

Elizabeth Arden (Denmark) ApS

**c/o Regus
Herstedøstervej 27, 1.
2620 Albertslund**

CVR no. 25 48 34 99

Annual report for 2021

Adopted at the annual general
meeting on 15 July 2022

Victoria Dolan
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Management's review	
Company details	6
Management's review	7
Financial statements	
Accounting policies	8
Income statement 1 January - 31 December	13
Balance sheet 31 December	14
Statement of changes in equity	16
Notes	17

Statement by management on the annual report

The executive board has today discussed and approved the annual report of Elizabeth Arden (Denmark) ApS for the financial year 1 January - 31 December 2021.

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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Albertslund, 15 July 2022

Executive board

Victoria Leemhorst Dolan
director

Stéphane Jean Christophe
Bonnet
director

Marion Hélène Grandjean
director

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 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 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 requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our auditor opinion, we draw attention to the disclosures in note 1, in which the board describe the subsequent events to the balance as per 31 December 2021. Our auditor opinion is not modified in respect of this matter.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report

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 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.

Independent auditor's report

- 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 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.

Independent auditor's report

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 15 July 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Jesper Bo Pedersen

State Authorised Public Accountant

MNE no. mne42778

Company details

The company

Elizabeth Arden (Denmark) ApS
c/o Regus
Herstedøstervej 27, 1.
2620 Albertslund

CVR no.: 25 48 34 99

Reporting period: 1 January - 31 December 2021
Incorporated: 28 June 2000

Domicile: Albertslund

Executive board

Victoria Leemhorst Dolan, director
Stéphane Jean Christophe Bonnet, director
Marion Hélène Grandjean, director

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

General meeting

The annual general meeting is held at the company's address on 15 July 2022.

Management's review

Business review

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

Financial review

The company's income statement for the year ended 31 December 2021 shows a profit of TDKK 250 compared to TDKK 209 in 2020, and the balance sheet at 31 December 2021 shows equity of TDKK 14,349 compared to TDKK 14,099 in 2020.

Subsequent events

Elizabeth Arden (Denmark) ApS has a receivable against another group company located in the US at 10,610 thousand DKK (part of total receivable at 24,146 thousand DKK) at 31 December 2021. In June 2022 the group has asked for a chapter 11 filing for several companies within the US. It is not clear for management what will happen to the loan under the Chapter 11 filing, but they believe there is significant risk that this could be impaired in 2022.

The group has not asked for the Danish company to be covered by Chapter 11 in the US.

Management believes that there was no indication of impairment on 31 December 2021. The situation has arisen in 2022.

If Elizabeth Arden (Denmark) ApS has to impair the full amount, management still believe Elizabeth Arden (Denmark) ApS should be able to continue its operations and the company will not lose its equity. Elizabeth Arden (Denmark) ApS has a solid liquidity if the group is no longer going concern.

As the group operates with a transfer pricing set-up for Elizabeth Arden (Denmark) ApS, it is possible that any impairment loss could be covered within this. However, this is not certain due to the new set-up for the group.

Management believe Elizabeth Arden (Denmark) ApS is going concern but above is a significant subsequent event but with no effect on the balance at 31 December 2021. Beside above management do not believe other events had happen.

Accounting policies

The annual report of Elizabeth Arden (Denmark) ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in TDKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Accounting policies

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Cost of sales

Cost of sales include direct costs of goods sold and commission expenses used in generating the year's revenue.

Other operating income

Other operating income comprises income related to governmental relief packages.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises etc.

Staff costs

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. The item is net of refunds made by public authorities.

Accounting policies

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income 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 been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement.

Accounting policies

Balance sheet

Tangible assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

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

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	
Property, plant and equipment	3-10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Accounting policies

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions are recognised when, as a result of a past event, the company has a legal or actual obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Gross profit	2	<u>2,870</u>	<u>3,056</u>
Staff costs	3	-2,733	-2,973
Depreciation		<u>-38</u>	<u>-36</u>
Profit/loss before net financials		99	47
Financial income	4	187	204
Financial costs		<u>-36</u>	<u>-42</u>
Profit/loss before tax		250	209
Tax on profit/loss for the year	5	<u>0</u>	<u>0</u>
Profit/loss for the year		<u>250</u>	<u>209</u>
Retained earnings		<u>250</u>	<u>209</u>
		<u>250</u>	<u>209</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Other fixtures and fittings, tools and equipment		102	139
Tangible assets		<u>102</u>	<u>139</u>
Total non-current assets		<u>102</u>	<u>139</u>
Trade receivables		1,130	327
Receivables from group entities		24,146	23,809
Deposits		42	42
Other receivables		0	16
Receivables		<u>25,318</u>	<u>24,194</u>
Cash at bank and in hand		<u>4,508</u>	<u>2,473</u>
Total current assets		<u>29,826</u>	<u>26,667</u>
Total assets		<u>29,928</u>	<u>26,806</u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		125	125
Retained earnings		<u>14,224</u>	<u>13,974</u>
Equity	6	<u>14,349</u>	<u>14,099</u>
Other provisions		<u>267</u>	<u>157</u>
Total provisions		<u>267</u>	<u>157</u>
Trade payables		29	164
Payables to group entities		13,384	11,427
Other payables		<u>1,899</u>	<u>959</u>
Total current liabilities		<u>15,312</u>	<u>12,550</u>
Total liabilities		<u>15,312</u>	<u>12,550</u>
Total equity and liabilities		<u><u>29,928</u></u>	<u><u>26,806</u></u>
Subsequent events	1		
Contingent liabilities	7		
Related parties and ownership structure	8		

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	125	13,974	14,099
Net profit/loss for the year	0	250	250
Equity at 31 December 2021	<u>125</u>	<u>14,224</u>	<u>14,349</u>

Notes

1 Subsequent events

Elizabeth Arden (Denmark) ApS has a receivable against another group company located in the US at 10,610 thousand DKK (part of total receivable at 24,146 thousand DKK) at 31 December 2021. In June 2022 the group has asked for a chapter 11 filing for several companies within the US. It is not clear for management what will happen to the loan under the Chapter 11 filing, but they believe there is significant risk that this could be impaired in 2022.

The group has not asked for the Danish company to be covered by Chapter 11 in the US.

Management believes that there was no indication of impairment on 31 December 2021. The situation has arisen in 2022.

If Elizabeth Arden (Denmark) ApS has to impair the full amount, management still believe Elizabeth Arden (Denmark) ApS should be able to continue its operations and the company will not lose its equity. Elizabeth Arden (Denmark) ApS has a solid liquidity if the group is no longer going concern.

As the group operates with a transfer pricing set-up for Elizabeth Arden (Denmark) ApS, it is possible that any impairment loss could be covered within this. However, this is not certain due to the new set-up for the group.

Management believe Elizabeth Arden (Denmark) ApS is going concern but above is a significant subsequent event but with no effect on the balance at 31 December 2021. Beside above management do not believe other events had happen.

Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
2 Other operating income		
Relief-packages	0	368
	<u>0</u>	<u>368</u>
3 Staff costs		
Wages and salaries	2,246	2,480
Pensions	23	22
Other social security costs	464	471
	<u>2,733</u>	<u>2,973</u>
Average number of employees	<u>3</u>	<u>3</u>
4 Financial income		
Interest received from affiliated companies	187	181
Exchange gains	0	23
	<u>187</u>	<u>204</u>
5 Tax on profit/loss for the year		
	<u>0</u>	<u>0</u>

Notes

6 Equity

The share capital consists of 1,250 shares of a nominal value of TDKK 100. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

7 Contingent liabilities

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

8 Related parties and ownership structure

Controlling interest

ELIZABETH ARDEN (DENMARK) ApS is part of the consolidated financial statements of Elizabeth Arden (Netherlands) Holding B.V., Holland, Controlling shareholder, registered office, which is the smallest group in which the Company is included as a subsidiary.