
Estée Lauder Cosmetics A/S

Franciska Clausens Plads 20, DK-1799 København V

Annual Report for 1 July 2023 - 30 June 2024

CVR No. 65 59 78 10

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/11 2024

Peter Kim Ketelsen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Estée Lauder Cosmetics A/S for the financial year 1 July 2023 - 30 June 2024.

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 financial position at 30 June 2024 of the Company and of the results of the Company operations for 2023/24.

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

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

Copenhagen, 26 November 2024

Executive Board

Jesper Abildgaard
General Manager

Elias Messaoudi
Finance Director

Board of Directors

Akhil Shrivastava

Jesper Abildgaard

Peter Kim Ketelsen

Independent Auditor's report

To the shareholder of Estée Lauder Cosmetics A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2024 and of the results of the Company's operations for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Estée Lauder Cosmetics A/S for the financial year 1 July 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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' 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.

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, in our view, 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 in Management's Review.

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 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 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 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.

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.

Hellerup, 26 November 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Martin Lunden

State Authorised Public Accountant

mne32209

Company information

| | |
|---------------------------|--|
| The Company | Estée Lauder Cosmetics A/S Franciska Clausens Plads 20 DK-1799 København V CVR No: 65 59 78 10 Financial period: 1 July 2023 - 30 June 2024 Municipality of reg. office: Copenhagen |
| Board of Directors | Akhil Shrivastava Jesper Abildgaard Peter Kim Ketelsen |
| Executive Board | Jesper Abildgaard Elias Messaoudi |
| Auditors | PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup |

Financial Highlights

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

| | 2023/24 | 2022/23 | 2021/22 | 2020/21 | 2019/20 |
|--|---------|---------|---------|---------|---------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Key figures | | | | | |
| Profit/loss | | | | | |
| Revenue | 899,132 | 696,727 | 747,642 | 713,918 | 675,940 |
| Gross profit | 317,570 | 251,396 | 308,133 | 297,531 | 490,901 |
| Profit/loss of primary operations | 134,692 | 92,318 | 133,193 | 91,925 | 75,360 |
| Profit/loss of financial income and expenses | 19,497 | 7,637 | -130 | 234 | 10 |
| Net profit/loss for the year | 122,780 | 78,341 | 110,192 | 70,379 | 68,805 |
| Balance sheet | | | | | |
| Balance sheet total | 745,805 | 562,360 | 519,101 | 410,849 | 346,630 |
| Investment in property, plant and equipment | 42,076 | 23,770 | 27,550 | 9,674 | 17,689 |
| Equity | 563,482 | 435,432 | 381,341 | 273,755 | 198,426 |
| Number of employees | 456 | 454 | 363 | 402 | 482 |
| Ratios | | | | | |
| Gross margin | 35.3% | 36.1% | 41.2% | 41.7% | 72.6% |
| Profit margin | 15.0% | 13.3% | 17.8% | 12.9% | 11.1% |
| Return on assets | 18.1% | 16.4% | 25.7% | 22.4% | 21.7% |
| Solvency ratio | 75.6% | 77.4% | 73.5% | 66.6% | 57.2% |
| Return on equity | 24.6% | 19.2% | 33.6% | 29.8% | 38.8% |

The Company has changed its income statement from being classified by function to being classified by nature in fiscal year 2021/22. In connection with the changes to accounting policies, the comparative figures for 2020/21 and 2019/20 have not been restated.

Management's review

Principal activities of the Company

The Company's business foundation is marketing and sale of prestigious cosmetics in Denmark, Norway, Sweden and Iceland. The Company operates in Denmark with operations in Sweden and Norway through the branches Estée Lauder Cosmetics A/S Danmark (Sverige filial) and Estée Lauder Cosmetics Danmark Norges filialen, as well as in Iceland through a distributor which ensures a strong/well-established base servicing the Nordic customers. The products comprise the following brands: Estée Lauder, Clinique, Origins, M.A.C., Bobbi Brown, La Mer, Smashbox, Tom Ford, Aveda, Bumble & Bumble, Le Labo, Killian Paris, Editions de Parfums Frederic Malle, Too Faced, Dr. Jart and Deciem.

Development in activities and financial position

Sales in the financial year have been aligned with local expectations, with a Net Sales growth of 29% due to integration of Deciem and 11% organically which is above market growth in Nordic. Nordic continues to be a resilient, sustainable and steady market with a healthy growth. Inflation has been a challenge in order to ensure the right balance between price increase and volume effect. Price increase was the main driver of the growth. Sweden has been leading the growth, followed by Denmark and Norway. Sales per country are split as follows: Sweden 50% (2022/23: 44%), Denmark 30% (2022/23: 35%), and Norway 20% (2022/23: 21%).

Our Online business has been growing faster than our brick & mortar distribution in FY24. Focus on brick & mortar remains and even more on our online channels. Both channels have been growing in FY24.

The past year and follow-up on development expectations from last year

Profit for the year amounts to DKK 122.780 thousand (2022/23: DKK 78.341 thousand).

Actuals in organic growth were in line with the market dynamic and local expectations of single digit growth on par with market. Nordic affiliate kept on investing on the brands, and the Company has during the year invested additional funds in the market to support and fuel the growth and therefore Management considers the profit for the year to be very satisfactory.

Capital resources

Estée Lauder Cosmetics A/S is still financially solid. The solvency ratio amounts to 75,6% (2022/23: 77,4%). Equity on 30 June 2024 amounts to DKK 563.482 thousand (2022/23: DKK 435.432 thousand) as no dividends were paid out this year. At the end of the financial year, the Company's cash at bank and in hand amounted to DKK 2.935 thousand (2022/23: DKK 2.890 thousand).

Outlook

Management is optimistic about the development of the prestige beauty segment in the Nordic markets, despite all the turmoil around the world. The Company expects that the consumption of prestige beauty products will increase yet moderately in the coming financial year (3-5%). In addition, Management is optimistic in respect of improved distribution possibilities for the brands that Estée Lauder Cosmetics A/S already holds and foresees a possibility to introduce new brands and types of distribution within the coming years. Hence, we are furthermore expecting to grow by 6% our revenue in 2024/25 compared to the previous year, with the ambition to outperform the prestige beauty market development. With the continued focus on earnings at group level and on local management level, the profit for 2024/2025 is also expected to grow compared to 2023/2024 level. The Company is expecting a profit improvement for 2024/2025 of approx. 100 basis points compared to this fiscal years' result.

Risks

Management's review

Operating risks

The Company's most significant operating risk relates to Global challenges and global price increases in most categories, consumer sentiment coupled with a changing consumer behavior. Online in the industry continues to drive focus on securing the right competencies and top talents to secure growth in a very dynamic channel while supporting the omni-channel experience. Moreover, it is important for the Company to always be at the cutting edge of new products and brands. This is ensured through significant development activities in other companies in the Group.

Financial risks

Due to its financial position and financial resources, the Company has only limited exposure to changes in the interest rate level and to currency risks in respect of operations.

Currency risks

The Company invoices its goods in DKK, NOK and SEK. A significant part of supplies is purchased in the same currencies, and consequently, there is no need for hedging when entering financial agreements.

Credit risks

The Company's credit risks primarily relate to financial assets recognized in the balance sheet. The Company has no significant risks relating to individual customers or cooperative partners and is not dependent on a single customer or cooperative partner. The Company's policy for undertaking credit risks entail that all large customers and other cooperative partners are credit rated on an ongoing basis.

Intellectual capital

People are our primary assets and it is essential to Estée Lauder Cosmetics A/S' continued growth to attract and retain highly educated employees specializing in marketing and sale of prestigious cosmetics as well as digital capabilities.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

Estée Lauder Cosmetics in Denmark does not have its own individual policies for corporate social responsibility, including respect for human rights and the Company's impact on the climate and environment, as the Company is covered by the Group's policies. Below the Danish statement of corporate social responsibility based on the Group's policies.

Brief description of the company's business model

We manufacture, market, and sell quality makeup, skin care, fragrance, and hair care products, with a well-diversified portfolio of distinctive brands whose products are sold in approximately 150 countries and territories. Infused throughout our organization is a passion for creativity and innovation—a desire to push the boundaries and invent the unexpected as we continue the bold work of our founder, Mrs. Estée Lauder.

Management's review

Climate and environment

As part of our strategic planning process, we continually evaluate areas of risk and opportunity for our business. Most recently, in fiscal 2023, we completed a priority issues analysis to define, validate, and prioritize our sustainability focus areas. This identified two focus areas within the environmental agenda: climate change and greenhouse gas (GHG) emissions, and product and packaging design (including green chemistry and plastics). In addition, our climate scenario analysis conducted in fiscal 2022 continues to guide our climate risk management process. The analysis included a range of plausible climate scenarios and identified risks that could impact our company, including physical risks such as chronic heat, flooding, and extreme weather, and transition risks, such as supply chain, market, regulatory, technology, and reputational risks. Further, these transition risks include the potential impact of climate change on the availability and pricing of raw materials, availability and scale of relevant technology, volatility in energy prices, and increase in related policies and regulations. To help address these potential risks, we have set a number of corporate sustainability goals, including action plans for sensitive supply chains, and we continue to consider climate-related risks as an input into our ERM process.

We focus on addressing climate change through our GHG emissions-reduction efforts. We seek innovative solutions to gain efficiencies and help reduce impact throughout our operations and value chain. We target governance and alignment across internal functions to drive emission reduction actions in the areas of greatest impact, as determined by our carbon footprint. We also continue to expand our portfolio of projects and initiatives and make further investments that can help us achieve our science-based targets.

In fiscal 2024, we achieved a 37% reduction in our Scope 1 and 2 (direct operations) emissions relative to our fiscal 2018 baseline. This represents a 25% increase in absolute emissions from fiscal 2023. Emissions increased due to the use of temporary generators at our largest and recently completed manufacturing facility in Japan as we await completion of an electrical substation by the local utility. We expect to see elevated emissions for this facility in fiscal 2025 until the grid connection is complete. We realized an emissions reduction of 19% from fiscal 2023 for our corporate vehicle fleet as we pursue our electric vehicle transition. In fiscal 2024, we nearly doubled the number of EVs in our EMEA fleet. This, along with reducing our fleet in other regions, helped us increase the percentage of EVs in our global corporate fleet to 10.7%.

In fiscal 2024, Scope 3 (value chain) emissions intensity for the covered categories decreased by 21% from our fiscal 2018 baseline. This result is 19% lower than our emissions intensity in fiscal 2023. The numerator of our intensity calculation, absolute emissions, decreased 21% while the net sales in the denominator decreased 2%. The largest contributors to this emission decrease from fiscal 2023 are our reduction in usage of air freight and reduction in purchased goods and services. Small increases were observed in employee commuting and business travel as these activities continue a post-pandemic rebound.

ELC uses the operational control approach in accordance with the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, GHG Protocol Scope 2 Guidance: An amendment to the GHG Protocol Corporate Standard, and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard: Supplement to the GHG Protocol Corporate Standard (together, "GHG Protocol") to report energy consumption and direct and indirect GHG emissions for locations where ELC has operational control. These locations include freestanding stores, manufacturing, distribution, office, innovation, and salon locations that were in operation for all or part of fiscal 2024.

We apply a portfolio approach to renewable energy, including onsite and offsite generation and Energy Attribute Certificates (EACs). In Europe and other regions, we source renewable electricity through a combination of utility contracts and EACs. Looking forward, we are in the process of developing region-specific renewable electricity solutions by assessing regional sourcing opportunities and selecting relevant and effective options in each unique situation. Renewable electricity is expected to remain a crucial part of our strategy.

Management's review

Social and personnel matters

The evaluation of risks and opportunities for the business identified inclusion, diversity and equity, and health and safety to be the most important topics in regard to employees and social matters.

We strive to foster an inclusive culture and focus on learning opportunities that promote a sense of belonging so our employees can reach their full potential. We understand the value of rising talent and offer robust resources to support our high performers so they can drive growth and inspire us toward greater success. We continue to be responsive to the needs of our workforce and are committed to providing equitable access to professional development and advancement opportunities.

We offer an enriching array of educational offerings to inspire our talent. These programs help create a stimulating, inclusive environment where employees from all backgrounds and levels of the Company can gain the skills they need to do their best work. In fiscal 2022, we launched ELC Grow—an exciting new addition to our professional development offerings. This internal talent marketplace is intended to drive connectivity across our group and help employees navigate their career growth.

In February 2023, we launched the fiscal 2023 ELC Listens Pulse Survey, our employee engagement survey, to 17,000+ global corporate and field employees to gather their feedback on our progress to implement 300+ actions stemming from our 2022 Baseline Engagement Survey. We saw a significant response rate of nearly 12,000 employees, demonstrating continuing strength in overall employee engagement, and a Company favorability score of 80.1%. Results also showed that actions taken have created uptrends in fostering innovation, showing gratitude through recognition, and fostering an inclusive culture in which all backgrounds and perspectives are welcomed and valued. We will continue to focus on the areas that matter most to our employees, including recognition for achievements and expanding career development opportunities.

Management's review

Human rights

As we approach human rights in our operations and across our value chain, we aspire to foster respect for people and the environment and to be a positive influence in every community in which we operate and from which we source. We have policies, processes, training, and systems in place to identify, assess, monitor, and mitigate or eliminate actual or potential human rights impacts. Our approach to respect human rights across our global operations and supply chain recognizes the following international protocols:

- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights

We have conducted a corporate-level Human Rights Assessment (HRA) based on the methodology outlined by the UN Guiding Principles on Business & Human Rights, the global standard for HRAs. Through the HRA process, we assessed human rights risks and impacts across our operations, including our corporate policies and procedures, as well as our supply chain, manufacturing, and retail operations. The HRA has provided us with a framework to help identify and prioritize our salient human rights risks and impacts, and to identify key actions for improvement. We intend to continue to enhance these processes and policies and engage with our internal and external stakeholders in implementing this policy.

Our Supplier Code of Conduct sets forth the basic requirements we expect of suppliers, including vendors, service providers, independent contractors, and consultants, as a condition of doing business with our Company. It is based on internationally recognized standards, including the Universal Declaration of Human Rights and International Labor Organization's Conventions.

Our Code of Conduct outlines our expectations for promoting a respectful workplace, engaging in ethical business practices, and operating in a socially responsible and fair manner. We require our employees, business partners, service providers, and suppliers to operate in compliance with applicable laws, including, but not limited to, employment laws pertaining to child labor, minimum wage, overtime compensation, hiring, and occupational safety.

As a global company, ELC recognizes potential risks related to human rights when it comes to working conditions in the supply chain, including forced or child labor. We are working with our suppliers to ensure enforcement of and compliance with our Supplier Code of Conduct, which as a condition of doing business with our company, prohibits the use of child labor. We are also working to increase traceability and transparency throughout our supply chain. We are a founding member of a coalition comprising suppliers, industry peers, local community members, and nonprofits, with one of its goals being to develop short and long-term action plans to facilitate change in certain supply chains where child labor persists.

Our Human Rights Policy applies to all ELC employees, locations, operating companies and employees of subsidiaries and joint ventures in which we hold a majority interest. We also expect our suppliers to respect human rights in their own operations and supply chains. We promote a culture of uncompromising ethics and integrity and put forth standards to uphold the principles and ideals that make us a global leader in prestige beauty. We have tailored approaches for various stakeholder groups that focus on key risks and opportunities.

ELC achieved a perfect score of 100 on the 2023-2024 Corporate Equality Index (CEI) by the Human Rights Campaign Foundation for the 8th year in a row. This index is a leading survey and report in the nation, evaluating corporate policies and practices pertaining to LGBTQ+ workplace equality.

Management's review

Anti-corruption and bribery

As outlined in ELC's Code of Conduct and our Supplier Code of Conduct, we do not tolerate bribery and corruption of any kind, and we consider corruption and bribery to harm the communities we operate in and violate the laws of the countries we conduct business. Newly hired employees are required to sign an acknowledgement that they have received, read, and will comply with the Code.

ELC is committed to maintaining a robust Anti-Bribery and Corruption Program, which includes policies, procedures, and internal controls reasonably designed to prevent, detect, and mitigate anti-bribery and corruption-related risks, as implemented across the group, including at Estee Lauder Cosmetics A/S.

As a global company, ELC recognizes potential risks that could stem from our operations, such as the conduct of overseas third-party business partners. To manage these risks, we have taken measures including risk-based third-party due diligence and ongoing monitoring.

ELC also delivers targeted training to employees, who are expected to raise questions or concerns including in confidence via the 24/7 Integrity Helpline and conducts periodic risk assessments to monitor the risks across our operations globally, the results of which inform continuous enhancements to our program.

Internal Audit regularly assesses the effectiveness of the Anti-Bribery and Corruption Program through routine and targeted audits.

In fiscal 2024 there were no reported incidents of corruption or bribery at Estee Lauder Cosmetics A/S. We will continue our efforts against corruption and bribery in fiscal 2025.

Other

For further information the Company refers to the Group's Social Impact and Sustainability. The report has been prepared in accordance with Global Reporting Initiative (GRI) standards and is available at <https://www.elcompanies.com/en/news-and-media/media-resources/resources-and-reports>. Here you will find the focus subjects for CSR like 'Sustainable Sourcing', 'Employee Well-Being', 'Product-and-packaging-innovation', 'Guiding Principles', 'Volunteerism' and focus areas like BCA (Breast Cancer Awareness) and MAC Aids Fund.

Estée Lauder Cosmetics in Denmark, Norway and Sweden have a variety of local initiatives under the group umbrella such as the Breast Cancer Awareness program in cooperation with 'Støt Brysterne'; 'Brystkreftforeningen' and 'Brøstcancerforbundet'.

Statement on gender composition, cf. section 99b of the Financial Statements Act

2023/24

Top management

| | |
|---------------------------|-----|
| Total number of members | 3 |
| Underrepresented gender % | 33% |

Other management levels

| | |
|---------------------------|------|
| Total number of members | 13 |
| Underrepresented gender % | 31% |
| Target figure % | 46% |
| Year for meeting target | 2026 |

Management's review

It is the Company's goal that each gender should be represented by at least 33,33% on the Board of Directors. According to the definition of the Danish Business Authorities, Estée Lauder Cosmetics has achieved an equal gender distribution in the top management body, and therefore has no obligation to set targets for the top management body.

It is the Company's goal that each gender should be represented by at least 46% of other management levels. At present, the Company does not meet its goal.

For a number of years, Estée Lauder Cosmetics A/S has had an even distribution of the two genders in Management; however, at present, we have not achieved an equal gender representation as defined by the Danish Business Authority. A detailed approach is in working progress to ensure this via sourcing. We had an HR meeting in April 2024 on this specific topic and have identified additional opportunities to attract more men into the Company. This work will continue in fiscal year 2025.

It is our policy to appoint the persons with the best qualifications to management positions, and at the same time, we want to promote diversity in Management. In order to do so, executive management and HR work closely together to do their utmost that, to the extent possible, there is at least one candidate of each gender among the final three candidates when externally recruiting members of Management. In fiscal year 2024, we have not had any vacancies in the Nordic Leadership Team. To target more men, we have created an Employer Branding video targeted to attract both gender by displaying several functions and ensuring a good variation of gender and nationality. Furthermore, we have adjusted our job advertisements for both Office roles and field roles to be more neutral to attract both genders. Finally, we are using LinkedIn Recruiter, supporting us in targeting both male and female candidates for our open positions.

To the extent external recruitment agencies are used they are instructed to focus on the diversity of the two genders.

Further, for our Talent Acquisition Manager it is a priority to create a more diverse workforce in the Nordics. We are constantly working on Employer Branding initiatives making the Nordic organization more attractive to a more diverse pool of candidates.

Statement on data ethics, cf. section 99d of the Financial Statements Act

The Estée Lauder Cosmetics in Denmark does not have its own individual policies on data ethics as this topic is addressed through the Group's policies on data privacy and cybersecurity. The Company refers to The Estée Lauder Companies Inc.'s Social Impact and Sustainability Report for a description of the Groups policies on data privacy and cybersecurity on page 29.

The report is available at <https://www.elcompanies.com/en/our-commitments>.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 July 2023 - 30 June 2024

| | Note | 2023/24 | 2022/23 |
|---|------|----------------|----------------|
| | | TDKK | TDKK |
| Revenue | 1 | 899,132 | 696,727 |
| Cost of goods sold | | -342,671 | -233,198 |
| Other external expenses | | -238,891 | -212,133 |
| Gross profit | | 317,570 | 251,396 |
| Staff expenses | 2 | -166,241 | -144,684 |
| Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | 3 | -15,477 | -14,266 |
| Other operating expenses | 4 | -1,160 | -128 |
| Profit/loss before financial income and expenses | | 134,692 | 92,318 |
| Financial income | 5 | 19,518 | 7,957 |
| Financial expenses | 6 | -21 | -320 |
| Profit/loss before tax | | 154,189 | 99,955 |
| Tax on profit/loss for the year | 7 | -31,409 | -21,614 |
| Net profit/loss for the year | 8 | 122,780 | 78,341 |

Balance sheet 30 June 2024

Assets

| | Note | 2023/24 | 2022/23 |
|--|-----------|----------------|----------------|
| | | TDKK | TDKK |
| Acquired licenses | | 8 | 41 |
| Intangible assets | 9 | 8 | 41 |
| Other fixtures and fittings, tools and equipment | | 50,764 | 17,767 |
| Leasehold improvements | | 6,960 | 7,980 |
| Property, plant and equipment in progress | | 12,925 | 20,332 |
| Property, plant and equipment | 10 | 70,649 | 46,079 |
| Deposits | 11 | 3,511 | 3,444 |
| Fixed asset investments | | 3,511 | 3,444 |
| Fixed assets | | 74,168 | 49,564 |
| Finished goods and goods for resale | | 859 | 773 |
| Inventories | | 859 | 773 |
| Trade receivables | | 129,483 | 103,182 |
| Receivables from group enterprises | | 530,606 | 395,307 |
| Other receivables | | 1,317 | 2,653 |
| Deferred tax asset | 12 | 4,742 | 6,345 |
| Prepayments | 13 | 1,695 | 1,646 |
| Receivables | | 667,843 | 509,133 |
| Cash at bank and in hand | | 2,935 | 2,890 |
| Current assets | | 671,637 | 512,796 |
| Assets | | 745,805 | 562,360 |

Balance sheet 30 June 2024

Liabilities and equity

| | Note | 2023/24 | 2022/23 |
|--|------|----------------|----------------|
| | | TDKK | TDKK |
| Share capital | 14 | 500 | 500 |
| Reserve for exchange rate conversion | | -16,636 | -21,906 |
| Retained earnings | | 579,618 | 456,838 |
| Equity | | 563,482 | 435,432 |
| Other provisions | 15 | 3,844 | 4,505 |
| Provisions | | 3,844 | 4,505 |
| Other payables | | 2,007 | 2,237 |
| Long-term debt | | 2,007 | 2,237 |
| Trade payables | | 69,114 | 36,672 |
| Payables to group enterprises | | 21,175 | 14,697 |
| Corporation tax | | 16,741 | 12,428 |
| Other payables | | 69,442 | 56,389 |
| Short-term debt | | 176,472 | 120,186 |
| Debt | | 178,479 | 122,423 |
| Liabilities and equity | | 745,805 | 562,360 |
| Contingent assets, liabilities and other financial obligations | 16 | | |
| Related parties | 17 | | |
| Fee to auditors appointed at the general meeting | 18 | | |
| Accounting Policies | 19 | | |

Statement of changes in equity

| | Share capital | Reserve for exchange rate conversion | Retained earnings | Total |
|------------------------------|---------------|--|----------------------|----------------|
| | TDKK | TDKK | TDKK | TDKK |
| Equity at 1 July | 500 | -21,906 | 456,838 | 435,432 |
| Exchange adjustments | 0 | 5,270 | 0 | 5,270 |
| Net profit/loss for the year | 0 | 0 | 122,780 | 122,780 |
| Equity at 30 June | 500 | -16,636 | 579,618 | 563,482 |

Notes to the Financial Statements

| | 2023/24 | 2022/23 |
|------------------------------|----------------|----------------|
| | TDKK | TDKK |
| 1. Revenue | | |
| Geographical segments | | |
| Denmark | 272,456 | 246,958 |
| Norway | 178,697 | 146,368 |
| Sweden | 447,979 | 303,401 |
| | <u>899,132</u> | <u>696,727</u> |

Pursuant to section 96 of the Danish Financial Statements Act, the Company has chosen not to disclose the distribution of revenue by product category due to competitive reasons.

| | 2023/24 | 2022/23 |
|---|----------------|----------------|
| | TDKK | TDKK |
| 2. Staff Expenses | | |
| Wages and salaries | 142,706 | 122,451 |
| Pensions | 10,463 | 9,634 |
| Other social security expenses | 13,072 | 12,599 |
| | <u>166,241</u> | <u>144,684</u> |
| | | |
| Including remuneration to the Executive Board and Board of Directors: | | |
| Executive board | 5,293 | 3,359 |
| Board of directors | 68 | 69 |
| | <u>5,361</u> | <u>3,428</u> |
| | | |
| Average number of employees | <u>456</u> | <u>454</u> |

The Company's Executive board participates in a share based incentive program of the ultimate parent company. The Executive Board is granted an even number of RSUs and Stock Options. RSU's have a vesting period of one to three years, and Stock Options expire after ten years. The total estimated value of granted RSUs and Stock Options granted to all employees in the year amounts to DKK 8.021k (2022/23: DKK 8.800k).

The number of granted RSUs and Stock Options are dependent on the Group's results and the individual entity's results, which are determined and assessed annually via a comprehensive and well-structured Performance Review. The result is assessed based on operational and personal performance.

Notes to the Financial Statements

| | 2023/24 | 2022/23 |
|---|---------------|---------------|
| | TDKK | TDKK |
| 3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 213 | 0 |
| Depreciation of property, plant and equipment | 15,264 | 14,266 |
| | <u>15,477</u> | <u>14,266</u> |
| | | |
| | 2023/24 | 2022/23 |
| | TDKK | TDKK |
| 4. Other operating expenses | | |
| Loss from disposals of fixed assets | 1,160 | 128 |
| | <u>1,160</u> | <u>128</u> |
| | | |
| | 2023/24 | 2022/23 |
| | TDKK | TDKK |
| 5. Financial income | | |
| Interest received from group enterprises | 19,041 | 7,905 |
| Other financial income | 477 | 52 |
| | <u>19,518</u> | <u>7,957</u> |
| | | |
| | 2023/24 | 2022/23 |
| | TDKK | TDKK |
| 6. Financial expenses | | |
| Other financial expenses | 21 | 320 |
| | <u>21</u> | <u>320</u> |
| | | |
| | 2023/24 | 2022/23 |
| | TDKK | TDKK |
| 7. Income tax expense | | |
| Current tax for the year | 29,759 | 19,313 |
| Deferred tax for the year | 1,650 | 2,301 |
| | <u>31,409</u> | <u>21,614</u> |

Notes to the Financial Statements

| | <u>2023/24</u> | <u>2022/23</u> |
|---|----------------|------------------------------|
| | TDKK | TDKK |
| 8. Profit allocation | | |
| Retained earnings | 122,780 | 78,341 |
| | <u>122,780</u> | <u>78,341</u> |
| 9. Intangible fixed assets | | |
| | | <u>Acquired licenses</u> |
| | | TDKK |
| Cost at 1 July | | 133 |
| Exchange adjustment | | <u>180</u> |
| Cost at 30 June | | <u>313</u> |
| Impairment losses and amortisation at 1 July | | 92 |
| Amortisation for the year | | <u>213</u> |
| Impairment losses and amortisation at 30 June | | <u>305</u> |
| Carrying amount at 30 June | | <u>8</u> |
| Amortised over | | <u>5 years</u> |

Notes to the Financial Statements

10. Property, plant and equipment

| | Other fixtures and fittings, tools and equipment | Leasehold improve- ments | Property, plant and equipment in progress |
|--|---|--------------------------------|--|
| | TDKK | TDKK | TDKK |
| Cost at 1 July | 129,099 | 11,357 | 20,332 |
| Exchange adjustment | 3,101 | 20 | 357 |
| Additions for the year | 0 | 0 | 42,076 |
| Disposals for the year | -28,235 | 0 | 0 |
| Transfers for the year | 49,840 | 0 | -49,840 |
| Cost at 30 June | <u>153,805</u> | <u>11,377</u> | <u>12,925</u> |
| Impairment losses and depreciation at 1 July | 111,332 | 3,377 | 0 |
| Exchange adjustment | 4,513 | 18 | 0 |
| Depreciation for the year | 14,242 | 1,022 | 0 |
| Reversal of impairment and depreciation of sold assets | -27,046 | 0 | 0 |
| Impairment losses and depreciation at 30 June | <u>103,041</u> | <u>4,417</u> | <u>0</u> |
| Carrying amount at 30 June | <u>50,764</u> | <u>6,960</u> | <u>12,925</u> |

11. Other fixed asset investments

| | Deposits |
|-----------------------------------|---------------------|
| | TDKK |
| Cost at 1 July | 3,444 |
| Exchange adjustment | 13 |
| Additions for the year | 54 |
| Cost at 30 June | <u>3,511</u> |
| Carrying amount at 30 June | <u>3,511</u> |

12. Deferred tax asset

| | 2023/24 | 2022/23 |
|---|--------------|--------------|
| | TDKK | TDKK |
| Deferred tax asset at 1 July | 6,345 | 8,777 |
| Exchange adjustments | 0 | -131 |
| Amounts recognised in the income statement for the year | -1,650 | -2,825 |
| Amounts recognised in equity for the year | 47 | 524 |
| Deferred tax asset at 30 June | <u>4,742</u> | <u>6,345</u> |

Notes to the Financial Statements

13. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

14. Share capital

The share capital consists of 500 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.

15. Other provisions

| | 2023/24 | 2022/23 |
|----------------------------|--------------|--------------|
| | TDKK | TDKK |
| Other provisions at 1 July | 4,505 | 9,718 |
| Exchange adjustment | 15 | 55 |
| Employed in year | -676 | -5,268 |
| | <u>3,844</u> | <u>4,505</u> |

The provisions are expected to mature as follows:

| | | |
|--------------------------------------|--------------|--------------|
| Provisions falling due after 5 years | <u>2,125</u> | <u>2,125</u> |
| | <u>2,125</u> | <u>2,125</u> |

The provision recognized consists of retirement obligations and charitable contributions.

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

| | 2023/24 | 2022/23 |
|-----------------------|---------------|---------------|
| | TDKK | TDKK |
| Within 1 year | 10,460 | 7,156 |
| Between 1 and 5 years | 5,574 | 23,080 |
| After 5 years | 23,275 | 10,834 |
| | <u>39,309</u> | <u>41,070</u> |

Notes to the Financial Statements

17. Related parties and disclosure of consolidated financial statements

| | <u>Basis</u> |
|---|----------------|
| Controlling interest | |
| Estée Lauder Belgium B.V, Westerlo, Belgium | Parent company |
| Estée Lauder International, Inc., New York, United States | Parent company |
| Estée Lauder Inc., New York, United States | Parent company |
| The Estée Lauder Companies Inc., New York, United States | Parent company |

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions exists.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

| <u>Name</u> | <u>Place of registered office</u> |
|---------------------------------|--|
| The Estée Lauder Companies Inc. | 7 Corporate Center Drive, Melville NY 11747, United States |

18. Fee to auditors appointed at the general meeting

PricewaterhouseCoopers

| | <u>2023/24</u> | <u>2022/23</u> |
|-----------------------|----------------|----------------|
| | TDKK | TDKK |
| Audit fee | 795 | 524 |
| Tax advisory services | 101 | 98 |
| Non-audit services | 46 | 42 |
| | <u>942</u> | <u>664</u> |

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Estée Lauder Cosmetics A/S for 2023/24 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.

The Financial Statements for 2023/24 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of The Estée Lauder Companies Inc, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

The assets and liabilities of foreign branches are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average rates of exchange during the year. Exchange differences arising on translation of the opening net assets and results of foreign operations are recognised directly in equity and presented in equity under a separate reserve for exchange rate conversion.

Notes to the Financial Statements

Incentive schemes

Liabilities to reimburse the parent company related to Share-based compensation are recognized based on an ending intrinsic value of all granted RSUs and Stock Options. The expense related to this compensation consists of the value of this year's granted RSUs and Stock Options, as well as the change in intrinsic value of previously granted RSUs and Stock Options.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including government relief packages.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance sheet

Intangible fixed assets

Software is measured at the lower of cost less accumulated amortisation and recoverable amount. The software is amortised over expected useful life, which is 5 years.

Notes to the Financial Statements

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

| | |
|--|------------|
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 5-10 years |

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Notes to the Financial Statements

Deferred tax assets and liabilities

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

| | |
|------------------|--|
| Gross margin | $\text{Gross profit} \times 100 / \text{Revenue}$ |
| Profit margin | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$ |
| Return on assets | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$ |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$ |