

ELIZABETH ARDEN (DENMARK) ApS

Kirkebjerg Parkvej 9 - 11
2605 Brøndby
Denmark

CVR no. 25 48 34 99

Annual report for the period 1 January – 31 December 2019

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

1 September 2020



Chairman

ELIZABETH ARDEN (DENMARK) ApS
Annual report 2019
CVR no. 25 48 34 99

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ELIZABETH ARDEN (DENMARK) ApS
Annual report 2019
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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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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, 1 September 2020
Executive Board:



Stéphane Jean Christophe
Bonnet



Marion Hélène Grandjean



Michael Thomas Sheehan



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 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We 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



Independent auditor's report

- 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.

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.

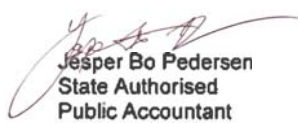
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 1 September 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98


Jesper Bo Pedersen
State Authorised
Public Accountant
mne42778

ELIZABETH ARDEN (DENMARK) ApS
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Management's review

Company details

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

Telephone: 43284800
Fax: 43424801

CVR no.: 25 48 34 99
Established: 28 June 2000
Registered office: Brøndby
Financial year: 1 January – 31 December

Executive Board

Stéphane Jean Christophe Bonnet
Marion Hélène Grandjean
Michael Thomas Sheehan

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights

DKK'000	2019	2018	2017	1/7 - 31/12 2016	1/7 2015 - 30/6 2016
Key figures					
Revenue	14,260	119,497	130,174	64,578	119,623
Gross profit	3,414	35,325	34,950	16,047	32,971
Ordinary operating profit	215	1,928	1,650	1,148	1,901
profit/Loss from financial income and expenses	70	-882	-1,421	-59	-1,783
Profit/loss for the year	-1,717	777	46	795	24
Balance sheet					
Total assets	24,391	64,574	64,415	53,555	54,441
Equity	13,890	15,607	14,830	14,912	14,117
Investment in property, plant and equipment	2,028	0	3,885	1,948	2,104
Ratios					
Gross margin	23.94%	29.56%	26.85%	24.85%	27.56%
Operating margin	1.51%	1.61%	1.27%	1.78%	1.59%
Return on equity	-5.82%	2.55%	0.15%	2.74%	0.09%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts. The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

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

Management's review

Operating review

Principal activities

The Company sells Elizabeth Arden products in Scandinavia to travel markets.

Development in activities and financial position

The income statement of the Company for the period 1 January - 31 December 2019 shows a loss of DKK 1.717 thousand, and the balance sheet shows an equity of DKK 13.890 thousand at 31 December 2019. The significantly lower level of activity compared to 2018 was expected by management.

Events after the balance sheet date

The Covid-19 pandemic has impacted businesses across the globe. Elizabeth Arden Denmark ApS has not experienced losses as a consequence of both the virus and the sanctions imposed by the authorities. However there is a risk that future sales might be affected by Covid-19. Management considers Covid-19 as an event with no effect on the 31 December 2019 balance.

No other events have occurred after the balance sheet date, that have materially affected the assessment of the annual report.

Outlook

For 2020, Management expects the same level of activity and results compared to 2019.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Revenue		14,260	119,497
Cost of goods sold		-9,103	-58,390
Other operating income		0	2,299
Other external costs		<u>-1,743</u>	<u>-28,081</u>
Gross profit		3,414	35,325
Staff costs	2	-3,163	-28,369
Depreciation, amortisation and impairment losses		<u>-36</u>	<u>-5,028</u>
Operating profit		215	1,928
Financial income	3	368	93
Financial expenses		<u>-298</u>	<u>-975</u>
Profit before tax		285	1,046
Tax on profit for the year	4	<u>-2,002</u>	<u>-269</u>
Profit/loss for the year	5	<u><u>-1,717</u></u>	<u><u>777</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		26	5,467
Investments			
Deposits		0	569
Total fixed assets		26	6,036
Current assets			
Receivables			
Trade receivables		1,723	34,081
Receivables from group entities		19,244	14,787
Other receivables		1,148	180
Deferred tax asset	7	0	1,602
Prepayments	8	0	309
		22,115	50,959
Cash at bank and in hand		2,250	7,579
Total current assets		24,365	58,538
TOTAL ASSETS		24,391	64,574

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	125	125
Retained earnings		<u>13,765</u>	<u>15,482</u>
Total equity		<u>13,890</u>	<u>15,607</u>
Provisions			
Other provisions	9	<u>1,699</u>	<u>17,591</u>
Total provisions		<u>1,699</u>	<u>17,591</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Trade payables		50	2,007
Payables to group entities		7,419	11,570
Corporation tax		0	456
Other payables		1,333	14,962
Prepayments	11	<u>0</u>	<u>2,381</u>
		<u>8,802</u>	<u>31,376</u>
Total liabilities other than provisions		<u>8,802</u>	<u>31,376</u>
TOTAL EQUITY AND LIABILITIES		<u>24,391</u>	<u>64,574</u>
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Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	125	15,482	15,607
Transferred over the distribution of loss	<u>0</u>	<u>-1,717</u>	<u>-1,717</u>
Equity at 31 December 2019	<u>125</u>	<u>13,765</u>	<u>13,890</u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of ELIZABETH ARDEN (DENMARK) ApS for 2019 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 2019.

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.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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 fittings, tools and equipment	3-10 years
--	------------

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

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.

Loss on sales of assets is booked on other external costs.

Deposits

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

Impairment of fixed assets

The carrying amount of property, plant and equipment and deposits is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

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

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.

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 convert into current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Other provisions

Provisions are recognized when, at the balance sheet date, the company has a legal or actual obligation and it is likely that settlement will result in the company spending financial resources.

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2019	2018
Wages and salaries	2,785	25,886
Pensions	12	362
Other social security costs	366	2,121
	<u>3,163</u>	<u>28,369</u>
Average number of full-time employees	<u>6</u>	<u>55</u>

Staff costs of the Group and the Parent Company include remuneration of the Parent Company's Executive Board of DKK 0 thousand (2018: DKK 3,944 thousand) and pensions of DKK 0 thousand (2018: DKK 242 thousand) and other social contributions of DKK 0 thousand (2018: DKK 2 thousand).

Four 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.

3 Financial income

DKK'000	2019	2018
Interest income from group entities	146	0
Other financial income	1	0
Exchange gains	221	93
	<u>368</u>	<u>93</u>

4 Tax on profit for the year

Current tax for the year	0	849
Deferred tax for the year	1,602	-580
Adjustment of tax concerning previous years	400	0
	<u>2,002</u>	<u>269</u>

5 Proposed profit appropriation/distribution of loss

Retained earnings	<u>-1,717</u>	<u>777</u>
	<u>-1,717</u>	<u>777</u>

Financial statements 1 January – 31 December

Notes

6 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	
		Total
Cost at 1 January 2019	20,058	20,058
Additions for the year	0	0
Disposals for the year	-19,813	-19,813
Cost at 31 December 2019	245	245
Depreciation and impairment losses at 1 January 2019	-14,591	-14,591
Depreciation for the year	-36	-36
Reversed depreciation and impairment losses on assets sold	14,408	14,408
Depreciation and impairment losses at 31 December 2019	-219	-219
Carrying amount at 31 December 2019	26	26

7 Deferred tax asset

DKK'000	2019	2018
Deferred tax asset 1. january	1,602	1,022
Deferred tax adjustment for the year	-1,602	580
	0	1,602

8 Prepayments

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

9 Share capital

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

Financial statements 1 January – 31 December

Notes

10 Other provisions

DKK'000	2019	2018
Provision for markdowns	15	8,628
Provisions for returns	167	1,422
Provision for volume discounts	0	988
Restructuring provisions	1,517	6,553
Other provisions at 31 December	1,699	17,591

11 Prepayments

Prepayments relates to future sales of assets.

12 Contractual obligations, contingencies, etc.

Within 1 year	48	290
	48	290

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.

Financial statements 1 January – 31 December

Notes

13 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 which the Company is included as a subsidiary. The consolidated financial 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, 10004
United States

Related party transactions

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.

DKK'000	2019	2018
Purchase of goods from group entities	9,103	47,396
Receivables from group entities	19,244	14,787
Payables to group entities	7,419	11,570

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2