following goals:

The Company continues to have a target of 33% of the underrepresented gender among the members elected by the general Assembly. When it comes to the employee-elected Board members, the Board will still need to make an extraordinary effort to encourage candidates of the underrepresented gender to make up for being elected to the Board of Directors when elections are held. There are currently 75/25 female/male employee-representatives in the Board. Next election will be held in 2020.

The target for other management levels is to have 50% representation per gender. The target was the same in 2018 and at the end of 2019 the current proportion of women in other management levels is 42%, which is an increase from prior year (2018: 36%). In order to ensure that the proportion of women on other management levels of the company increases, the Board of Directors has implemented the following activities to the extent that it is deemed relevant.

Work to ensure that company policies reflects that women and men will have equal career opportunities including the recruitment procedures and promotions,

- Work to ensure that company policies reflects that women and men will have equal career opportunities including the recruitment procedures and promotions
- Create development programs that help to visualize female leadership talents.
- Ensure that there are both female and male candidates shortlisted for internal and external recruitment.
- Ensure that recruiting staff know about this management philosophy and has included this policy in their specific recruitment procedure.
- Ensure that instructions are given to external headhunters so that both qualified female and male candidates are recommended. The ambition is that all shortlists should contain 50/50 female/male candidates.

Risks

Unilever Danmark A/S act as a low risk distributor (LRD) delivering sales and marketing services to Unilever Europe BV (Principal) for a remuneration. The Principal is carrying all business-related risks.

Currency risks

Currency risks for the European business are managed by Unilever Europe BV (UEBV) and UEBV applies FX hedging in line with the corporate guidelines.

Interest risks

Interest risk for the whole group are managed by Unilever Global Treasury department.

Price risks

UEBV manages the risk on commodity process and applies commodity hedging, in line with corporate CRM policies. Local company Denmark implements pricing (on instruction of UEBV) to offset impact of commodity price changes.

Unilever Danmark A/S

Environmental matters

Unilever Danmark A/S' operations are based on Unilever's global principles of sustainable development and continuous improvement. The company operates responsibly and takes into account the demands of both society and the surrounding environment.

Unilever Danmark A/S activities, including sales, use, storage and disposal of products is subject to a number of environmental laws and regulations. The environmental risks are monitored both locally and from the head office, so loads of the external environment is either prevented, remedied or minimized. At the Nordic level, we have set environmental targets to reduce the environmental burden of our operations.

We are not aware of any significant individual environmental risks at the balance sheet date.

The Group-level Sustainable Development Program is published annually and is available on the company's website at www.unilever.com/sustainable-living/.

Intellectual capital

Unilever Danmark A/S employees play an important role in the strategic changes made in recent years. The company continuously strives to maintain a positive working environment to encourage employees to reach the strategic goal.

Events after the balance sheet date

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

The Board of Unilever Danmark AS has assessed the impact of the outbreak and rapidly expanding Corona virus pandemic at the beginning of 2020 on the company's market environment, employees and business. So far, the viral pandemic has not had a significant impact on the demand for the company's products. The Board of Directors and management closely monitors the development of the coronavirus situation and updates its assessment of the impact of the pandemic as the situation progresses.

Unilever Danmark A/S**Key Figures and Financial Ratios**

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

Key figures are in million kr.

	2019	2018	2017	2016	2015
Revenue	1.368	1.418	1.392	1.474	1.441
Operating profit	15	17	29	20	48
Profit from financial income and expenses	-	1	1	-	-
Profit for the year	4	3	16	7	32
Total assets	437	420	403	396	445
Investment in property, plant and equipment	11	3	5	5	6
Total equity	252	251	264	254	280
Avg. number of full-time employees	208	222	228	235	237
Gross profit (%)	21,02	21,86	22,93	21,37	24,60
Profit margin (%)	1,07	1,23	2,08	1,32	3,30
Return on capital employed (%)	3,46	4,37	7,43	4,64	10,20
Solvency ratio (%)	57,55	59,70	65,51	64,26	62,81
Return on equity (ROE) (%)	1,43	1,17	6,22	2,62	12,13

For definitions of key ratios, see Accounting policies on page 23.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Ratios".

Unilever Danmark A/S

Financial statements 1 January - 31 December

Income Statement

	Note	2019 T DKK	2018 T DKK
Revenue	1	1.367.602	1.417.549
Production costs	2, 3	<u>-1.080.075</u>	<u>-1.107.722</u>
Gross profit		<u>287.527</u>	<u>309.827</u>
Distribution costs	2, 3	-252.466	-279.072
Administrative expenses	2, 3	-25.272	-24.389
Other operating income		<u>4.852</u>	<u>11.005</u>
Operating profit		14.641	17.371
Other financial income		412	1.005
Other financial expenses	4	<u>-209</u>	<u>-30</u>
Profit from ordinary activities before tax		14.844	18.346
Tax on profit for the year	5	<u>-11.252</u>	<u>-15.347</u>
Profit for the year	6	<u>3.592</u>	<u>2.999</u>

Unilever Danmark A/S

Financial statements 1 January - 31 December

Balance Sheet as of 31 December

Assets	Note	2019 T DKK	2018 T DKK
Acquired trademarks		12.351	24.702
Goodwill		15.116	30.481
Intangible assets	7	27.467	55.183
Other fixtures, fittings, tools and equipment		21.417	21.335
Property, plant and equipment in progress		3.689	295
Property, plant and equipment	8	25.106	21.630
Deposits		1.931	2.467
Fixed assets investments	9	1.931	2.467
Fixed assets		54.504	79.280
Manufactured goods and goods for resale		1.548	1.515
Inventories		1.548	1.515
Trade receivables		176.616	162.146
Receivables from group enterprises		201.403	173.861
Deferred tax	10	278	452
Other receivables		172	1.264
Receivables		378.469	337.723
Cash		2.610	1.908
Current assets		382.627	341.146
Assets		437.131	420.426

Unilever Danmark A/S

Financial statements 1 January - 31 December

	Note	2019 T DKK	2018 T DKK
Liabilities and equity			
Contributed capital	11	190.205	190.205
Retained earnings		57.791	57.791
Proposed dividend		3.592	2.999
Equity		251.588	250.995
Trade payables		65.722	50.108
Payables to group enterprises		76.391	61.360
Income tax payable		1.776	5.971
Other payables		41.654	51.992
Current liabilities other than provisions		185.543	169.431
Liabilities other than provisions		185.543	169.431
Equity and liabilities		437.131	420.426
Unrecognized rental and lease commitments	12		
Contingent liabilities	13		
Related parties with controlling interest	14		
Fees for auditors elected on the general meeting	15		

Unilever Danmark A/S**Financial statements 1 January - 31 December****Statement of changes in Equity**

	Contributed capital	Retained earnings	Proposed dividend	Total
Equity beginning of year	190.205	57.791	2.999	250.995
Ordinary dividend paid	-	-	-2.999	-2.999
Profit for the year	-	-	3.592	3.592
Equity end of year	190.205	57.791	3.592	251.588

Unilever Danmark A/S

Financial statements 1 January - 31 December

Notes

	2019	2018
	T DKK	T DKK
1. Revenue		
Revenue by geographical market		
Domestic	1.278.091	1.333.672
Foreign	89.511	83.805
Domestic and foreign	-	72
	1.367.602	1.417.549
Revenue by activity		
Home Care and personal care	523.664	525.315
Foods, refreshments and Ice cream	843.938	892.234
	1.367.602	1.417.549
2. Staff costs		
Average number of employees	208	222
	2019	2018
	T DKK	T DKK
Wages and salaries	113.328	122.441
Pension	12.229	13.486
Other social security costs	1.984	2.509
	127.541	138.436
	2019	2018
	T DKK	T DKK
<i>Staff costs are allocated as follows in the income statement</i>		
Production costs	9.236	9.842
Distribution costs	103.720	109.182
Administration costs	14.585	19.412
	127.541	138.436
<i>Hereof remuneration to The Executive board and board of directors</i>		
Wages and salaries to the Executive board <i>and board of directors</i>	1.983	2.022
Pension to the Executive board <i>and board of directors</i>	392	285
	2.375	2.307

Referring to the Danish Financial Statement Act §98B, section 3.1 salaries has not been separated between the Executive Board and the Board of Directors.

Unilever Danmark A/S**Financial statements 1 January - 31 December****Notes****Incentive schemes for Management**

All employees are included in Unilever's compensation program, which includes bonus and share award programs. The level of bonus possibility depends on the level of managerial responsibility; pay-out depends on individual and organizational performance.

Special incentive programmes

Unilever offers two types of share schemes.

Manager Co Investment Plan (MCIP):

Managers can choose to invest up to 100% of the yearly bonus in Unilever shares. Unilever is matching the equivalent number of shares (Matching shares).

Matching shares are vesting after 4 years provided the manager is still employed in the Company.

Global shares plans:

Non-executive employees can choose to invest part of their salary in Unilever shares (Investment shares). Every third month Unilever will match every third investment share with one share.

To get the matching share the employee needs to retain share in minimum 3 years.

	2019	2018
	T DKK	T DKK
3. Depreciation, amortisation and impairment of intangible and tangible assets		
Intangible Assets		
Production costs	27.716	38.987
	<u>27.716</u>	<u>38.987</u>
Tangible assets		
Distribution costs	6.081	6.500
Administration costs	409	459
	<u>6.490</u>	<u>6.959</u>

Decreased depreciation in 2019 compared relates to a 2018 year adjustment of 13 608 T DKK in accumulated amortization of Goodwill and Trademarks. Goodwill and trademarks are amortized on a straight-line basis over 10 years. During 2018 it was noted that the accumulated amortization was understated due to an incorrect usage of useful life in the calculation of amortization in previous years. This was corrected in 2018 to reflect the correct net book value of goodwill and trademark.

4. Other financial expenses

Financial expenses from group enterprises	2	-
Other financial expenses	207	30
	<u>209</u>	<u>30</u>

Unilever Danmark A/S

Financial statements 1 January - 31 December

Notes

	2019	2018
	T DKK	T DKK
5. Tax on profit for the year		
Current year	9.070	13.719
Change in deferred tax	174	2.278
Adjustment concerning previous years	2.008	-650
	11.252	15.347
6. Proposed distribution of profit		
Ordinary dividend for the financial year	3.592	2.999
	3.592	2.999
	Acquired	Goodwill
	trademarks	T DKK
	T DKK	
7. Intangible assets		
Cost beginning of year	123.510	948.691
Cost end of year	123.510	948.691
Amortisation and impairment losses beginning of the year	-98.808	-918.210
Amortisation for the year	-12.351	-15.365
Amortisation and impairment losses end of the year	-111.159	-933.575
Carrying amount end of year	12.351	15.116
	Other	Property,
	fixtures,	plant and
	fittings,	equipment
	tools and	in progress
	equipment	
	T DKK	T DKK
8. Property, plant and equipment		
Cost beginning of year	119.996	295
Additions	7.113	3.454
Disposals	-14.980	-60
Cost end of year	112.129	3.689
Depreciation and impairment losses beginning of year	-98.662	-
Depreciation for the year	-6.490	-
Reversal regarding disposals	14.440	-
Depreciation and impairment losses end of year	-90.712	-
Carrying amount end of year	21.417	3.689

Unilever Danmark A/S

Financial statements 1 January - 31 December

Notes

	Deposits	
	T DKK	
9. Fixed asset investment		
Cost beginning of year		2.467
Disposal		-536
Cost end of year		<u>1.931</u>
Carrying amount end of year		<u>1.931</u>
	2019	2018
	T DKK	T DKK
10. Deferred tax		
Deferred tax relates to		
Intangible assets	-165	-385
Property, plant and equipment	-186	-220
Trade Receivables	629	1.057
	<u>278</u>	<u>452</u>

The Company recognizes deferred tax assets if management assesses that the tax assets can be offset against positive taxable income in the foreseeable future. The Judgement is made annually and based on budgets and business plans for the coming years. The deferred tax asset is expected to be realized within 1-5 years.

11. Share capital

All shares rank equally.

	2019	2018
	T DKK	T DKK
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity total	32.543	59.541
Commitments from operating leasing		
Within 1 year	10.913	13.636
1 to 5 years	20.551	31.121
After 5 years	1.079	14.784
	<u>32.543</u>	<u>59.541</u>

Included in the above commitments is the lease commitment for rent until end of May 2024, which amounts to 14.690 T DKK (34.293 T DKK as of December 31, 2018).

13. Contingent liabilities

The Company is jointly taxed with other Danish companies in the Unilever Group in accordance with the rules on compulsory Joint taxation. The company is liable unrestricted and jointly with the other companies in the Joint taxation for Danish corporation tax and withholding tax on dividends and interest in Joint taxation.

Unilever Danmark A/S**Financial statements 1 January - 31 December****Notes****14. Related parties with controlling interest**

Unilever Danmark A/S related parties comprise the following:

Control:

Unilever Finland OY, Roineentie 10, 510 Helsinki, Finland

Unilever Danmark A/S is part of the consolidated financial statement of Unilever N.V., Weena 455, 3013 AL Rotterdam, Netherlands, which is both the smallest and largest group, which prepares consolidated financial statements, in which Unilever Danmark A/S is included as a subsidiary. The consolidated financial statement of Unilever N.V. can be obtained by contacting the company at the above address.

Related party transactions:

	2019	2018
	T DKK	T DKK
Purchases of goods from group companies	-800.883	-850.451
Supply chain charges to group companies	-168.175	-182.392
Management fee from group companies	42.972	55.174
Management fee to group companies	-20.150	-16.904
Royalty to group companies	-44.734	-10.886
Other expenses to group companies	-312	-392
Dividend payout to parent company	-2.999	-16.124

Payables and receivables to related parties are disclosed in the balance sheet.

Financial expenses to group companies are disclosed in note 4 Other financial expenses.

Remuneration to the Company's Executive Board and Board of Directors is disclosed in note 2.

15. Fees for auditors elected on the general meeting

Fee to the auditors appointed at the general meeting is not disclosed with reference to the Danish Financial Statements Act §96 (3).

Unilever Danmark A/S

Financial statements 1 January - 31 December

Accounting Policies

Reporting Class

The Annual Report of Unilever Danmark A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Cash Flow Statement

Unilever Danmark A/S' cash flow statement is included in the consolidated accounts of Unilever N.V., Rotterdam, The Netherlands. Unilever Danmark A/S therefore does not present cash flow statement in the annual report, cf. section 86 (4) of the Danish Financial Statements Act.

Reporting currency

The financial statements are presented in thousand Danish kroner.

Translation policies

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realized and unrealized foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Income Statement

Revenue

Income from the sale of goods is recognized in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue. Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Production costs

Production costs are direct and indirect costs incurred for production during the year, including costs for raw materials and consumables, production wages, other external costs as well as amortization and impairment of intangible assets and operating the administration.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year, including costs for sales staff, transport, promotion activities and similar costs as well as depreciation and impairment of tangible assets.

Administration costs

Expenses incurred during the year for management and administration are recognized under administration costs. This includes expenses incurred for the administrative staff, management, offices as well as office expenses, similar expenses, depreciation and impairment of tangible assets.

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 as well as current income relating to certain royalties.

Financial income and expenses

Financial income and expenses are recognized in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realized and unrealized capital gains and losses on debt and foreign currency transactions as well as surcharges and allowances under the tax repayment scheme.

Unilever Danmark A/S**Financial statements 1 January - 31 December****Accounting Policies****Tax on net profit**

Tax on net profit 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 recognized 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). The Company is the administration company for the Danish taxation group.

Balance Sheet**Intangible assets**

Trademarks are measured at cost less accumulated amortization and impairment losses or the recoverable amount, where this is lower. Trademarks are depreciated over a maximum of 10 years.

Goodwill is measured at cost less accumulated amortization and impairment losses. Goodwill is amortized on a straight-line basis, based on an assessment of useful life of 10 years.

Amortization is recognized in the Income Statement under production costs.

Tangible assets

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

Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is available for use. For own-produced assets, the cost includes direct and indirect costs for wage consumption, materials, components and subcontractors.

Amortization and impairment of tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Fixed assets are depreciated on a straight-line basis based on cost, based on the following assessment of useful life and residual values:

	Useful life
Fixtures and fittings, tools and equipment	7-14 years

Depreciation is recognized in the income statement under distribution and administration costs.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognized prospectively.

Profit and loss on sale of tangible assets is calculated as the difference between the selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognized in the income statement under other operating income and other operating expenses.

Financial assets

Deposits are measured at amortized cost. In cases where the cost price exceeds the recoverable amount, there will be a write down to the lower price.

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Accounting Policies

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets is assessed annually for indications of impairment in addition to that expressed by depreciation.

If there are indications of impairment, impairment tests of each asset or groups of connected assets are carried out, impairment losses are made at the recoverable amount if this is lower than the carrying amount.

The recoverable amount of the asset is calculated as the highest value of the net selling price and capital value. If it is not possible to determine a recoverable amount for each asset, the assets are assessed collectively in the smallest group of assets where a reliable recoverable amount can be determined by a comprehensive assessment.

Goodwill and other assets where it is not possible to calculate any own capital value as the asset itself does not generate future cash flows is assessed for impairment with the group of assets to which they can be attributed.

Inventories

Inventories are measured at cost on the basis of the FIFO principle or at the net realizable value if the latter is lower.

Manufactured goods and goods for sale are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realizable value of inventories is calculated as selling price less cost of completion and costs incurred to effect sales and is determined taking into account marketability, uncertainty and development in the expected selling price.

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.

Deferred tax

Deferred tax and the associated adjustments for the year are determined according to the balance-sheet 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 recognized 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. Any deferred net assets are measured at net realizable value.

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.

Equity

Proposed dividend for the year is recognized as a separate item in equity.

Other provisions

Provisions are recognized when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Unilever Danmark A/S**Financial statements 1 January - 31 December****Accounting Policies****Current tax liabilities**

Current tax liabilities and current tax receivables are recognized in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Liabilities

Liabilities are measured at amortized cost which usually corresponds to the nominal value.

Contractual obligations

The Company hasn't entered into financial leases. Thus, leases are considered operating leases. Payments relating to operating leases and other leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Explanation of financial ratios

Gross profit (%)	=	$\frac{\text{Gross profit X 100}}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Operating profit (EBIT) X 100}}{\text{Revenue}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year X 100}}{\text{Average equity}}$
Return on capital employed (%)	=	$\frac{(\text{Operating profit} + \text{Financial income}) \text{ X 100}}{\text{Average assets}}$
Solvency ratio (equity ratio) (%)	=	$\frac{\text{Total equity X 100}}{\text{Total assets}}$