

# L'Oréal Danmark A/S

Havneholmen 25  
1561 København V  
Denmark

CVR no. 70 71 02 18

## Annual report 2023

The annual report was presented and approved at the  
Company's annual general meeting

on 22 April 2024

  
Chairman of the annual general meeting

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of L'Oréal Danmark A/S for the financial year 1 January – 31 December 2023.

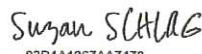
The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

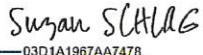
Copenhagen, 16-04-2024  
Executive Board:

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Suzan Schlag

Board of Directors:

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Olivier Hubin  
Chairman

DocuSigned by:  
  
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Laurent Schmitt

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Suzan Schlag

## Independent auditor's report

### To the shareholder of L'Oréal Danmark A/S

#### Opinion

We have audited the financial statements of for the financial year 01.01.2023 – 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable 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 responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

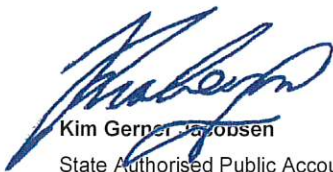
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 16-04-2024

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56



Kim Gerner Jacobsen

State Authorised Public Accountant

Identification No (MNE) mne10122



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## Management's review

### Company details

L'Oréal Danmark A/S  
Havneholmen 25  
1561 København V  
Denmark

Telephone: +45 43 24 64 84  
Website: [www.loreal.com](http://www.loreal.com)

CVR no. 70 71 02 18  
Established: 15 November 1983  
Registered office: Copenhagen  
Financial year: 1 January – 31 December

### Board of Directors

Olivier Hubin, Chairman  
Laurent Schmitt  
Suzan Schlag

### Executive Board

Suzan Schlag

### Auditor

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
0900 København C  
Denmark  
CVR no. 33 96 35 56

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## Management's review

### Financial highlights

DKK '000	2023	2022	2021	2020	2019
<b>Key figures</b>					
Revenue	4,436,889	3,730,768	3,322,553	2,874,242	1,471,895
Gross profit	1,130,200	899,478	898,966	735,330	552,066
Operating profit	618,828	441,899	458,060	321,074	147,242
Profit/loss from financial income and expenses	53,062	9,486	-42,233	726	-1,555
Profit for the year	529,002	350,100	327,306	251,313	111,833
<b>Balance sheet</b>					
Total assets	1,618,765	1,071,329	982,233	1,006,301	722,387
Equity	506,687	356,980	369,773	273,756	155,097
Investments in property, plant and equipment	-29,731	-23,871	-14,062	-16,746	-13,372
<b>Ratios</b>					
Gross margin	25.5%	24.1%	27.1%	25.6%	37.5%
Return on equity	122.5%	96.3%	101.7%	117.2%	74.6%
Solvency ratio	31.3%	33.3%	37.6%	27.2%	21.5%
Net margin	11.9%	9.4%	9.9%	8.7%	7.6%
Average number of full-time employees	548	526	525	515	525

The financial ratios have been calculated as follows:

Financial ratios are calculated in accordance with the guidelines "Recommendations and Ratios" issued by the Danish Society of Financial Analysts.

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Return on equity

$$\frac{\text{Profit from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Net margin

$$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$$



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## Management's review

### Operating review

#### Main activities

The main activity of the company consists of the sales of cosmetic products: skin care, make-up, hair care, fragrances, and hygiene on the Danish market. L'Oréal Danmark A/S is an Entrepreneur for the Nordic region, which means that the company is assuming strategic decisions for three other L'Oréal low-risk distributor sister companies in Sweden, Norway, and Finland. Together, the four companies constitute a Nordic Hub with one leadership team and more than 900 employees covering our four divisions: Consumer Products, Professional Products, Luxe and Dermatological Beauty.

#### Significant events

In December 2023, L'Oréal Danmark A/S received the Advanced Pricing Agreement (APA) between the Danish and Swedish Competent Authorities as well as the Advanced Pricing Agreement between the Danish and Norwegian Competent Authorities, which we both accepted. As a result of the conclusion of the negotiations with the Competent Authorities acquired similar rights amounting to 437M DKK has been recognized in 2023.

Furthermore, there has been a clarification to the calculation of the targeted margin and the treatment of FX related items which has led to a correction of historic figures elaborated in the corresponding section. For the year's 2020, 2021 and 2022, the impact of derivative financial items linked to currency exchange (FX) was not calculated in the target operating margin for the low-risk sister companies in Sweden and Norway. Therefore, following the conclusion of the APA's we corrected the historic years leading to a decrease of 5.5M DKK in the equity ending balance of 2022. *(note 1, correction for material misstatement)*

Consequently, there are no outstanding uncertainties linked to the recognition of the APA's.

Another significant event in 2023, has been the acquisition, of 100% of the share capital of Lactobio A/S, (CVR) no. 38 8878 66, a leading probiotic and microbiome research company based in Copenhagen. The strategic acquisition builds on 20 years of advanced research by L'Oréal into the microbiome scientific territory, deepening its knowledge of the microorganisms that live on the skin's surface and reinforcing the L'Oréal's group leadership in this field.

Finally, in 2023 L'Oréal Danmark A/S purchased 100% of the share capital for Aesop Denmark ApS (CVR) no. 37158674 from Aesop UK Limited.

#### Significant uncertainties

The Company's management does not see any significant uncertainties.

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## **Financial review**

In last year's report, our expectations for 2023 were a revenue growth around 11%. In 2023, L'Oréal Danmark accomplished a growth in revenue of 18.9% and an increase of 48.9% in profit before tax.

In detail, the Company's revenue was DKK 4,436,889 thousand against DKK 3,730,768 thousand last year including sale of services to sister companies in Norway, Sweden, and Finland at a total of DKK 1,870,529 thousand. The income statement for 2023 shows a profit of DKK 529,002 thousand compared to a profit of DKK 350,100 thousand last year. The balance sheet on 31 December 2023 shows an equity of DKK 506,687 thousand.

As mentioned in the earlier mentioned paragraph on significant events during the financial year there has been a correction of previous years linked to the finalisation of Advanced Pricing Agreements and the clarification to the calculation of the targeted margin and the treatment of FX related items. The changes on historic figures are elaborated in note 1.

## **Operating review**

### **Events after the balance sheet date**

L'Oréal Danmark A/S is currently looking into the integration of the in 2023 acquired entity of Lactobio A/S. At the moment, no specific timing is foreseen but the expectation is that this will take place throughout the year 2024. Given the fact the integration will take place within a reasonable timeframe of acquisition there are no indications that this action should significantly impact the value assessed during acquisition.

### **Outlook**

In 2023 the market growth has been estimated at 8.2%, based on our internal estimation of the market at sell in value, Beauty Market Survey. For 2024 we expect a slowdown of market growth, given the normalization of inflation and we would expect a market at round half the rate of 2023. Concerning our revenue, we have been outperforming the market in 2023 and we expect to do similar in 2024 with a revenue estimation around 10% - 14%, and consequently a corresponding growth in profit before tax.

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## Management's review

### Operating review

#### Intellectual capital

L'Oréal has always placed the individual at the centre of its model, convinced that the qualities of each one contributes to the performance of all. L'Oréal finds, recruits, and supports its employees with a long-term engagement vision. People Development & Learning play a central role all along their professional careers.

In addition to the focus, we put on key areas like advertising, product know-how and general market development and to fully perform our function as strategic partner, Human Resources integrates the technological and digital dimensions and considers strong challenges such as social responsibility. The transformation of the Group towards Beauty Tech requires the recruitment of experts, the integration of new businesses and the dissemination of a digital culture at all levels of the company. HR also plays a central role in the transformation of work methods and management culture to foster a management style based on trust, leaving room to initiative, cooperation, and development in line with our values in Denmark and across all Nordic countries.

For L'Oréal, economic growth cannot be separated from social progress. To support this conviction, the L'Oréal Share & Care programme, created in 2013 and deployed in all our subsidiaries, offers employees a set of benefits organised around four pillars: Protection, Health, Balance, and Workplace. Share & Care evolved to ensure that it remains relevant and to meet employees' needs and expectations at every key moment of their lives in this fast-changing world. Emphasis is placed on health with a global approach, both physical and mental, as well as on new working methods. As part of a responsible and innovative social policy, L'Oréal has also developed "L'Oréal for Youth", a global programme to promote the employment of young people, which not only provides them with professional opportunities for work, but also provides them with concrete ways to boost their employability. L'Oréal also offers its employees a policy of sharing its growth. Profit-sharing programmes have been in place for many years everywhere in the world including Denmark and all Nordic countries. L'Oréal also set up an employee share ownership plan in 2018, 2020 and 2022.

Quality social dialogue is also one of the essential components of the L'Oréal model. It illustrates the Group's desire to involve employees and their representatives to its development. Finally, L'Oréal acts with the conviction that a policy in favour of Diversity, Equity and Inclusion allows everyone, regardless of their background, gender identity, religion, sexual orientation, age, or disability, to give their best in the company. This is an essential driver of performance and innovation and is crucial for maintaining sustainable growth.

#### Corporate social responsibility

The reporting requirements pursuant to Section 99(a) of the Danish Financial Statements Act are covered by the reporting in the 2023 Universal Registration Document, which pertains to the same reporting period as the 2023 AR, and covers L'Oréal Danmark as part of the Group.

The L'Oréal Group Annual Report can be obtained here: [https://www.loreal-finance.com/system/files/2024-03/LOREAL\\_2023\\_Universal\\_Registration\\_Document\\_en.pdf](https://www.loreal-finance.com/system/files/2024-03/LOREAL_2023_Universal_Registration_Document_en.pdf)

L'Oréal Danmark A/S has not identified any other risks which are not described in the Annual Report of the Group.

L'Oréal S.A., the Parent Company of L'Oréal Danmark A/S, has signed the UN Global Compact and prepares a CSR report for the Group.

L'Oréal's Corporate Social Responsibility commitments and activities can be reached via our website: <https://www.loreal.com/en/commitments-and-responsibilities/>

Results of commitments per 2030 obtained by 2023 can be found via this link: [https://www.loreal-finance.com/system/files/2024-03/LOREAL\\_2023\\_Universal\\_Registration\\_Document\\_en.pdf](https://www.loreal-finance.com/system/files/2024-03/LOREAL_2023_Universal_Registration_Document_en.pdf)



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The Group's code of ethics, including human rights, social and staff matters, the way we prevent corruption, the way we choose our suppliers and sub-supplier and the way we prevent child labour is publicly available on the Groups website:

<https://www.loreal.com/en/group/governance-and-ethics/our-ethical-principles/>

Regarding climate and environment, the Company always tries to optimise recycling, sort waste and be aware of the usage of energy sources.

Key factors are the retention of employees and a healthy and safe working environment. Therefore, we implement our Group's procedures on employment and social inclusion with strong focus on empowering people and ensuring the best working environment possible.

L'Oréal Group Registration Document describes the Company's mitigation of risks related to Human Rights, Anti-Corruption, Climate & Environment, Social matters, Staff-related matters, politics, and actions. The document can be obtained at:

[https://www.loreal-finance.com/system/files/202403/LOREAL\\_2023\\_Universal\\_Registration\\_Document\\_en.pdf](https://www.loreal-finance.com/system/files/202403/LOREAL_2023_Universal_Registration_Document_en.pdf)

### **Use of financial instruments**

L'Oréal Danmark A/S follows the L'Oréal group's guidelines and procedures on the use of financial instruments to manage its exposure to currency and interest rate risk in the course of its normal operations.

In accordance with Group rules, currency and interest rate derivatives are set up exclusively for hedging purposes. L'Oréal Danmark A/S major exposure is linked currency risk given the large volumes of Euro, SEK and NOK in the daily operations. The Group's policy regarding its exposure to currency risk on future commercial transactions is to hedge, before the end of the year, a large part of the currency risk for the following year, using derivatives based on operating budgets in each subsidiary. L'Oréal Danmark's future currency flows are analysed in detailed forecasts for the coming budgetary year. Any currency risks identified are hedged by forward contracts in order to reduce as far as possible the currency exposure of each subsidiary.

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## Management's review

### Operating review

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L'Oréal Danmark A/S has not identified any other risks which are not described in the Annual Report of the Group.

### Goals and policies for the underrepresented gender

L'Oréal Danmark A/S has a policy which aims to increase the share of the underrepresented gender on all management levels.

Since February 2022 the Company has nominated one female member at Board of Directors, hence achieving the target of having at least one female member in the Board of Directors.

By the end of 2023, we have an equal gender representation according to the Danish Authorities guidance as one of the three members of the Board of Directors elected by the AGM is a woman.

The Company's Executive Management Committee consists of 13 members of which 11 are based in Denmark, seven of which are women. We have significantly improved the gender balance during the last three years. As per December 31, 2023, there were 57% women in other managing positions. As we consider this balanced, we do not have further policies beyond our continuous aim to keep both genders represented by at least 40%.

Gender Balance 31/12/2023	Total	%Female	%Male
Board of Directors	3	33%	67%
Executive Management Committee	11	64%	36%
Other management positions	141	57%	43%

Comparison Figures 2020 -2022	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Board of Directors	3	-	3	-	2	1
Executive Management Committee	5	6	4	7	4	7

The Company aims to promote equality between genders on all management levels. To support this development, the Company has established recruitment procedures securing that candidates of both genders are considered when hiring or promoting for management positions.

### Reporting on data ethics

At L'Oréal Danmark A/S ("L'Oréal") we have committed ourselves to managing data ethically, in line with L'Oréal's core ethical principles of Integrity, Respect, Courage and Transparency as defined in the L'Oréal Code of Ethics and L'Oréal's Privacy Policy, both applicable to all subsidiaries of the L'Oréal Group worldwide.

The Data Ethics Policy describes L'Oréal's commitment to a high standard of data ethics and summarizes in a transparent manner our ethical principles in relation to data and privacy.

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This Data Ethics Policy is reviewed and approved at least annually by the L'Oréal executive management. This Data Ethics Policy applies to all data processing activities carried out by L'Oréal in Denmark. Furthermore, L'Oréal will to the extent possible enforce that any third parties carrying out data processing activities on behalf of L'Oréal adhere to the standards set out in this Data Ethics Policy.

The following principles form the basis of L'Oréal's ethical data processing and supplements the personal data protection and security measures already in place at L'Oréal:

- The executive management at L'Oréal ensures that use of new data processing technologies and commercial interests are weighed against the ethical principles outlined in the Data Ethics Policy.
- L'Oréal ensures that personal data is processed only when necessary and only for specific purposes, in compliance with applicable laws, regulations, and conventions, to minimize any potential risks or unintended consequences arising from such processing.
- L'Oréal will only share our customer's personal information with third parties when essential to a specific business need. In that case, L'Oréal ensures that any such third parties adhere to appropriate levels of data protection and ethical data processing.
- L'Oréal is committed to utilizing data to promote a safe and favorable work environment for employees and has consequently implemented appropriate security measures, data minimization, and storage limitation principles to safeguard data and the rights of data subjects.
- L'Oréal aims that the use of any new technology based on algorithms (e.g. machine learning and artificial intelligence) is performed fairly and transparently.
- L'Oréal continuously assesses and adapts its policies, training programs and data management tools as well as the associated organizational and technical measures to be taken.



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## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2023	2022
<b>Revenue</b>	2	4,436,889	3,730,768
Costs of raw materials and consumables		-1,692,222	-1,410,641
Other operating income		12,540	12,838
Other external costs		-1,627,007	-1,433,487
<b>Gross profit</b>		1,130,200	899,478
Staff costs	3	-451,854	-416,393
Depreciation, amortisation and impairment losses	4	-59,518	-41,186
<b>Profit before financial income and expenses</b>		618,828	441,899
Other financial income	5	109,110	63,397
Other financial expenses	6	-56,048	-53,910
<b>Profit before tax</b>		671,890	451,386
Tax on profit for the year	7	-142,888	-101,285
<b>Profit for the year</b>	8	529,002	350,100

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## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>	9		
Licenses		34,439	46,582
Development projects in progress and prepayments for intangible assets		2,300	187
Acquired intangible assets		556,933	146,877
		<u>593,672</u>	<u>193,646</u>
<b>Property, plant and equipment</b>	10		
Fixtures and fittings, tools and equipment		28,054	12,376
Property, plant and equipment under construction		5,610	21,850
		<u>33,664</u>	<u>34,226</u>
<b>Financial assets</b>	11		
Equity Investments		393,591	
Deposits		9,986	12,295
		<u>403,577</u>	<u>12,295</u>
<b>Total fixed assets</b>		<u>1,030,913</u>	<u>240,167</u>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale		181,834	197,692
<b>Receivables</b>			
Trade receivables		300,249	242,343
Receivables from group entities		51,161	344,355
Other receivables		25,732	30,569
Corporation tax		26,114	2,091
Prepayments	13	2,762	14,112
		<u>406,018</u>	<u>633,470</u>
<b>Cash at bank and in hand</b>		<u>0</u>	<u>0</u>
<b>Total current assets</b>		<u>587,852</u>	<u>831,162</u>
<b>TOTAL ASSETS</b>		<u>1,618,765</u>	<u>1,071,329</u>

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## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		2,010	2,010
Reserve for fair value of investment assets		-28,850	12,715
Retained earnings		283,527	4,525
Proposed dividends for the financial year		250,000	337,730
<b>Total equity</b>		<b>506,687</b>	<b>356,980</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables		243,559	261,905
Payables to group entities		698,534	357,721
Deferred tax liabilities	12	46,940	980
Other payables		123,045	93,743
		<b>1,112,078</b>	<b>714,349</b>
<b>Total liabilities</b>		<b>1,112,078</b>	<b>714,349</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,618,765</b>	<b>1,071,329</b>
<b>Fees to auditor appointed at the general meeting</b>	14		
<b>Contractual obligations, contingencies, etc.</b>	15		
<b>Currency and interest rate risks and the use of derivative financial instruments</b>	16		
<b>Related parties</b>	17		
<b>Events after the balance sheet date</b>	18		

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### Statement of changes in equity

	Contributed capital	Reserve for fair value adjustments	Retained earnings	Proposed dividends for the financial year	Total equity
DKK'000					
<b>Equity at 1 January 2023</b>	2,010	12,715	10,036	337,730	362,491
Correction of previous years' misstatement			-5,511		-5,511
<b>Equity at 1 January 2023</b>	2,010	12,715	4,525	337,730	356,980
Ordinary dividends paid				-337,730	-337,730
Exchange adjustment		-53,119			-53,119
Profit for the year			279,002	250,000	529,002
Tax on other equity movements		11,554		0	11,554
<b>Equity at 31 December 2023</b>	2,010	-28,850	283,527	250,000	506,687

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### Notes

#### 1 Accounting policies

The annual report of L'Oréal Danmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Correction for material misstatement

As mentioned in the significant event section of the management review, following the APA finalization, the currency exchange hedging impact (FX impact) has been clarified, with the specification to include these items in the 5% margin calculation. This leads us to do a correction of 2020, 2021 and 2022 figures concerning the re-invoicing from L'Oréal Danmark A/S to the other L'Oréal Nordic Entities. This has an impact on the Revenue/Profit as well as equity and intercompany balance of L'Oréal Danmark A/S for the years 2020, 2021, 2022 as per below.

	Revenue	2022	2021	2020
Revenue before correction		3,714,909	3,356,667	2,861,498
Correction		15,859	-34,114	12,744
Corrected revenue with new FX impact		3,730,768	3,322,553	2,874,242

	Profit for the year	2022	2021	2020
Profit before correction		337,730	353,915	241,373
Correction		12,370	-26,609	9,940
Corrected profit with new FX impact		350,100	327,306	251,313

	Equity Impact	2022	2021	2020
Equity before correction		362,491	391,143	261,012
Correction		-5,511	-21,370	12,744
Corrected equity following FX correction		356,980	369,773	273,756

	Intercompany Impact	2022	2021	2020
IC Payables before correction		336,351	187,710	154,524
Correction		21,370	-12,744	0
IC Payables after Correction		357,721	174,966	154,524

IC Receivables before correction		328,496	467,708	337,712
Correction IC Receivables		15,859	- 34,114	12,744
IC Receivables after Correction		344,355	433,594	350,456



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## 1 Accounting policies (continued)

### Change in accounting policies

In 2023 there have been no changes in accounting policies.

### Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of L'Oréal S.A., SIREN 632 012 100 based on Rue Royal 14, FR-75008, Paris, France.

### Omission of consolidated financial statement

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of L'Oréal Danmark A/S and group entities are included in the consolidated financial statements of L'Oréal S.A., SIREN 632 012 100 based on Rue Royal 14, FR-75008, Paris, France.

### Basis of recognition and measurement

The financial statements are based on the historical cost principle with the below exceptions.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits attributable to the asset 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 as a result of a prior event that there will be an outflow of future economic resources from the Company, and the value can be measured reliably.

Revenue is recognised in the income statement as earned based on the following criteria:

- a binding sales agreement has been made,
- the sales price has been determined,
- delivery has been made before year-end, and
- payment has been received at the time of sale or is with reasonable certainty expected to be received.

Based on the above, revenue is recognised in the income statement as earned, which includes recognition of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Furthermore, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation estimates of amount that have previously been recognised in the income statement.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the financial statements which confirm or invalidate affairs and conditions existing at the balance sheet date.

## Income statement

### Foreign currency translation

Transactions in foreign currencies are converted during the year at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the financial income and expenses in the income statement.

Receivables and payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are converted at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in the financial income and expenses in the income statement.



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## 1 Accounting policies (continued)

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year-end. Sale of services to sister companies in Norway, Sweden and Finland is recognised in the income statement as services are delivered. Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

### Other operating income

Other operating income comprises items secondary to the activities of the Company. Other operating income originates from the re-invoicing of service costs, including a mark-up to the sister companies in Holland and Belgium in relation to existing service contracts.

### Fees to auditor appointed at the general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of L'Oréal SA

### Other external costs

Other external costs comprise costs for premises, sales and distribution as well as office expenses, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., for entity staff.

### Amortisation and depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment as well as gains and losses from current replacement of fixed assets.

The basis of depreciation is cost less any projected residual value, is amortised on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment	3-10 years
Goodwill	5 years
Acquired trademarks	10 years
Acquired licenses	3-5 years

The estimated useful life of trademarks is a minimum of 10 years. The valuation is based on similar experience.

### Financial income and expenses

Other financial income comprises interest income, realised and unrealised exchange adjustments.

Other financial expenses comprise interest expenses, financial expenses in respect of finance leases, as well as realised and unrealised exchange adjustments.

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## 1 Accounting policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. Tax attributable to the profit for the year is recognised in the income statement, whereas tax attributable to equity entries is recognised directly in equity. Any share of the tax reported in the income statement arising from profit/loss on extraordinary activities for the year is attributed to such activities, whereas the remaining share is attributed to profit/loss on ordinary activities for the year.

## Balance sheet

### Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is usually five years, however, in certain cases it may be up to 20 years for strategically acquired entities with a strong market position and a long-term earnings profile if the longer amortisation period is considered to give a better reflection of the benefit from the relevant resources.

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

Intellectual property rights, etc. are measured at cost less accumulated amortisation.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the entity can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to development projects, as well as prepayments regarding intangible assets.

Licenses are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 3-5 years. For licenses protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. Licenses are written down to the lower of recoverable amount and carrying amount.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use.

Acquired intangible assets (acquired similar right) are measured at cost less accumulated amortisation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition. Acquired intangible assets (acquired similar right) are amortised on a straight-line basis using the estimated useful lives of the assets. The amortisation period is 10 years.

### Property, plant and equipment

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

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

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## 1 Accounting policies (continued)

Impairment tests are conducted on individual assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

### Equity Investments

Equity investments are recognized based on the cost method. The investment is accounted for at acquisition cost and is written down to fair value in the event of a decline in value that is not expected to be temporary.

### Inventories

Inventories of raw materials etc. are valued at average cost. Inventories have been written down in respect of obsolescence.

The cost of goods for resale, raw materials and consumables comprises the cost prices and related transportation costs.

### Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less write-down for bad and doubtful debts. Write-down for bad and doubtful debts is determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general write-down is also made based on the entity's experience.

### Prepayments

Prepayments include incurred costs in respect of subsequent financial years. Such expenses are typically prepaid expenses concerning rent, insurance premiums, subscriptions, and interest.

### Cash at bank and in hand

Cash comprises cash in hand and bank deposits.

### Equity

#### *Dividends*

Dividends are recognised as a liability at the time of adoption at the general meeting. Proposed dividends for the financial year are disclosed as a separate item in equity.

### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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## 1 Accounting policies (continued)

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 based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

### Liabilities other than provisions

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

## Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently premeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables or other payables.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or hedged liability.

Changes in fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions relating to purchases and sales in foreign currencies are recognised in other payables or other receivables and retained earnings under equity, respectively. If the expected future transaction results in the recognition of assets or liabilities, amounts deferred in equity are transferred from equity and recognised in the cost of the asset or liability, respectively. Amounts deferred in equity are transferred to the income statement in the period in which the hedged item affect the income statement.



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#### 2 Segment information

DKK'000	2023	2022
<b>Break-down of revenue by geographical segment</b>		
Denmark	1,688,972	1,251,539
Other European countries	2,747,917	2,480,681
	<u>4,436,889</u>	<u>3,730,768</u>

The primary market segment of L'Oréal Group is product-oriented, and the secondary segment is geographical. Total revenue of L'Oréal Danmark A/S is generated within the product segment perfumes and toiletries and geographically in the Nordics.

Revenue to other European countries includes intercompany sales of services to Sweden, Norway and Finland at a total of DKK 1,870,529 thousand.

Product segments are not disclosed in line with section 96 of Danish Financial Statements Act as Management assesses it will be detrimental to the Company.

#### 3 Staff costs

DKK'000	2023	2022
Wages and salaries	398,299	366,452
Pensions	31,859	28,561
Other social security costs	4,556	9,318
Other staff costs	17,140	12,062
	<u>451,854</u>	<u>416,393</u>
 Average number of employees	 <u>574</u>	 <u>526</u>

Part of the staff costs are related to the shared IT functions are re-invoiced to the affiliated companies in Europe and recognised as income under other operating income.

Management is eligible to the L'Oréal group's long-term incentive program, called ACAs ("Attributions Conditionnelles d'Actions", in the form of grants of performance shares. These grants serve a dual purpose: to motivate and include the major contributors in the Group's future successes, and to strengthen the commitment and feeling of belonging of its beneficiaries by fostering long-term loyalty in a context of increased competition for talent. According to the Group's strategic objectives, the choice of beneficiaries and the vesting criteria are settled in a specific policy. The Board of Directors, subject to the recommendation of the Human Resources and Remuneration Committee, approves the conditional grant of shares and lays down the applicable rules. The vesting of these shares is subject to the achievement of performance targets and the beneficiary's continued presence in the Company. Further specifications are available in the group annual report.

According to the Danish Financial Statements Act § 98b, the total remuneration to the Executive Board and Board of Directors are not disclosed.

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	2023	2022
DKK'000		
<b>4 Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	45,826	27,641
Depreciation of property, plant and equipment	13,692	13,545
	<u>59,518</u>	<u>41,186</u>
<b>5 Other financial income</b>		
Other interest income	871	81
Exchange adjustments	108,239	63,316
	<u>109,110</u>	<u>63,397</u>
<b>6 Other financial expenses</b>		
Interest expense, group entities	1,241	228
Other interest expenses	0	0
Exchange adjustments	54,807	53,682
	<u>56,048</u>	<u>53,910</u>
<b>7 Tax on profit for the year</b>		
Current tax for the year	90,771	89,678
Current tax previous year adjustment	-5,397	0
Deferred tax for the year	53,293	11,607
Previous year deferred tax adjustment	4,221	0
	<u>142,888</u>	<u>101,285</u>
<b>8 Proposed profit appropriation</b>		
Proposed dividends for the year	250,000	337,730
Retained earnings	279,002	12,370
	<u>529,002</u>	<u>350,100</u>



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#### 9 Intangible assets

DKK'000	Licenses	Acquired patents	Goodwill	Development projects in progress and prepayments for intangible assets	Acquired intangible assets	Total
Cost at 1 January 2023	118,009	55,255	2,000	187	180,796	356,247
Additions for the year	7,451	0	0	2,300	437,025	446,776
Disposals for the year	-34,154	0	0	-187	0	-34,341
Transfers for the year	0	0	0	0	0	0
Cost at 31 December 2023	91,306	55,255	2,000	2,300	617,821	768,682
Amortisation and impairment losses at 1 January 2023	-71,425	-55,255	-2,000	0	-33,919	-162,599
Amortisation for the year	-18,857	0	0	0	-26,969	-45,826
Transfers for the year	0	0	0	0	0	0
Reversal of amortisation and impairment losses for the year on assets sold	33,415	0	0	0	0	33,415
Amortisation and impairment losses at 31 December 2023	-56,867	-55,255	-2,000	0	-60,888	-175,010
<b>Carrying amount at 31 December 2023</b>	<b>34,439</b>	<b>0</b>	<b>0</b>	<b>2,300</b>	<b>556,933</b>	<b>593,672</b>

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#### 10 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Property, plant and equipment under con- struction	Total
Cost at 1 January 2023	106,385	21,850	128,235
Additions for the year	18,281	12,013	30,294
Disposals for the year	-34,601	-17,165	-51,766
Transfers for the year	11,088	-11,088	0
Cost at 31 December 2023	101,153	5,610	106,763
Depreciation and impairment losses at 1 January 2023	-94,009	0	-94,009
Depreciation for the year	-13,692	0	-13,692
Reversal of Depreciation and impairment losses for the year on assets sold	34,601	0	34,601
Depreciation and impairment losses at 31 December 2023	-73,100	0	-73,100
<b>Carrying amount at 31 December 2023</b>	<b>28,053</b>	<b>5,610</b>	<b>33,663</b>

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#### 11 Financial Assets

DKK'000	Equity	
	Investments	Deposits
Cost at 1 January 2023	0	12,295
Additions for the year	393,591	2,370
Disposals for the year	0	-4,679
Financial assets at 31 December	<u>393,591</u>	<u>9,986</u>

In 2023, L'Oréal Danmark A/S purchased,

100% of the share capital of Lactobio A/S - CVR no. 38 88 78 66, situated at Lersø Parkallé 42, 2. 2100 København Ø. With a 2022 annual result of -7,404,125 DKK and an equity 8,036,398 DKK.

100% of the share capital of Aesop Denmark ApS - CVR no. 37 15 86 74, situated at Værnedamsvej 7, 1819 Frederiksberg C. With a 2022 annual result of 405,986 DKK and an equity of -318,252 DKK.

#### 12 Deferred Tax Liabilities

DKK'000	31/12 2023	31/12 2022
Deferred tax at 1 January	980	-9,598
Deferred tax adjustment for the year in the income statement	57,514	11,607
Tax on equity transactions	-11,554	-1,029
Deferred tax at 31 December	<u>46,940</u>	<u>980</u>
Provisions for deferred tax relate to:		
Intangible assets	66,875	9,584
Property, plant and equipment	26	1,445
Inventories	-10,523	-11,436
Provisions	-1,112	-1,842
Other taxable temporary differences	-8,326	3,229
	<u>46,940</u>	<u>980</u>

#### 13 Prepayments

The items consist primarily of prepaid rent, advertising and promotion expenses.

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#### 14 Fees to auditor appointed at the general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements of L'Oréal S.A.

#### 15 Contractual obligations, contingencies, etc.

##### Other financial obligations

DKK'000	2023	2022
Rent and lease liabilities	<u>89,957</u>	<u>140,536</u>

Rent and lease liabilities include rental and lease commitments due within 1 year totalling DKK 27,371 thousand (2022: DKK 40,234 thousand) and commitments due between 1 and 5 years totalling DKK 62,585 thousand (2022: DKK 100,302 thousand). The Company has no rental and lease commitments due after 6 years.

#### 16 Currency and interest rate risks and the use of derivative financial instruments

Other payables and securities include negative and positive fair value of derivative financial instruments of net DKK 37,993 thousand. Derivative financial instruments have been entered into to hedge exchange rate exposure of future purchases of DKK -198,788 thousand divided primarily between the currencies EUR, SEK, NOK and PLN. Forward exchange contracts expire between January 2024 and December 2024.

The market conditions, currency evolutions throughout the year on the abovementioned currencies will affect the valuation of the contracts.

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#### 17 Related party disclosures

L'Oréal Danmark A/S' related parties comprise the following:

Significant influence

Related party:	Domicile:	Basis for significant influence:
L'Oréal S.A.	Rue Royal 14, FR-75008 Paris, France	Ownership

#### Control

L'Oréal S.A., Rue Royal 14, FR-75008, Paris, France.

L'Oréal S.A. holds the majority of the contributed capital in the Company.

L'Oréal Danmark A/S is part of the consolidated financial statements of L'Oréal S.A., registered office, which are the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of L'Oréal S.A. can be obtained by contacting the companies at the above addresses.

#### Related party transactions

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

#### Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Name	Domicile
L'Oréal S.A.	Rue Royal 14, FR-75008 Paris, France

#### 18 Events after the balance sheet date

L'Oréal Danmark A/S is currently looking into the integration of the in 2023 acquired entity of Lactobio A/S. At the moment, no specific timing is foreseen but the expectation is that this will take place throughout the year 2024. Given the fact the integration will take place within a reasonable timeframe of acquisition there are no indications that this action should significantly impact the value assessed during acquisition.