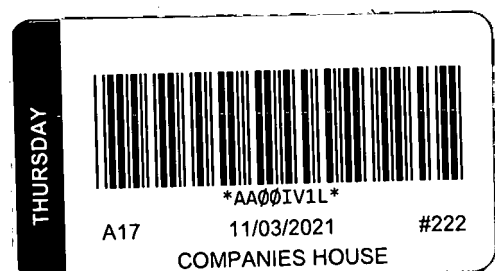


Registered No: 06302502

# **GHD Holdings Limited**

## **Annual Report and Financial Statements**

For the year ended 30 June 2020



## **Annual report and financial statements for the year ended 30 June 2020**

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## **Directors and advisers**

### **Director**

M Hewett

### **Company secretary**

M Hewett

### **Registered office**

Bridgewater Place  
Water Lane  
Leeds  
LS11 5BZ  
United Kingdom

### **Independent auditor**

Deloitte LLP  
Statutory Auditor  
Leeds  
United Kingdom

## Director's Report

The Director presents his Annual report and audited financial statements for the financial year ended 30 June 2020.

### Directors

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

M Hewett

### Dividends

The Director does not propose a final dividend (2019: €nil).

### Going concern

The Company has no result in the year and net liabilities. Upon sale to KKR on 1<sup>st</sup> December, intercompany balances between ghd group entities and Coty were netted to leave an intercompany balance within GHD Bondco plc. This was subsequently settled by a capital contribution from Rimmel International, therefore at time of signing all parent company debt was settled. An intermediate holding company GHD Group Holdings Limited has agreed to provide sufficient funds for these purposes and have provided a letter of support which undertakes to provide financial support for a period of at least 12 months from the approval of the financial statements. The directors therefore believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

### Qualifying third party indemnity provisions

As permitted by the Articles of Association, the Director has the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and at the date of approval of these financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Director.

### Future developments

The Company will continue as a Holding Company for the foreseeable future.

On 21 October 2019 Coty Inc announced that it was looking to explore strategic alternatives for its Professional Beauty business and associated hair brands, including a divesture, which includes ghd (Lion/Gloria Midco Limited and its subsidiaries). In May 2020, it was announced that KKR would be buying a 60% stake in Coty's Professional Beauty Division, with Coty Inc retaining the remaining 40%.

### Financial risk management objectives and policies

As a holding company for the group headed by Lion/Gloria Midco Limited the Director does not believe that the company faces any significant risks and has no reason to believe that its material assets, all of which relate to fellow Coty Inc group companies, will not realise their full book value.

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

#### *Cash flow, credit and liquidity risk*

The Company's activities expose it primarily to the financial risks of changes in interest rates.

#### **COVID-19**

The virus has affected the economy and hair industry and in turn had an impact on the trading entities sat within the GHD Group. We are seeing strong recovery from this in FY21 and our online presence continuing to grow.

## Director's report (continued)

The Company's principal financial assets are intercompany loans.

The Company's exposure to credit risk is limited to counterparties within the group headed by Coty Inc. This will change on transition to sit under KKR when all intercompany with Coty shall be netted with the remaining debt being settled via a capital contribution within GHD Bondco plc.

### Subsequent events

Subsequent to year end KKR purchased a 60% stake in Coty's Professional Beauty Division, with Coty Inc retaining a 40% share. The sale completed on 1st December 2020.

### Statement of Director's responsibilities

The Director is responsible for preparing the Strategic report, Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the Director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

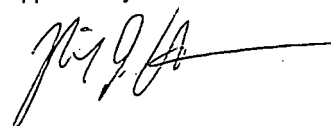
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approved by the Board of Directors and signed on its behalf:



**M Hewett**

Director

Date: 23<sup>rd</sup> February 2021

## **Independent auditor's report to the members of GHD Holdings Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of GHD Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 9.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent auditor's report to the members of GHD Holdings Limited (continued)**

### **Other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the director's report.

## **Independent auditor's report to the members of GHD Holdings Limited (continued)**

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Lewis ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, United Kingdom

24 February 2021



## **Income statement**

**for the year ended 30 June 2020**

There were no items in the income statement or statement of other comprehensive income for the year ended 30 June 2020 (2019: no items). Therefore, an income statement has not been presented.

The notes on pages 11 to 14 are an integral part of these financial statements.

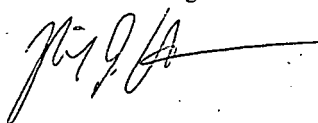
**Balance sheet**

as at 30 June 2020

	Note	2020 €	2019 €
<b>Fixed assets</b>			
Investments	3	7	7
<b>Current assets</b>			
Debtors	4	46	46
Creditors: amounts falling due within one year	5	(114)	(114)
<b>Net current liabilities</b>		<u>(114)</u>	<u>(68)</u>
<b>Total assets less current liabilities</b>		<u>(61)</u>	<u>(61)</u>
<b>Net liabilities</b>		<u>(61)</u>	<u>(61)</u>
<b>Capital and reserves</b>			
Called up share capital	6	1	1
Foreign exchange reserve	7	187,109	187,109
Profit and loss account		(187,171)	(187,171)
<b>Total shareholders' deficit</b>		<u>(61)</u>	<u>(61)</u>

The notes on pages 11 to 14 are an integral part of these financial statements.

The financial statements on pages 9 to 14 were approved and authorised for issue by the Board of Directors on and signed on its behalf by:


**M. Hewett**

Director

Date: 23<sup>rd</sup> February 2021

## Statement of changes in equity

for the year ended 30 June 2020

	<i>Called-up share capital</i>	<i>Profit and loss account</i>	<i>Foreign exchange reserve</i>	<i>Total</i>
	€	€	€	€
Balance as at 1 July 2018	1	(187,171)	187,109	(61)
Result for the financial year	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-
<b>Balance as at 30 June 2019</b>	<b>1</b>	<b>(187,171)</b>	<b>187,109</b>	<b>(61)</b>

	<i>Called-up share capital</i>	<i>Profit and loss account</i>	<i>Foreign exchange reserves</i>	<i>Total</i>
	€	€	€	€
Balance as at 1 July 2019	1	(187,171)	187,109	(61)
Result for the financial year	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	-
<b>Balance as at 30 June 2020</b>	<b>1</b>	<b>(187,171)</b>	<b>187,109</b>	<b>(61)</b>

The notes on pages 11 to 14 are an integral part of these financial statements.

## Notes to the financial statements

for the year ended 30 June 2020

### 1. Accounting policies and critical accounting estimates/judgements

The principal activity of the Company is a holding company. The company is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. These financial statements are separate financial statements as the company is exemption under Section 400 from the requirement to prepare consolidated accounts.

The financial statements are presented in Euros unless otherwise indicated. All of the Company's assets and liabilities are denominated in Euros. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a going concern basis, under the historical cost convention.

#### **Adoption of new and revised accounting standards**

In the current year, the Company has applied IFRS 16 Lease Accounting and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2019.

The application of IFRS 16 has had no impact on the classification and measurement of the Company's financial assets or liabilities.

#### ***Basis of accounting***

These financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS. Note 11 gives details of the company's parent and from where its consolidated financial statements may be obtained. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties, financial instruments and investment property that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The amendments to IFRS which were effective from 1 July 2018 or during the accounting periods do not have a material impact in the financial year and are not expected to have a material impact in future periods.

## Notes to the financial statements (continued)

for the year ended 30 June 2020

### 1. Accounting policies (continued)

#### **Going concern**

The Company has no result in the year and net liabilities. Upon sale to KKR on 1<sup>st</sup> December, intercompany balances between ghd group entities and Coty were netted to leave an intercompany balance within GHD Bondco plc. This was subsequently settled by a capital contribution from Rimmel International, therefore at time of signing all parent company debt was settled.

#### **Investments**

Investments are accounted for at cost less any provision for impairment. The Director assesses all investments for any indication of impairment on an annual basis.

#### **Operating result**

The operating result is stated before investment income, foreign exchange and finance costs.

#### **Current and Deferred Income Taxation**

Current income tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the Director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Interest bearing loans and interest**

All interest bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance expense in respect of the reporting year and reduced by payments made in respect of the debts in the year.

Finance expenses of debt are allocated over the term of the debt using the effective interest rate method.

#### **Critical accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The only area of estimate considered by management within these financial statements relates to the recoverability of intercompany debtor balances. The Company considers these balances to be supported by the assets and trade within the ghd group therefore there has been no impairment to these balances.

There are no critical judgements which would materially impact the financial statements.

## Notes to the financial statements (continued)

for the year ended 30 June 2020

### 2. Operating result

The director did not receive any emoluments in respect of their services to the Company in the current year (2019: £nil). These are borne by another group company. The director deems it inappropriate to directly allocate any of their remuneration to this company as the cost would be incidental.

The Company does not have any employees (2019: none).

The cost of the audit of the company financial statements for the year is €3,115 (2019: €3,000). The cost is borne by another group company.

### 3. Investments

<i>Cost and net book value</i>	<i>Investments in subsidiaries</i>
At 30 June 2019 and 30 June 2020	€
	7

The Company owns directly or indirectly the called up equity share capital of the following companies:

Name of company	Proportion held	Address of Registered Office
GHD Group Limited*	100%	Bridgewater Place, Water Lane, Leeds LS11 5BZ, UK
Jemella Group (Holdings) Limited	100%	Bridgewater Place, Water Lane, Leeds LS11 5BZ, UK

The principal activity of the holding companies is as management holding companies.

\* *Direct holding*

### 4. Debtors

	2020	2019
	€	€
Amounts owed by other group companies	46	46

Amounts owed by other ghd group undertakings are unsecured, repayable on demand and do not carry interest.

### 5. Creditors: amounts falling due within one year

	2020	2019
	€	€
Amounts owed to other group companies	114	114

Amounts owed to other ghd group undertakings are unsecured, repayable on demand and do not carry interest.

## Notes to the financial statements (continued)

for the year ended 30 June 2020

### 6. Called up share capital

<i>Authorised, allotted and fully paid</i>	2020		2019	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Class A Ordinary shares of £1 each	1	1	1	1
		<u>1</u>		<u>1</u>

### 7. Foreign exchange reserve

The Company changed its functional currency and presentation currency from GBP to EUR on 1 July 2017. For this the Company required a foreign exchange reserve.

Due to the balance sheet being translated at different exchange rates, a foreign exchange reserve for (€187,109) was required.

### 8. Ultimate parent undertaking and controlling party

The immediate parent is GHD Group Holdings Limited, a company incorporated in the United Kingdom. Separate financial statements are prepared from the parent, exempt from consolidation.

The largest and smallest group in which the Company's results are consolidated is Coty Inc., a company incorporated in the United States.

Coty Inc. is the ultimate controlling party. Its registered address is 350 Fifth Ave. New York, NY 10118. The accounts are publicly available and can be obtained from this address.

The Company's financial statements are consolidated into Coty Inc.'s, a company incorporated in the United States of America. This is the largest and smallest Group to consolidate these financial statements. A copy of these financial statements can be requested from the registered address of Coty being Investor Relations, 350 Fifth Ave, New York, NY 10118.

During the fiscal years ended 30 June 2020, 2018 and 2017, Cottage, a wholly-owned subsidiary of JAB Cosmetics B.V. ("JABC"), and JABC acquired 10.8 million, 14.9 million and 2.6 million shares, respectively, of Coty's Class A Common Stock in the open market. Coty did not receive any proceeds from these stock purchases conducted by Cottage or JABC.

On 30 April 2019, Cottage completed a tender offer transaction, acquiring 150.0 million of outstanding shares of Coty at a price of \$11.65 per share and as a result, became Coty's largest stockholder. Immediately after completion of this tender offer transaction, Cottage indirectly controlled approximately 60% of Coty's Class A shares and Coty became a majority-owned subsidiary of Cottage. Both Cottage and the shares of Coty held by JABC are indirectly controlled by Lucrecia SE, Agneaten SE and JAB Holdings B.V..

As a result, Cottage is the ultimate controlling party of GHD Holdings Limited. Cottage is located at Oosterdoksstraat 80 Amsterdam, 1011 DK Netherlands.

In May 2020 it was announced that KKR would be purchasing a 60% stake in Coty's Professional Beauty Division, with Coty Inc retaining a 40% share.

### 9. Subsequent events

Subsequent to year end KKR purchased a 60% stake in Coty's Professional Beauty Division, with Coty Inc retaining a 40% share. The sale completed on 1st December 2020.