

Beautyge Denmark A/S
Kirkebjerg Parkvej 9-11 C
DK- Brøndby

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Beautyge Denmark A/S

Annual report 2018

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

on July 10 20 19


chairman

CVR no.19 55 69 80

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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 Beautyge Denmark A/S for the financial year 1 January – 31 December 2018.

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 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Brøndby, 10/7/ 2019

Executive Board:



Stéphane Bonnet

Board of Directors:


Michael Sheehan
Chairman


Yossi Almani


Marion Grandjean


Stéphane Bonnet



Independent auditor's report

To the shareholders of Beautyge Denmark A/S

Opinion

We have audited the financial statements of Beautyge Denmark A/S for the financial year 1 January – 31 December 2018, comprising income statement, balance sheet and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent auditor's report

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

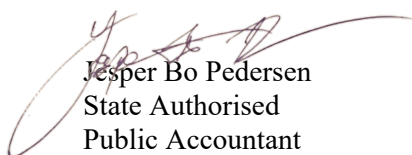
Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 10 July 2019

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Jesper Bo Pedersen
State Authorised
Public Accountant

MNE No. 42778

Management's review

Company details

Beautyge Denmark A/S
Kirkebjerg Parkvej 9-11 C
DK- Brøndby

Telephone: +45 70 22 22 98
Website: www.revlonprofessionalbrands.dk
E-mail: office.dk@revlon.com
CVR no.: 19 55 69 80
Established: 1 September 1996
Registered office: Brøndby
Financial year: 1 January -- 31 December

Executive Board

Stephane Jean Christophe Bonnet Board of Directors

Michael Sheehan (chairman)
Yossi Almani
Stephane Bonnet
Marion Grandjean

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø
Denmark

Annual general meeting

The annual general meeting will be held on 2019.

Management's review

Operating review

Principal activities

The Company's principal activities comprise the sale of hair care products to the business-to-business market in Denmark, including training in the use of the products.

Development in activities and financial position

The loss for the year amounts to DKK 2,315 thousand (2017: loss of DKK 3,968 thousand). The loss for the year is not satisfactory.

The ultimate parent company has issued a letter of support providing assurance that the necessary funds will be provided to the Company, and consequently, the financial statements are presented under the going concern assumption.

The loss of equity is expected re-established by a cash contribution or future profit.

The company expect significant lower activity in 2019.

Significant events after the balance sheet date

The Company has transferred its main activity to another company in 2019. The transfer has not caused any loss or profit. Except this transfer, no events have occurred after the balance sheet date that may affect the assessment of the Company's financial position at 31 December 2018 and the results for the period.

Financial statements 1 January – 31 December 2018

Income statement

DKK	Note	2018	2017
Gross profit		3,422,962	-1,116,957
Staff costs	1	-4,755,384	-4,564,041
Operating loss		-1,332,422	-5,680,998
Financial income	2	0	1,040,881
Financial expenses	2	- 1,371,235	-466,072
Loss before tax		-2,703,657	-5,106,189
Tax benefit on loss for the year		388,837	1,137,956
Loss for the year	3	-2,314,820	-3,968,233

Financial statements 1 January – 31 December 2018

Balance sheet

DKK	Note	2018	2017
ASSETS			
Investments			
Deposits		11,008	26,605
		11,008	26,605
Total non-current assets		11,008	26,605
Current assets			
Inventories			
Finished goods and goods for resale		0	0
		11,008	26,605
Receivables			
Trade receivables		3,576,808	2,290,154
Joint taxation receivables		1,526,793	1,137,956
Prepayments		32,269	124,882
		5,135,870	3,552,992
Cash at bank and in hand		1,431,267	553,979
Total current assets		6,567,137	4,106,971
TOTAL ASSETS		6,578,145	4,133,576

Financial statements 1 January – 31 December 2018

Balance sheet

DKK	Note	2018	2017
EQUITY AND LIABILITIES			
Equity			
Share capital	3	584,000	584,000
Retained earnings		-12,669,318	-10,354,497
Total equity		-12,085,318	-9,770,497
Long term debt to Group entities	4	9,991,967	8,054,584
Current liabilities other than provisions			
Trade payables		511,574	668,606
Payables to group entities	4	5,166,049	3,176,170
Other payables		2,993,873	2,004,713
		8,671,496	5,849,489
Total liabilities other than provisions		18,663,463	13,904,073
TOTAL EQUITY AND LIABILITIES		6,578,145	4,133,576
Contractual obligations, contingencies, etc.	5		
Related parties	6		
Accounting policies	7		

Financial statements 1 January – 31 December 2018

Notes

	DKK	2018	2017
1 Staff costs			
Wages and salaries		4,421,964	4,212,642
Pensions		311,745	325,276
Other social security costs		21,675	26,123
		<u>4,755,384</u>	<u>4,564,041</u>
Average number of full-time employees		<u>6</u>	<u>7</u>
2 Financial expenses			
Interest expense to group entities		-359,389	-258,858
Foreign exchange gains/losses		-634,163	1,040,866
Other interest expense/income		-377,683	-207,197
		<u>-1,371,235</u>	<u>-574,809</u>
3 Equity			
Proposed distribution of loss			
Retained earnings		-2,314,820	-3,968,233
		<u>-2,314,820</u>	<u>-3,968,233</u>

The ultimate parent company, Revlon Inc, has issued a letter of support providing assurance that the necessary funds will be provided to the Company, and consequently, the financial statements are presented under the going concern assumption.

DKK	Share capital	Retained earnings	Proposed dividend	Total
Balance at 1 January 2018	584,000	-10,354,497	0	-9,770,497
Transferred; see the distribution of loss	0	-2,314,821	0	-2,314,821
Balance at 31 December 2018	584,000	-12,669,318	0	-12,085,318

The changes in the share capital for the past five years can be specified as follows:

DKK	2018	2017	2016	2015	2014
Balance at 1 January	584,000	584,000	584,000	584,000	584,000
Cash capital increase	0	0	0	0	0
	584,000	584,000	584,000	584,000	584,000

The share capital consists of:

DKK	2018	2017
A shares, 584 shares of nom. DKK 1,000 each	584,000	584,000
	584,000	584,000

Financial statements 1 January – 31 December 2018

Notes

4 Payables to group entities.

	Total debt at 31/12 2018	Outstanding debt after 5 years
DKK	15,158,016	0

5 Contractual obligations, contingencies, etc.

Lease obligations

The Revlon Group's Danish subsidiaries are jointly and severally liable for tax on the Group's jointly taxed income as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation may entail an increase in the entity's liability.

6 Related party disclosures

Beautyge Denmark A/S related parties comprise the following:

Beautyge, S.L., Spain, Barcelona, Direct Parent company

Beautyge Beauty Group, S.L., Barcelona, Spain, Indirect Parent company

Beautyge Participations, S.L., Barcelona, Spain, Indirect Parent company

Revlon Consumer Products Corporation, New York, USA, the ultimate operational Parent company

Revlon, Inc., New York, USA, the ultimate Parent company

Parties exercising control

The Company is a wholly-owned subsidiary of Beautyge, S.L., Barcelona, Spain.

The ultimate holding company is Revlon, Inc., incorporated in the United States of America.

The results of the Company are consolidated in those of Revlon, Inc.

The consolidated accounts are available to the public at www.sec.gov and may be obtained from One New York Plaza, New York, 10004, USA.

Financial statements 1 January – 31 December 2018

Note 7

Accounting policies

The annual report of Beautyge Denmark A/S for 2018 has been presented in accordance with the provisions applying to reporting class B 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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Gross profit

Gross profit comprises revenue, cost of sales and other external costs. In accordance with section 32 of the Danish Financial Statements Act, taking into consideration competitive conditions, the Company is not disclosing net sales.

Revenue

Income from the sale of goods, comprising the sale of hair care products to business-to-business markets and training in the use of the products, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place, the income can be reliably measured, and payment is expected to be received.

Other external costs

Other external costs comprise costs in relation to distribution, sales, marketing, administration, rent, loss on debtors, operating leases, etc.

Financial statements 1 January – 31 December 2018

Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities. Financial statements 1 January – 31 December 2018

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Investments

Deposits are recognised at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises the purchase price plus delivery costs. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December 2018

Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years. Financial statements 1 January – 31 December 2018

Equity

Dividends

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under 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.

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 measured on the planned use of the asset or settlement of the liability, respectively.

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.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.