

Beiersdorf A/S

Vesterbrogade 149, DK-1620 Copenhagen

CVR no. 55 64 63 17

Annual report for 2019

Adopted at the annual general meeting
on 13 May 2020


DocuSigned by:
 15. Mai 2020
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Patrick Greve
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Beiersdorf A/S for the financial year 1 January - 31 December 2019.

The annual report is 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 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.


Management recommends that the annual report should be approved by the company in general meeting.


Copenhagen, 13 May 2020

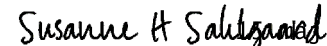
Executive board


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Supervisory board

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 Melanie Schrewe

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 Haggberg Sahlgaard

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 Bo Hammer Aagesen

Independent auditor's report

To the shareholder of Beiersdorf A/S

Opinion

We have audited the financial statements of Beiersdorf A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 requirements.

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 the 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.

Independent auditor's report

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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company'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 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.

Independent auditor's report

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 management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review 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 management's review.

Copenhagen, 13 May 2020

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Martin Alsbæk
State Authorised Public Accountant
MNE no. mne28627



Allan Nørgaard
State Authorised Public Accountant
MNE no. mne35501

Company details

Beiersdorf A/S

Vesterbrogade 149
DK-1620 Copenhagen

Website: www.beiersdorf.com

CVR-no. 55 64 63 17

Financial year: 1 January - 31 December 2019

Domicile: Copenhagen

Supervisory Board

Melanie Schrewe
Patrick Greve
Ellen Agnetha Susanne Häggberg Sahlggaard
Bo Hammer Aagesen

Executive Board

Patrick Greve

Auditors

ERNST & YOUNG
Godkendt Revisionspartnerselskab
c/o Postboks 250, Dirch Passers Allé 36
DK-2000 Frederiksberg

Bankers

SEB Bank

Consolidated financial statements

The company is reflected in the group report as the parent company (smallest & largest group):

The consolidated financial statements of may be obtained at the following address:

Beiersdorf AG
Unnastrasse 48
DE-20245 Hamburg
Germany

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	36.274	31.142	23.388	25.994	26.264
Profit/loss before net financials	24.641	20.376	12.550	5.196	4.846
Net financials	-319	-47	-15	-153	-152
Profit/loss for the year	18.988	15.849	9.480	4.226	3.653
Balance sheet					
Balance sheet total	59.147	59.484	53.693	42.423	39.458
Equity	31.843	28.704	22.631	17.377	15.403
Number of employees	14	14	16	21	28
Financial ratios					
Return on assets	41,5%	36,0%	26,1%	12,7%	11,7%
Solvency ratio	53,8%	48,3%	42,1%	41,0%	39,0%
Return on equity	62,7%	61,7%	47,4%	25,8%	21,3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business review

The company's activities comprise sale and marketing of skin and body care products, including the brands Nivea, Atrix, Labello and Dobbeldusch, as well as nursing requisites and hospital articles, such as Hansaplast.

Significant events during the financial year:

- Strong development on key customer and across several categories fueled further growth in market
- Strong performance on key categories supported higher profitability
- Optimization of cost structure and other savings improved the profitability further
- Stronger digital appearance and engagement has increased the brand awareness and consumer involvement

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

Unusual matters

The company's financial position at 31 December 2019 and the results of its operations for the financial year ended 31 December 2019 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2019 shows a profit of TDKK 18.988, and the balance sheet at 31 December 2019 shows equity of TDKK 31.843.

Management considers the company's financial performance in the year satisfactory. The performance is consistent with management's expectations.

Significant events occurring after the end of the financial year

As of the beginning of March 2020, Management has found that the Covid-19 outbreak will potentially affect the Company's performance, financial position and cash resources in 2020. The potential impact on the Company's performance, financial position and cash resources will naturally depend on the duration and extent of the virus outbreak, which is not known at the time of the financial reporting. On this basis, Management is currently unable to accurately assess the magnitude of the coronavirus outbreak on the 2020 financial performance.

There are no other events after the reporting period to be disclosed.

Management's review

Expected development of the company, including specific prerequisites and uncertainties

Beiersdorf operates in a market situation that for the grocery trade as well as the specialist retailers, is characterized by relatively low growth and fierce completion, especially from uprising local brands. The local brands are recognized for their pace of innovation and meeting new consumer trends and needs, particularly in areas of "Free from" and natural ingredients. Controlled and private label brands are equally quick to pick up these trends challenging the core of NIVEA brands.

Beiersdorf has a strong position in the market with our NIVEA and Labello, and is market leader or 2nd in multiple categories. The ambition is to improve and maintain the position in the market, as well as driving profitability, which impose a high demand for agility, innovation and use of new media and platforms.

We are experiencing across multiple customers/channels dropping sales during Covid-19 and see a risk for reaching the sales target 2020, while we aim to protect our profitability.

We have for 2020 assessed the impact of Covid-19 in relation to the full P&L. At the current stage, it is difficult to predict the full year consequences, why risk mitigation plans are being discussed and planned in order to secure the ambitions for 2020.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TDKK	<u>2018</u> TDKK
Gross profit		36.274	31.142
Staff expenses	1	-11.587	-10.733
Depreciation, amortisation and impairment of property, plant and equipment		-46	-33
Profit/loss before net financials		24.641	20.376
Financial income	2	141	188
Financial expenses	3	-460	-235
Profit/loss before tax		24.322	20.329
Tax on profit/loss for the year	4	-5.334	-4.480
Profit/loss for the year		18.988	15.849
Distribution of profit	5		

Balance sheet 31 December

	Note	2019 TDKK	2018 TDKK
Assets			
Other fixtures and fittings, tools and equipment		551	92
Tangible assets	6	551	92
Other receivables	7	611	436
Fixed asset investments		611	436
Total non-current assets		1.162	528
Trade receivables		12.752	12.492
Receivables from group companies		39.795	40.197
Other receivables		369	265
Deferred tax asset		69	44
Receivables		52.985	52.998
Cash at bank and in hand		5.000	5.958
Total current assets		57.985	58.956
Total assets		59.147	59.484

Balance sheet 31 December

	Note	2019 TDKK	2018 TDKK
Equity and liabilities			
Share capital		10.000	10.000
Retained earnings		2.855	2.855
Proposed dividend for the year		18.988	15.849
Equity	8	31.843	28.704
Other payables		259	0
Total non-current liabilities	9	259	0
Trade payables		12.704	17.582
Payables to group companies		5.658	3.006
Corporation tax		5.360	7.181
Other payables		3.323	3.011
Total current liabilities		27.045	30.780
Total liabilities		27.304	30.780
Total equity and liabilities		59.147	59.484
Significant events occurring after end of reporting period	10		
Rent and lease liabilities	11		
Contingent assets, liabilities and other financial obligations	12		
Related parties and ownership structure	13		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2019	10.000	2.855	15.849	28.704
Ordinary dividend paid	0	0	-15.849	-15.849
Proposed dividend for the year	0	0	18.988	18.988
Equity at 31 December 2019	<u>10.000</u>	<u>2.855</u>	<u>18.988</u>	<u>31.843</u>

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
1 Staff expenses		
Wages and salaries	10.080	9.262
Pensions	820	824
Other social security costs	31	32
Other staff costs	656	615
	<u>11.587</u>	<u>10.733</u>
Average number of employees	<u>14</u>	<u>14</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed.

There is no remuneration to members of the Supervisory Board

	<u>2019</u> TDKK	<u>2018</u> TDKK
2 Financial income		
Financial income, group companies	137	184
Exchange adjustments	4	4
	<u>141</u>	<u>188</u>
3 Financial expenses		
Financial expenses, group companies	7	10
Other financial costs	185	19
Exchange adjustments costs	268	206
	<u>460</u>	<u>235</u>

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
4 Tax on profit/loss for the year		
Current tax for the year	5.360	4.468
Deferred tax for the year	<u>-26</u>	<u>12</u>
	<u>5.334</u>	<u>4.480</u>
5 Distribution of profit		
Proposed dividend for the year	<u>18.988</u>	<u>15.849</u>
	<u>18.988</u>	<u>15.849</u>
6 Tangible assets		Other fixtures and fittings, tools and equipment
Cost at 1 January 2019		491
Additions for the year		<u>505</u>
Cost at 31 December 2019		<u>996</u>
Impairment losses and depreciation at 1 January 2019		399
Depreciation for the year		<u>46</u>
Impairment losses and depreciation at 31 December 2019		<u>445</u>
Carrying amount at 31 December 2019		<u>551</u>

Notes

7 Fixed asset investments

	Other receiv- ables
Cost at 1 January 2019	436
Additions for the year	175
Cost at 31 December 2019	611
Carrying amount at 31 December 2019	611

8 Equity

The share capital consists of 10.000 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

9 Long term debt

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Other payables	0	259	0	0
	0	259	0	0

10 Significant events occurring after end of reporting period

As of the beginning of March 2020, Management has found that the Covid-19 outbreak will potentially affect the Company's performance, financial position and cash resources in 2020. The potential impact on the Company's performance, financial position and cash resources will naturally depend on the duration and extent of the virus outbreak, which is not known at the time of the financial reporting. On this basis, Management is currently unable to accurately assess the magnitude of the coronavirus outbreak on the 2020 financial performance.

There are no other events after the reporting period to be disclosed.

Notes

	<u>2019</u> TDKK	<u>2018</u> TDKK
11 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Between 1 and 5 years	<u>1.029</u>	<u>1.131</u>
	<u>1.029</u>	<u>1.131</u>

12 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with its affiliate, tesa A/S. The company has joint and several unlimited liability with tesa A/S for payment of Danish income taxes.

Notes

13 Related parties and ownership structure

Controlling interest

Beiersdorf Nordic Holding AB
Gullbergs Strandgate 4
SE-41104 Gothenburg
Sweden

Transactions

Transactions with related parties in the year:

Sale of goods to group companies: t.DKK 0 (2018: t.DKK 0)

Sale of services to group companies: t.DKK 2.852 (2018: t.DKK 2.240)

Purchase of goods from group companies: t.DKK 47.662 (2018: t.DKK 44.599)

Purchase of services from group companies: t.DKK 6.666 (2018: t.DKK 6.641)

Cost to management fee/royalties: t.DKK 7.739 (2018: t.DKK 5.548)

Financial income group companies: t.DKK 137 (2018: t.DKK 184)

Financial expenses group companies: t.DKK 7 (2018: t.DKK 10)

Receivables from group companies: t.DKK 39.795 (2018: t.DKK 40.197)

Payables to group companies: t.DKK 5.658 (2018: t.DKK 3.006)

Besides the above listed transaction, no other transactions were carried out with shareholders or other group companies in the year.

Accounting policies

The annual report of Beiersdorf A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in TDKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow 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 will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff expenses

Staff expenses include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

The item comprises amortisation/depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Accounting policies

Tax on profit/loss for the year

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed entities to a tax refund are, as a minimum, reimbursed by the administration company accounting to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge accounting to the current rates applicable to interest surcharges to the administration company.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Impairment of fixed assets

The carrying amount of property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Accounting policies

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividends

Dividend proposed for the financial year are presented as a separate item under "Equity".

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management`s intended use of the asset or settlement of the liability, respectively.

Accounting policies

Liabilities

Liabilities, which include trade payables, payables to group companies and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Cash flow statement

In pursuance of section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as the cash flows are included in the consolidated cash flow statement of the parent company.

Financial highlights

Definitions of financial ratios.

Return on assets	$\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end} \times 100}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$