

ELIZABETH ARDEN (DENMARK) ApS

Kirkebjerg Parkvej 9 - 11
2605 Brøndby

CVR no. 25 48 34 99

Annual report for the period 1 January – 31 December 2017

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

31 May 2018

Palle Pedersen
chairman



ELIZABETH ARDEN (DENMARK) ApS
Annual report 2017
CVR no. 25 48 34 99

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of ELIZABETH ARDEN (DENMARK) ApS for the financial year 1 January – 31 December 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations 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.

Brøndby, 31 May 2018
Executive Board:

Palle Pedersen
Managing Director

Mitra O'Neil

Michael Thomas Sheehan

Yossi Almani



Independent auditor's report

To the shareholder of ELIZABETH ARDEN (DENMARK) ApS

Opinion

We have audited the financial statements of ELIZABETH ARDEN (DENMARK) ApS for the financial year 1 January – 31 December 2017 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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



Independent auditor's report

- 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.

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.

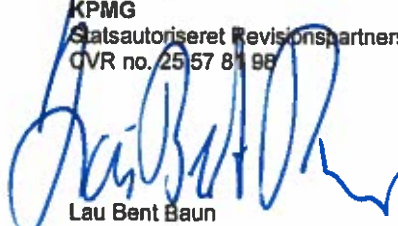
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2018

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 96



Lau Bent Baun
State Authorised
Public Accountant
MNE no. 26708

ELIZABETH ARDEN (DENMARK) ApS
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Management's review

Company details

ELIZABETH ARDEN (DENMARK) ApS
Kirkebjerg Parkvej 9 - 11
2605 Brøndby

Telephone: 43284800
Fax: 43424801

CVR no.: 25 48 34 99
Financial year: 1 January – 31 December

Executive Board

Palle Pedersen, Managing Director
Mitra O'Neil
Michael Thomas Sheehan
Yossi Almani

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen

Attorneys

Bech- Bruun
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2100 København Ø

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Silkeborgvej 2
8000 Aarhus C

Bank

Danske Bank
Holmens Kanal 2
1090 København

HSBC
8 Canada Square
E14 5HQ London, UK

Annual general meeting

The annual general meeting will be held on 31 May 2018 at the Company's address.

Management's review

Financial highlights

DKK'000	2017	1/7-31/12 2016	1/7 2015 - 30/6 2016	1/7 2014 - 30/6 2015	1/7 2013 - 30/6 2014
Key figures					
Revenue	130,174	64,578	119,623	109,785	36,805
Gross profit/loss	34,950	16,047	32,971	30,212	22,264
Ordinary operating profit/loss	1,650	1,020	1,901	1,783	1,719
Profit/loss from financial income and expenses	-1,421	-59	-1,783	-1,320	-31
Profit/loss for the year	46	667	24	322	1,268
Total assets					
Equity	64,415	53,555	54,441	59,204	18,942
Investment in property, plant and equipment	14,830	14,784	14,117	14,093	13,771
	3,885	1,948	2,104	10,408	515
Ratios					
Gross margin	26.85%	24.85%	27.56%	27.52%	60.49%
Operating margin	1.27%	1.58%	1.59%	1.62%	4.67%

Management's review

Operating review

Principal activities

The Company sells Elizabeth Arden products in Scandinavia.

Development in activities and financial position

The income statement of the Company for the period 1 January - 31 December 2017 shows a profit of DKK 46 thousand, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 14,830 thousand. The profit for the year is considered satisfactory.

The financial statements cover the period 1 January - 31 December 2017. The comparative figures for the fiscal year 2016 cover the period 1 July - 31 December 2016 and are, thus, not comparable.

Events after the balance sheet date

No events have occurred after the balance sheet date that may affect the assessment of the Company's financial position at 31 December 2017 and the results for the period.

Outlook

For 2018, Management expects a level of activity and results in the same range as for 2017.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	1/7-31/12 2016
Revenue		130,174	64,578
Cost of goods sold		-77,767	-39,001
Other operating income		2,935	1,511
Other external costs		-20,392	-11,041
Gross profit		34,950	16,047
Staff costs	2	-30,137	-13,630
Depreciation, amortisation and impairment	3	-3,163	-1,397
Operating profit		1,650	1,020
Financial income		411	227
Financial expenses		-1,832	-286
Profit before tax		229	961
Tax on profit/loss for the year	4	-183	-294
Profit for the year	5	46	667

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Property, plant and equipment	3		
Property, plant and equipment in progress		221	66
Fixtures and fittings, tools and equipment		8,404	7,838
		<u>8,625</u>	<u>7,904</u>
Investments			
Deposits		556	544
		<u>556</u>	<u>544</u>
Total fixed assets		<u>9,181</u>	<u>8,448</u>
Current assets			
Receivables			
Trade receivables		33,956	34,281
Receivables from group entities		11,655	226
Other receivables		279	178
Deferred tax asset	4	1,022	439
Prepayments	6	374	181
		<u>47,286</u>	<u>35,305</u>
Cash at bank and in hand		<u>7,948</u>	<u>9,802</u>
Total current assets		<u>55,234</u>	<u>45,107</u>
TOTAL ASSETS		<u>84,415</u>	<u>53,555</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity	7		
Contributed capital		125	125
Retained earnings		14,705	14,659
Total equity		<u>14,830</u>	<u>14,784</u>
Provisions			
Other provisions	8	8,690	9,879
Total provisions		<u>8,690</u>	<u>9,879</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		2,555	1,040
Payables to group entities		27,566	15,906
Corporation tax		1,108	518
Other payables		9,666	11,428
		<u>40,895</u>	<u>28,892</u>
Total liabilities other than provisions		<u>40,895</u>	<u>28,892</u>
TOTAL EQUITY AND LIABILITIES		<u>64,415</u>	<u>53,555</u>
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Financial statements 1 January – 31 December

Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2017	125	14,659	14,784
Transferred over the profit appropriation	<u>0</u>	<u>46</u>	<u>46</u>
Equity at 31 December 2017	<u>125</u>	<u>14,705</u>	<u>14,830</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ELIZABETH ARDEN (DENMARK) ApS for 2017 has been prepared in accordance with the provisions applying to reporting class C medium-sized 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.

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 Revlon Inc.

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

The financial statements cover the period 1 January - 31 December 2017. The comparative figures for the fiscal year 2016 cover the period 1 July - 31 December 2016 and are, thus, not comparable.

Revenue

Income from sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place.

Cost of sales

Cost of sales includes direct costs of goods sold and commission expenses.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise costs for premises, advertising costs as well as office expenses and other administrative expenses.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, bonus, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses comprise interests and gains and losses on transactions denominated in foreign currencies.

Tax on profit/loss for the year

The Company is the administrative company for the joint taxation of the Revlon Group's Danish subsidiaries and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and IT equipment	3-10 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Deposits

Deposits relate to the Company's leases and are measured as cost or recoverable amount, if lower.

Receivables

Receivables are measured at amortised cost.

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

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Intercompany balances

Receivables from payables to group entities comprise intercompany balances with other entities within the Revlon Group.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years including rent, insurance premiums, subscriptions, etc.

Provisions

Provisions comprise anticipated costs of return, markdowns and volume discounts. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at value in use. The provisions are recognised based on the Company's experience with returns, markdowns and volume discounts.

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. Tax payables and receivables include joint taxation contributions.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Deferred tax assets, including the tax value of tax loss carryforwards, 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

On initial recognition, liabilities other than provisions comprising trade payables and payables to group entities are recognised at cost. In subsequent periods, liabilities other than provisions are measured at amortised cost, typically equivalent to cost.

Other liabilities are measured at net realisable value.

2 Staff costs

DKK'000	2017	1/7-31/12 2016
Wages and salaries	27,678	12,481
Pensions	335	150
Other social security costs	2,124	999
	<u>30,137</u>	<u>13,630</u>
Average number of full-time employees	<u>54</u>	<u>47</u>

Remuneration of the Company's Executive Board amounts to DKK 2,658 thousand, pensions amount to DKK 242 thousand and other social contributions amount to DKK 2 thousand. Comparison figures are not included by reference to section 98B(3) of the Danish Financial Statements Act, as the Executive Board consisted of only one individual in 2016.

Three members of the Executive Board are contractually employed by the ultimate Parent Company Revlon Inc. Their remuneration, related to management activities in Elizabeth Arden (Denmark) ApS, is not recharged from the Parent Company and therefore not included in staff costs in the income statement. The cost incurred by the Parent Company on behalf of Elizabeth Arden (Denmark) ApS is, however, included in the management remuneration disclosed above.

Financial statements 1 January – 31 December

Notes

3 Property, plant and equipment

DKK'000	Fixtures and IT equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2017	17,205	66	17,271
Additions	3,730	155	3,885
Cost at 31 December 2017	20,935	221	21,156
Depreciation and impairment losses at 1 January 2017	-9,367	0	-9,367
Depreciation	-3,163	0	-3,163
Depreciation and impairment losses at 31 December 2017	-12,530	0	-12,530
Carrying amount at 31 December 2017	8,405	221	8,626

4 Tax on profit for the year

DKK'000	2017	1/7-31/12 2016
Current tax for the year	727	409
Deferred tax for the year	-582	-115
Adjustment of tax concerning previous years	38	0
	183	294

5 Proposed profit appropriation

Retained earnings	46	667
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6 Prepayments

Prepayments comprise prepayment, of costs incurred relating to subsequent financial years including rent, insurance premiums, subscriptions, etc.

7 Share capital

The contributed capital consists of 1,250 shares of a nominal value of DKK 100 thousand each.

All shares rank equally.

Financial statements 1 January – 31 December

Notes

8 Other provisions

DKK'000	2017	2016
Provision for markdowns	6,681	8,475
Provisions for returns	974	632
Provision for volume discounts	795	772
Other provisions	240	0
Other provisions at 31 December	8,690	9,879

9 Contractual obligations, contingencies, etc.

Within 1 year	2,564	1,951
Between 1 and 5 years	3,495	3,334
	6,059	5,285

The Company is party to a pending claim. In Management's opinion, the exposure is sufficiently provided for in the financial statements.

The Revlon Group's Danish entities 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 entities' liability.

Financial statements 1 January – 31 December

Notes

10 Related party disclosures

Control

Elizabeth Arden (Netherlands) Holding B.V., Holland, Controlling shareholder

Elizabeth Arden (Switzerland) Holding S.A.R.L., Switzerland, Parent company

Elizabeth Arden International Holding, Inc. Delaware, USA, Parent company

Elizabeth Arden Inc., Miami Lakes, Florida, USA, Parent company

Revlon, Inc. New York, USA, Ultimate parent company

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 share capital:

Elizabeth Arden (Netherlands) Holding B.V., Holland.

The Company is part of the consolidated financial statements of Elizabeth Arden (Netherlands) Holding B.V., Amsterdam, Netherlands, which is the smallest group in statements of Elizabeth Arden (Netherlands) Holding B.V. can be obtained by contacting the Company at their address:

Herengracht 540
1017 CG, Amsterdam
Netherlands

The Company is part of the consolidated financial statements of Revlon Inc., New York, USA, which is the largest group in which the Company is included as a subsidiary. The consolidated financial statements of Revlon Inc. can be obtained by contacting the Company at their address:

One New York Plaza
New York, New York, 1004
United States

Related party transactions

The Company has chosen only to disclose transactions that are not carried out on an arm's length basis in accordance with section 98c(7) of the Danish Financial Statements Act.

Transactions not carried out on an arm's length basis:

Management's remuneration for members of the Executive Board contractually employed by Revlon Inc. is not recharged to the Company.

