

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 001-35964**

COTY INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-3823358
(I.R.S. Employer Identification Number)

**350 Fifth Avenue,
New York, NY**
(Address of principal executive offices)

10118
(Zip Code)

(212) 389-7300

Registrant's telephone number, including area code

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Class A Common Stock, \$0.01 par value	COTY	The New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of December 31, 2019, the aggregate market value of the registrant's Class A Common Stock held by non-affiliates was \$3.2 billion based on the number of shares held by non-affiliates as of December 31, 2019 and the last reported sale price of the registrant's Class A Common Stock on December 31, 2019.

At August 20, 2020, 765,080,968 shares of the registrant's Class A Common Stock, \$0.01 par value were outstanding.

COTY INC.
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Forward-looking Statements

Certain statements in this Form 10-K are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, the impact of COVID-19 and potential recovery scenarios, the Company’s Transformation Plan (as defined below), strategic planning, targets, segment reporting and outlook for future reporting periods (including the extent and timing of revenue, expense and profit trends and changes in operating cash flows and cash flows from operating activities and investing activities), the sale of the Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands (the “Wella Business”) and the investment by Rainbow UK Bidco Limited (“KKR Bidco”) an affiliate of funds and/or separately managed accounts advised and/or managed by Kohlberg Kravis Roberts & Co. L.P. and its affiliates (collectively, “KKR”) in connection with the standalone business (the “Wella Transaction”), including timing of the Wella Transaction and the use of proceeds from the Wella Transaction, the Company’s future operations and strategy, ongoing and future cost efficiency and restructuring initiatives and programs, strategic transactions (including their expected timing and impact), the Company’s capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof), investments, licenses and portfolio changes, synergies, savings, performance, cost, timing and integration of acquisitions, including the King Kylie Transaction and the announced pending transaction with Kim Kardashian West, future cash flows, liquidity and borrowing capacity, timing and size of cash outflows and debt deleveraging, the availability of local government funding or reimbursement programs in connection with COVID-19 (including expected timing and amounts), the timing and extent of any future impairments, and synergies, savings, impact, cost, timing and implementation of the Company’s Transformation Plan, including operational and organizational structure changes, operational execution and simplification initiatives, fixed cost reductions, supply chain changes, e-commerce and digital initiatives, and the priorities of senior management. These forward-looking statements are generally identified by words or phrases, such as “anticipate”, “are going to”, “estimate”, “plan”, “project”, “expect”, “believe”, “intend”, “foresee”, “forecast”, “will”, “may”, “should”, “outlook”, “continue”, “temporary”, “target”, “aim”, “potential”, “goal” and similar words or phrases. These statements are based on certain assumptions and estimates that we consider reasonable, but are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual events or results (including our financial condition, results of operations, cash flows and prospects) to differ materially from such statements, including risks and uncertainties relating to:

- the impact of COVID-19 (or future similar events), including demand for the Company’s products, illness, quarantines, government actions, facility closures, store closures or other restrictions in connection with the COVID-19 pandemic, and the extent and duration thereof, related impact on our ability to meet customer needs and on the ability of third parties on which we rely, including our suppliers, customers, contract manufacturers, distributors, contractors, commercial banks, joint-venture partners, to meet their obligations to us, in particular collections from customers, the extent that government funding and reimbursement programs in connection with COVID-19 are available to us, and the ability to successfully implement measures to respond to such impacts;
 - our ability to successfully implement our multi-year Transformation Plan, including our management realignment, reporting structure changes, operational and organizational changes, and the initiatives to further reduce our cost base, and to develop and achieve our global business strategies (including mix management, select price increases, more disciplined promotions, and foregoing low value sales), compete effectively in the beauty industry and achieve the benefits contemplated by our strategic initiatives (including revenue growth, cost control, gross margin growth and debt deleveraging) within the expected time frame or at all;
 - the timing, costs and impacts of the Wella Transaction or other divestitures, and the amount and use of proceeds from any such transactions;
 - our ability to successfully implement the separation of the Wella Business;
 - our ability to anticipate, gauge and respond to market trends and consumer preferences, which may change rapidly, and the market acceptance of new products, including new products related to Kylie Jenner’s existing beauty business, any relaunched or rebranded products and the anticipated costs and discounting associated with such relaunched and rebrands, and consumer receptiveness to our current and future marketing philosophy and consumer engagement activities (including digital marketing and media);
 - use of estimates and assumptions in preparing our financial statements, including with regard to revenue recognition, income taxes (including the expected timing and amount of the release of any tax valuation allowance), the assessment of goodwill, other intangible and long-lived assets for impairments, the market value of inventory, and the fair value of acquired assets and liabilities associated with acquisitions;
 - the impact of any future impairments;
 - managerial, transformational, operational, regulatory, legal and financial risks, including diversion of management attention to and management of cash flows, expenses and costs associated with the Company’s response to COVID-19,
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the Transformation Plan, the Wella Transaction and related transition services, the integration of the King Kylie Transaction, and future strategic initiatives, and, in particular, our ability to manage and execute many initiatives simultaneously including any resulting complexity, employee attrition or diversion of resources;

- future divestitures and the impact thereof on, and future acquisitions (including the pending transaction with Kim Kardashian West), new licenses and joint ventures and the integration thereof with, our business, operations, systems, financial data and culture and the ability to realize synergies, avoid future supply chain and other business disruptions, reduce costs (including through our cash efficiency initiatives), avoid liabilities and realize potential efficiencies and benefits (including through our restructuring initiatives) at the levels and at the costs and within the time frames contemplated or at all;
 - increased competition, consolidation among retailers, shifts in consumers' preferred distribution and marketing channels (including to digital and prestige channels), distribution and shelf-space resets or reductions, compression of go-to-market cycles, changes in product and marketing requirements by retailers, reductions in retailer inventory levels and order lead-times or changes in purchasing patterns, impact from COVID-19 on retail revenues, and other changes in the retail, e-commerce and wholesale environment in which we do business and sell our products and our ability to respond to such changes;
 - our and our joint ventures', business partners' and licensors' abilities to obtain, maintain and protect the intellectual property used in our and their respective businesses, protect our and their respective reputations (including those of our and their executives or influencers) and public goodwill, and defend claims by third parties for infringement of intellectual property rights;
 - any change to our capital allocation and/or cash management priorities, including any change in our dividend policy or, if our Board declares dividends, our stock dividend reinvestment program (the "Stock Dividend Reinvestment Program");
 - any unanticipated problems, liabilities or integration or other challenges associated with a past or future acquired business, joint ventures or strategic partnerships which could result in increased risk or new, unanticipated or unknown liabilities, including with respect to environmental, competition and other regulatory, compliance or legal matters;
 - our international operations and joint ventures, including enforceability and effectiveness of our joint venture agreements and reputational, compliance, regulatory, economic and foreign political risks, including difficulties and costs associated with maintaining compliance with a broad variety of complex local and international regulations;
 - our dependence on certain licenses (especially in the fragrance category) and our ability to renew expiring licenses on favorable terms or at all;
 - our dependence on entities performing outsourced functions, including outsourcing of distribution functions, and third-party manufacturers, logistics and supply chain suppliers, and other suppliers, including third-party software providers;
 - administrative, product development and other difficulties in meeting the expected timing of market expansions, product launches and marketing efforts
 - global political and/or economic uncertainties, disruptions or major regulatory or policy changes, and/or the enforcement thereof that affect our business, financial performance, operations or products, including the impact of Brexit (and business or market disruption arising from a "hard Brexit"), the current U.S. administration and upcoming election, changes in the U.S. tax code, and recent changes and future changes in tariffs, retaliatory or trade protection measures, trade policies and other international trade regulations in the U.S., the European Union and Asia and in other regions where we operate;
 - currency exchange rate volatility and currency devaluation;
 - the number, type, outcomes (by judgment, order or settlement) and costs of current or future legal, compliance, tax, regulatory or administrative proceedings, investigations and/or litigation, including litigation relating to the tender offer by Cottage Holdco B.V. (the "Cottage Tender Offer") and product liability cases (including asbestos);
 - our ability to manage seasonal factors and other variability and to anticipate future business trends and needs;
 - disruptions in operations, sales and in other areas, including due to disruptions in our supply chain, restructurings and other business alignment activities, the Wella Transaction and related carve-out and transition activities, manufacturing or information technology systems, labor disputes, extreme weather and natural disasters, impact from COVID-19 or similar global public health events, and the impact of such disruptions on our ability to generate profits, stabilize or grow revenues or cash flows, comply with our contractual obligations and accurately forecast demand and supply needs and/or future results;
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- restrictions imposed on us through our license agreements, credit facilities and senior unsecured bonds or other material contracts, our ability to generate cash flow to repay, refinance or recapitalize debt and otherwise comply with our debt instruments, and changes in the manner in which we finance our debt and future capital needs;
- increasing dependency on information technology, including as a result of remote working in response to COVID-19, and our ability to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, costs and timing of implementation and effectiveness of any upgrades or other changes to information technology systems, and the cost of compliance or our failure to comply with any privacy or data security laws (including the European Union General Data Protection Regulation (the “GDPR”), the California Consumer Privacy Act and the Brazil General Data Protection Law) or to protect against theft of customer, employee and corporate sensitive information;
- our ability to attract and retain key personnel and the impact of senior management transitions and organizational structure changes;
- the distribution and sale by third parties of counterfeit and/or gray market versions of our products;
- the impact of our Transformation Plan as well as the Wella Transaction on our relationships with key customers and suppliers and certain material contracts;
- our relationship with Cottage Holdco B.V., as our majority stockholder, and its affiliates, and any related conflicts of interest or litigation;
- our relationship with KKR, whose affiliates KKR Aggregator (defined below) and KKR Bidco are respectively a significant stockholder in Coty and an investor in the Wella Business, and any related conflicts of interest or litigation;
- future sales of a significant number of shares by our majority stockholder or the perception that such sales could occur; and
- other factors described elsewhere in this document and in documents that we file with the Securities and Exchange Commission (the “SEC”) from time to time.

When used in this Annual Report on Form 10-K, the term “includes” and “including” means, unless the context otherwise indicates, including without limitation. More information about potential risks and uncertainties that could affect our business and financial results is included under the heading “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Annual Report on Form 10-K and other periodic reports we have filed and may file with the SEC from time to time.

All forward-looking statements made in this document are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this document, and we do not undertake any obligation, other than as may be required by applicable law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance unless expressed as such, and should only be viewed as historical data.

Industry, Ranking and Market Data

Unless otherwise indicated, information contained in this Annual Report on Form 10-K concerning our industry and the markets in which we operate, including our general expectations about our industry, market position, market opportunity and market size, is based on data from various sources including internal data and estimates as well as third party sources widely available to the public such as independent industry publications, government publications, reports by market research firms or other published independent sources and on our assumptions based on that data and other similar sources. We did not fund and are not otherwise affiliated with the third party sources that we cite. Industry publications and other published sources generally state that the information contained therein has been obtained from third-party sources believed to be reliable. Internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and management’s understanding of industry conditions, and such information has not been verified by any independent sources. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we believe the market, industry and other information included in this Annual Report on Form 10-K to be the most recently available and to be generally reliable, such information is inherently imprecise and we have not independently verified any third-party information or verified that more recent information is not available.

Our fiscal year ends on June 30. Unless otherwise noted, any reference to a year preceded by the word “fiscal” refers to the fiscal year ended June 30 of that year. For example, references to “fiscal 2020” refer to the fiscal year ended June 30, 2020. Any reference to a year not preceded by “fiscal” refers to a calendar year.

PART I

Item 1. *Business.*

Overview

Coty Inc. is one of the world's largest beauty companies with a rich entrepreneurial heritage and an iconic portfolio of brands across fragrance, color cosmetics, hair color and styling, and skin and body care. Founded in 1904, Coty has grown into a multi-segment beauty company with market leading positions in both North America and Europe. Through targeted strategic transactions, we have strengthened and diversified our presence across the countries, categories and channels in which we compete, building a strong beauty platform. The recent King Kylie transaction and the pending transaction with Kim Kardashian West complement our existing portfolio. As we continue to transform our Company, we are focused on the fragrance, color cosmetics and skin care categories, in both our prestige and mass beauty businesses.

Following a strategic review, we announced, on June 1, 2020, the entry into a definitive agreement with Rainbow UK Bidco Limited ("KKR Bidco") (an affiliate of funds and/or separately managed accounts ("KKR Funds") advised and/or managed by Kolberg Kravis Roberts & Co. L.P. and its affiliates ("KKR")), regarding a strategic transaction (the "Wella Transaction") for the sale of Coty's Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands (together, "Wella Business"). Pursuant to a related separation agreement (the "Separation Agreement"), the Wella Business will be separated from Coty as a stand-alone, separately managed business, of which KKR Funds will own approximately 60% and Coty will own the remaining approximately 40%. As part of the separation, through a separate transitional service agreement and related agreements to be entered into at closing of the sale (the "Wella TSA"), Coty will provide ongoing financial, distribution, operations and other services for the Wella Business, in certain cases for up to 24 months following the closing of the sale, subject to an extension for a period of up to three months for certain transition services. In addition, KKR Rainbow Aggregator L.P. ("KKR Aggregator") (an affiliate of KKR Funds) has in a separate transaction invested an aggregate of \$1 billion directly into Coty through the issuance of convertible preferred stock. Assuming full conversion of these shares of convertible preferred stock and no other changes in capitalization, JABC would remain Coty's largest shareholder, with approximately 50% ownership in the Company. KKR Aggregator would be the second largest shareholder, with an approximate 17% stake. The Wella Business is presented in our financial statements as discontinued operations. Unless otherwise noted, the discussion in this Annual Report only focuses on results of continuing operations.

Building on the multi-year turnaround plan launched in July 2019 (the "Turnaround Plan"), we are implementing a comprehensive transformation agenda (the "Transformation Plan") which aims to stabilize and gradually accelerate revenue growth, improve our profitability through gross margin growth and cost control, optimize our operating model for speed and agility, accelerate e-commerce and digital growth, and deleverage our balance sheet. In 2020, we made organizational changes to reduce geographic fragmentation and costs. In response to the COVID-19 pandemic, in May 2020, we expanded the Turnaround Plan to implement a 25% reduction of our cost base, which does not vary with revenues, by the end of fiscal 2023, including reprioritizing projects providing larger cost reduction benefits, organizational restructuring, an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses. We are continually reviewing ways to accelerate and amplify the transformation of the Company, including through the implementation of additional initiatives in connection with our Transformation Plan.

All dollar amounts in the following discussion are in millions of United States ("U.S.") dollars, unless otherwise indicated.

Segments

Operating and reportable segments (referred to as "segments") reflect the way the Company is managed and for which separate financial information is available and evaluated regularly by the Company's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Company has designated its Chief Executive Officer as the CODM.

In connection with our Turnaround Plan, the Company's CODM changed the reporting structure used to allocate resources from the previous category focused organizational structure that included three operating and reportable segments: Luxury, Consumer Beauty and Professional Beauty, to a structure based on regional commercial business units. These changes were implemented during the three months ended March 31, 2020.

For segment financial information and information about our long-lived assets, see Note 5— Segment Reporting in the notes to our Consolidated Financial Statements, and for information about recent acquisitions or dispositions, see Note 4—Business Combinations, Asset Acquisitions and Divestitures in the notes to our Consolidated Financial Statements.

Brands

The following chart reflects our iconic brand portfolio:

Mass Beauty	Prestige	Professional Beauty
Adidas	Alexander McQueen	Clairol Professional*, **
Beckham	Burberry	ghd (good hair day)*, **
Biocolor*	Bottega Veneta	Kadus Professional*, **
Bozzano*	Calvin Klein	Londa Professional*, **
Bourjois*	Cavalli	Nioxin*, **
Bruno Banani	Chloe	O P I*, **
Clairol*, **	Davidoff	Sassoon Professional, **
CoverGirl*	Escada*	Sebastian*, **
Enrique	Gucci	System Professional*, **
Jovan*	Hugo Boss	Wella Professional*, **
Max Factor*	Jil Sander	WeDo Professional*, **
Mexx	Joop!*	
Monange*	Kylie Jenner	
Nautica	Lacoste	
Paixao*	Lancaster*	
Rimmel*	Marc Jacobs	
Risque*	Miu Miu	
Sally Hansen*	Nikos	
Stetson	philosophy*	
Wella*, **	Tiffany & Co.	
007 James Bond		

* Indicates an owned beauty brand.

** Indicates brand included in Wella Transaction

Marketing

We have a diverse portfolio of over 75 brands (including brands associated with the Wella Business which will be transferred to the standalone entity in the Wella Transaction), some owned and some licensed, and we employ different models to create a distinct image and personality suited to each brand's equity, distribution, product focus and consumer. For our licensed brands, we work with licensors to promote brand image. Each of our brands is promoted with logos, packaging and advertising designed to enhance its image and the uniqueness of each brand. We manage our creative marketing work through a combination of our in-house teams and external agencies that design and produce the sales materials, social media strategies, advertisements and packaging for products in each brand.

We promote our brands through various channels to reach and engage beauty consumers, through traditional media, through in-store and in-salon displays, on digital and social media, and through collaborations, product placements and events. In addition, we seek editorial coverage for products and brands in both traditional media and digital and social media to drive influencer amplification and to build brand equity. We also leverage our relationships with celebrities and on-line influencers to endorse certain of our products. Our marketing efforts benefit from cooperative advertising programs with retailers, often in connection with in-store marketing activities designed to engage consumers so that they try, or purchase, our products, including sampling and "gift-with-purchase" programs designed to stimulate product trials.

We have dedicated marketing and sales forces in most of our significant markets. These teams leverage local insights to strategically promote our brands and product offerings and tailor our creative marketing to fit local tastes and resonate with consumers most effectively.

We utilize in-depth brand and market data analytics to develop branding, merchandising and marketing execution strategies to maximize the consumer experience and build a better business. We have begun to shift working media resources to a select number of brand/country combinations, which we believe represents a significant opportunity for revenue and gross margin improvement, and to implement a tactical, in-store strategy for the others.

Distribution Channels and Retail Sales

We market, sell and distribute our products in over 150 countries and territories, with dedicated local sales forces in most of our significant markets. We have a balanced multi-channel distribution strategy which complements our product categories. Our mass beauty brands are primarily sold through hypermarkets, supermarkets, drug stores and pharmacies, mid-tier department stores, traditional food and drug retailers, and dedicated e-commerce retailers. The prestige products are primarily sold through prestige retailers, including perfumeries, department stores, e-retailers, direct-to-consumer websites and duty-free shops. The Professional Beauty division primarily sells products to nail and hair salons, nail and hair professionals and professionals' stores, through both direct sales forces and e-commerce platforms. Due to the impact of COVID-19, we have focused on expanding our e-commerce and direct-to-consumer channels. We also sell our products through third-party distributors. In fiscal 2020, no retailer accounted for more than 10% of our global net revenues; however, certain retailers accounted for more than 10% of net revenues within certain geographic markets and segments. In fiscal 2020, Walmart, our top retailer, accounted for approximately 7% of total Coty Inc. net revenues from continuing operations.

Innovation

Innovation is a pillar of our business. We innovate through brand-building and new product lines, as well as through new technology. Our research and development teams work with our marketing and operations teams to identify recent trends and consumer needs and to bring products quickly to market.

We are continuously innovating to increase our sales by elevating our digital presence, including e-commerce and digital, social media and influencer marketing designed to build brand equity and consumer engagement. We have also focused our efforts on meeting evolving consumer shopping preferences and behaviors, both on-line and in-store. We have introduced new ways to customize the consumer experience, including using artificial intelligence-powered tools to provide personalized advice on selecting and using products, and augmented reality tools that invite customers to virtually try products with curated looks, tutorials and product recommendations.

In addition, we continuously seek to improve our products through research and development. Our basic and applied research groups, which conduct longer-term and "blue sky" research, seek to develop proprietary new technologies for first-to-market products and for improving existing products. This research and development is done both internally and through affiliations with various universities, technical centers, supply partners, industry associations and technical associations. A number of our products incorporate patented, patent-pending or proprietary technology. In addition, several of our products and/or packaging for our products are covered by design rights protections.

Our principal research and development centers are located in the U.S. and Europe. See "Item 2— Properties."

We do not perform, nor do we commission any third parties on our behalf to perform, testing of our products or ingredients on animals except where required by law.

Supply Chain

During fiscal year 2020, we continued to manufacture and package approximately 80% of our products (including the Wella Business products), primarily in facilities located in the United States, various countries in Europe including Russia, Brazil, China, Mexico and Thailand. We recognize the importance of our employees at our manufacturing facilities and have in place programs designed to ensure operating safety. In addition, we implement programs designed to ensure that our manufacturing and distribution facilities comply with applicable environmental rules and regulations. To capitalize on innovation and other supply chain benefits, we continue to utilize a network of third-party manufacturers on a global basis who produce approximately 20% of our finished products. As part of our ongoing Transformation Plan, we are exploring options to further optimize our supply chain operations.

The principal raw materials used in the manufacture of our products are primarily essential oils, alcohols and specialty chemicals. The essential oils in our fragrance products are generally sourced from fragrance houses. As a result, we realize material cost savings and benefits from the technology, innovation and resources provided by these fragrance houses.

We purchase the raw materials for all our products from various third parties. We also purchase packaging components that are manufactured to our design specifications. We collaborate with our suppliers to meet our stringent design and creative criteria. We believe that we currently have adequate sources of supply for all our products.

We have experienced disruptions in our supply chain from time to time, including in connection with our past restructuring efforts, and we work to anticipate and respond to actual and potential disruptions.

Competition

There is significant competition within each market where our products are sold. We compete against manufacturers and marketers of beauty products, hair care, salon professional and personal care products. In addition to the established multinational brands against which we compete, small targeted niche brands continue to enter the beauty market. We also have competition from private label products sold by retailers.

We believe that we compete primarily on the basis of perceived value, including pricing and innovation, product efficacy, service to the consumer, promotional activities, advertising, special events, new product introductions, e-commerce initiatives, direct sales and other activities (including influencers). It is difficult for us to predict the timing, scale and effectiveness of our competitors' actions in these areas or the timing and impact of new entrants into the marketplace. For additional risks associated with our competitive position, see "Risk Factors—The beauty industry is highly competitive, and if we are unable to compete effectively, our business, prospects, financial condition and results of operation could suffer".

Intellectual Property

We generally own or license the trademark rights in key sales countries in Trademark International Class 3 (covering cosmetics and perfumery) for use in connection with our brands. When we license trademark rights we generally enter into long-term licenses, and we are generally the exclusive trademark licensee for all Class 3 trademarks as used in connection with our products. We or our licensors, as the case may be, actively protect the trademarks used in our principal products in the U.S. and significant markets worldwide. We consider the protection of our trademarks to be essential to our business.

A number of our products also incorporate patented, patent-pending or proprietary technology in their respective formulations and/or packaging, and in some cases our product packaging is subject to copyright, trade dress or design protection. While we consider our patents and copyrights, and the protection thereof, to be important, no single patent or copyright, or group of related patents or copyrights, is material to the conduct of our business.

Products representing 59% of our fiscal 2020 net revenues from continuing operations are manufactured and marketed under exclusive license agreements granted to us for use on a worldwide and/or regional basis. As of June 30, 2020, we maintained 27 brand licenses.

Our licenses impose obligations and restrictions on us that we believe are common to many licensing relationships in the beauty industry, such as paying annual royalties on net sales of the licensed products, maintaining the quality of the licensed products and the image of the applicable trademarks, achievement of minimum sales levels, promotion of sales and qualifications and behavior of our suppliers, distributors and retailers. We believe that we are currently in material compliance with the terms of our material brand license agreements.

Most brand licenses have renewal options for one or more terms, which can range from two to ten years. Certain brand licenses provide for automatic extensions, so long as minimum annual royalty payments are made, while renewal of others is contingent upon attaining specified sales levels or upon agreement of the licensor. Five of our brand licenses are up for renewal during fiscal 2021, of which only four license renewals require licensor approval and together accounted for less than 2% of fiscal 2020 revenues from continuing operations. Additionally, none of our top 9 licenses expire within the next five years, other than one with an automatic renewal that is not contingent upon licensor consent nor specified sales levels. For additional risks associated with our licensing arrangements, see "Risk Factors—Our brand licenses may be terminated if specified conditions are not met, and we may not be able to renew expiring licenses on favorable terms or at all" and "Risk Factors—Our failure to protect our reputation, or the failure of our partners or brand licensors to protect their reputations, could have a material adverse effect on our brand images".

Employees

As of June 30, 2020, we had approximately 18,260 full-time employees in over 46 countries, including approximately 5,900 employees of the Wella Business. In addition, we typically employ a large number of seasonal contractors during our peak manufacturing and promotional season. During fiscal year 2020, we adjusted our workforce through furlough or other reduction as we implemented our response to COVID-19. We expect our overall headcount, as well as the use of seasonal contractors, to decrease as we continue our efforts to restructure and rationalize our business in connection with our Transformation Plan.

Our employees in the U.S. are not covered by collective bargaining agreements. Our employees in certain countries in Europe are subject to works council arrangements and collective bargaining agreements. We have not experienced a material strike or work stoppage in the U.S. or any other country where we have a significant number of employees.

We recognize the importance of our employees to our business and believe our relationship with our employees is satisfactory.

Government Regulation

We and our products are subject to regulation by various U.S. federal regulatory agencies as well as by various state and local regulatory authorities and by the applicable regulatory authorities in the countries in which our products are produced or sold. Such regulations principally relate to the ingredients, labeling, manufacturing, packaging, advertising and marketing and sales and distribution of our products. Because we have commercial operations overseas, we are also subject to the U.S. Foreign Corrupt Practices Act (the “FCPA”) as well as other countries’ anti-corruption and anti-bribery regimes, such as the U.K. Bribery Act.

We are subject to numerous foreign, federal, provincial, state, municipal and local environmental, health and safety laws and regulations relating to, among other matters, safe working conditions, product stewardship and environmental protection, including those relating to emissions to the air, discharges to land and surface waters, generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, and the registration and evaluation of chemicals. We maintain policies and procedures to monitor and control environmental, health and safety risks, and to monitor compliance with applicable environmental, health and safety requirements. Compliance with such laws and regulations pertaining to the discharge of materials into the environment, or otherwise relating to the protection of the environment, has not had a material effect upon our capital expenditures, earnings or competitive position. However, environmental and social responsibility laws and regulations have tended to become increasingly stringent and, to the extent regulatory changes occur in the future, they could result in, among other things, increased costs and risks of non-compliance for us. For example, certain states in the U.S., such as California, and the U.S. Congress have proposed legislation relating to chemical disclosure and other requirements related to the content of our products. For more information, see “Risk Factors—Changes in laws, regulations and policies that affect our business or products could adversely affect our business, financial condition and results of operations.”

Seasonality

The Company’s sales generally increase during the second fiscal quarter as a result of increased demand associated with the winter holiday season. Financial performance, working capital requirements, sales, cash flows and borrowings generally experience variability during the three to six months preceding the holiday season. Product innovations, new product launches and the size and timing of orders from the Company’s customers may also result in variability. The Wella Business also generally experiences an increase in sales during its fourth fiscal quarter as a result of higher demand prior to the summer holiday season. However, the mix of product sales can vary considerably as a result of changes in seasonal and geographic demand for particular types of products, as well as other macroeconomic, operating and logistics-related factors, as evidenced by the impact of the COVID-19 pandemic.

Availability of Reports

We make available financial information, news releases and other information on our website at www.coty.com. There is a direct link from our website to our SEC filings via the EDGAR database at www.sec.gov, where our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are available free of charge as soon as reasonably practicable after we file such reports and amendments with, or furnish them to, the SEC. Stockholders may also contact Investor Relations at 350 Fifth Avenue, New York, New York 10118 or call 212-389-7300 to obtain hard copies of these filings without charge.

Item 1A. Risk Factors.

You should consider the following risks and uncertainties and all of the other information in this Annual Report on Form 10-K and our other filings in connection with evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. Our business and financial results may also be adversely affected by risks and uncertainties not presently known to us or that we currently believe to be immaterial. If any of the events contemplated by the following discussion of risks should occur or other risks arise or develop, our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities, may be materially and adversely affected. When used in this discussion, the term “includes” and “including” means, unless the context otherwise indicates, including without limitation and the terms “Coty,” the “Company,” “we,” “our,” or “us” mean, unless the context otherwise indicates, Coty Inc. and its majority and wholly-owned subsidiaries.

Our operations and sales have been adversely impacted by the COVID-19 pandemic, and we must successfully manage the demand, supply, operational and financial challenges associated with the actual or perceived effects of COVID-19 and the related widespread public health crisis.

The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Our business has been, and may continue to be, negatively impacted by the fear of exposure to or actual effects of the COVID-19 pandemic in countries where we operate or our customers are located, such as reduced travel or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine,

as well as temporary closures of our facilities or the facilities of our customers or suppliers. These impacts include, but are not limited to:

- Significant reductions in demand or significant volatility in demand for one or more of our products, which may be caused by, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other travel restrictions, store closures, or financial hardship, shifts in demand away from one or more of our more discretionary or higher priced products to lower priced products, or stockpiling or similar activity, supply chain and shipping constraints, reduced options for marketing and promotion of products or other restrictions in connection with COVID-19; if prolonged, such impacts can further increase the difficulty of operating our business, including accurately planning and forecasting, and may adversely impact our results;
- Inability to meet our customers' needs and achieve costs targets due to disruptions in our manufacturing and supply arrangements caused by the loss or disruption of essential manufacturing and supply elements such as raw materials or other finished product components, transportation, workforce, or other manufacturing and distribution capability, or the allocation of manufacturing capacity towards medical supplies such as hydro-alcoholic gel (which is used as hand sanitizer);
- Failure of third parties on which we rely, including our suppliers, our customers, contract manufacturers, distributors, contractors, commercial banks, joint venture partners and external business partners, to meet their obligations to the Company or to timely meet those obligations, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties and may adversely impact our operations; or
- Significant changes in the political conditions in markets in which we manufacture, sell or distribute our products, including quarantines, governmental or regulatory actions, closures or other restrictions that limit or close our operating and manufacturing facilities, restrict our employees' ability to travel or perform necessary business functions, restrict or prevent consumers from having access to our products, or otherwise prevent our third-party partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products, which could adversely impact our results.

These impacts have had and could continue to have a negative effect on our business, financial condition, results of operations and cash flows, as well as the trading price of our securities, and the duration and extent to which our future results of operations and overall financial performance will be impacted remains uncertain. In light of the adverse impact on our near-term revenues, earnings, liquidity and cash flows, we have taken and expect to continue to implement measures to reduce discretionary expenses and manage costs. See the discussion on our response to COVID-19 in Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations— Overview" and "—Liquidity and Capital Resources." These measures may not achieve results in accordance with our expectations or on the timelines we anticipate. Despite our efforts to manage and remedy these impacts to the Company, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of the COVID-19 pandemic as well as third-party actions taken to contain its spread and mitigate its public health effects.

The beauty industry is highly competitive, and if we are unable to compete effectively, our business, prospects, financial condition and results of operations could suffer.

The beauty industry is highly competitive and can change rapidly due to consumer preferences and industry trends, such as the expansion of digital channels, new "disruptor" trendy brands and advances in technology. Competition in the beauty industry is based on several factors, including pricing, value and quality, product efficacy, packaging and brands, speed or quality of innovation and new product introductions, in-store presence and visibility, promotional activities (including influencers) and brand recognition, distribution channels, advertising, editorials and adaption to evolving technology and device trends, including via e-commerce initiatives.

Our competitors include large multinational consumer products companies, private label brands and emerging companies, among others, and some have greater resources than we do or may be able to respond more quickly or effectively to changing business and economic conditions than we can. It is difficult for us to predict the timing and scale of our competitors' actions and their impact on the industry or on our business. For example, the fragrance category is being influenced by new product introductions, niche brands and growing e-commerce distribution. The color cosmetics category has been influenced by entry by new competitors and smaller competitors that are fast to respond to trends and engage with their customers through digital platforms and innovative in-store activations. In addition, the hair color category is being influenced by new product introductions in the premium category and innovations by competitors to meet growing category needs. Furthermore, the Internet and the online retail industry are characterized by rapid technological evolution, changes in consumer requirements and preferences, frequent introductions of new products and services embodying new technologies and the emergence of new industry standards and practices, any of which could render our existing technologies and systems obsolete. Our success will depend, in part, on our ability to identify, develop, acquire or license leading technologies useful in our business, and respond to technological advances and emerging industry standards and practices in a cost-effective and timely way. If we are unable to

compete effectively on a global basis or in our key product categories or geographies, it could have an adverse impact on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Further consolidation in the retail industry and shifting preferences in how and where consumers shop, including to e-commerce, may adversely affect our business, prospects, financial condition and results of operations.

Significant consolidation in the retail industry has occurred during the last several years. The trend toward consolidation, particularly in developed markets such as the U.S. and Western Europe, has resulted in our becoming increasingly dependent on our relationships with, and the overall business health of, fewer key retailers that control an increasing percentage of retail locations, which trend may continue. For example, certain retailers account for over 10% of our net revenues in certain geographies, including the U.S. Our success is dependent on our ability to manage our retailer relationships, including offering trade terms on mutually acceptable terms. Furthermore, increased online competition and declining in-store traffic has resulted, and may continue to result, in brick-and-mortar retailers closing physical stores, which could negatively impact our distribution strategies and/or sales if such retailers decide to significantly reduce their inventory levels for our products (as occurred in 2019 with key customers for OPI in North America, and, more recently, has occurred in connection with COVID-19 as retailers faced store closures or reduced traffic) or to designate more shelf space to our competitors. Additionally, these retailers periodically assess the allocation of shelf space and have elected (and could further elect) to reduce the shelf space allocated to our products. Some of our brands, including CoverGirl, have experienced shelf space losses, and such declines may continue. Further consolidation and store closures, or reduction in inventory levels of our products or shelf space devoted to our products, could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. We generally do not have long-term sales contracts or other sales assurances with our retail customers.

Consumer shopping preferences have also shifted, including as a result of COVID-19, and may continue to shift in the future, to distribution channels other than traditional retail in which we have more limited experience, presence and development, such as direct sales and e-commerce. If we are not successful in our efforts to expand distribution channels, including growing our e-commerce activities, we will not be able to compete effectively. In addition, our entry into new categories and geographies has exposed, and may continue to expose, us to new distribution channels or risks about which we have less experience. Any change in our distribution channels, such as direct sales, could also expose us to disputes with distributors. If we are not successful in developing and utilizing these channels or other channels that future consumers may prefer, we may experience lower than expected revenues.

Changes in industry trends and consumer preferences could adversely affect our business, prospects, financial condition and results of operations.

Our success depends on our products' appeal to a broad range of consumers whose preferences cannot be predicted with certainty and may change rapidly, and on our ability to anticipate and respond in a timely and cost-effective manner to industry trends through product innovations, product line extensions and marketing and promotional activities, among other things. Product life cycles and consumer preferences continue to be affected by the rapidly increasing use and proliferation of social and digital media by consumers, and the speed with which information and opinions are shared. As product life cycles shorten, we must continually work to develop, produce and market new products, maintain and enhance the recognition of our brands and shorten our product development and supply chain cycles.

In addition, net revenues and margins on beauty products tend to decline as they advance in their life cycles, so our net revenues and margins could suffer if we do not successfully and continuously develop new products. This product innovation also can place a strain on our employees and our financial resources, including incurring expenses in connection with product innovation and development, marketing and advertising that are not subsequently supported by a sufficient level of sales. Furthermore, we cannot predict how consumers will react to any new products that we launch or to repositioning of our brands. Our successful product launches may not continue. The amount of positive or negative sales contribution of any of our products may change significantly within a period or from period to period. The above-referenced factors, as well as new product risks, could have an adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

These risks have been exacerbated by the impact of COVID-19. Consumer spending habits and consumer confidence have shifted and may continue to change. For example, demand for prestige products mainly sold in retail malls, professional salon products, and the travel retail channel have been more significantly impacted by temporary closures of non-essential businesses and social distancing measures. The easing of containment measures and recovery of the impacted sectors of the economy is expected to be gradual and may not result in a return to pre-COVID-19 levels of demand for our products.

Our success depends on our ability to implement our Transformation Plan and achieve our global business strategies.

Our future performance and growth depends on the success of our Transformation Plan and new business strategies, including our management team's ability to successfully implement them, including a focus on improving gross margin,

deleveraging, and simplifying our business. In addition, in order to address the potentially permanent effects of COVID-19, the lockdown and a possible recession resulting from COVID-19 in many markets, we expanded our previously announced Turnaround Plan to include initiatives to reduce our fixed costs by 25%, including an adaptation of our supply network and organization, as well as a permanent reduction of certain discretionary expenses. The multi-year implementation of the Transformation Plan, which is still being operationalized, is expected to result in changes to business priorities and operations, capital allocation priorities, operational and organizational structure, and increased demands on management. Such changes could result in short-term and one-time costs without any current revenues, lost customers, reduced sales volume, higher than expected restructuring costs, loss of key personnel, additional supply chain disruptions, higher costs of supply and other negative impacts on our business. Implementation of the Transformation Plan may take longer than anticipated, and, once implemented, we may not realize, in full or in part, the anticipated benefits or such benefits may be realized more slowly than anticipated. The failure to realize benefits, which may be due to our inability to execute plans, delays in the implementation of the Transformation Plan, global or local economic conditions, competition, changes in the beauty industry and the other risks described herein, could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Our strategy includes simplifying our product range and brand architecture and focusing brand-building efforts behind priority brand/country combinations. In addition, we continue to prioritize our deleveraging objectives. In the future, we may dispose of or discontinue select brands and/or streamline operations, and incur costs or restructuring and/or other charges in doing so. We may face risks of declines in brand performance and license terminations, due to expirations and/or allegations of breach or for other reasons, including with regard to any potentially divested or discontinued brands. If and when we decide to divest or discontinue any brands or lines of business, we cannot be sure that we will be able to locate suitable buyers or that we will be able to complete such divestitures or discontinuances successfully, timely, at appropriate valuations and on commercially advantageous terms, or without significant costs, including relating to any post-closing purchase price adjustments or claims for indemnification. Any future divestitures and discontinuances could have, a dilutive impact on our earnings, create dis-synergies, and divert significant financial, operational and managerial resources from our existing operations and make it more difficult to achieve our operating and strategic objectives. We also cannot be sure of the effect such divestitures or discontinuances would have on the performance of our remaining business or ability to execute our global strategies.

We have incurred significant costs in connection with the integration of acquisitions and simplifying our business, and expect to incur costs in connection with the implementation of our Transformation Plan, that could affect our period-to-period operating results.

We have incurred significant restructuring costs in the past, and, as we implement our Transformation Plan (which builds on our previously announced Turnaround Plan and includes our structure reorganization as well as our fixed-cost reduction plan), we expect to incur one-time cash costs of approximately \$600.0 spread over fiscal years 2020 through to 2023, in addition to approximately \$160.0 connected to previous restructuring programs. In the past, as we integrated acquisitions, including the transformational acquisition of the P&G Beauty Business, we experienced challenges, including supply chain disruptions, higher than expected costs and lost customers and related revenue and profits, and we could experience these or other challenges arising from the implementation of the Transformation Plan. The cash usage associated with such, and similar, expenses has impacted and could continue to impact our ability to execute our business strategies, improve operating results and leverage our balance sheet.

If our management is not able to effectively manage these initiatives, address fixed and other costs, we incur additional operating expenses or capital expenditures to realize synergies, simplifications and cost savings, or if any significant business activities are interrupted as a result of these initiatives, our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities may be materially adversely affected. The amount and timing of the above-referenced charges and management distraction could further adversely affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. In addition, the implementation of the Transformation Plan, continuing restructuring initiatives, the integration of acquisitions and the separation of the Wella Business and related TSA, may impact our ability to anticipate future business trends and accurately forecast future results.

The diversion of resources to the integration of the P&G Beauty Business, together with changes and turnover in our management teams as we reorganized our business, negatively impacted our fiscal 2018 and 2019 results. The implementation of our Transformation Plan could result in similar challenges. Although our Transformation Plan is intended to deliver meaningful, sustainable expense and cost management improvement, events and circumstances such as financial or strategic difficulties, significant employee turnover, business disruption and delays may occur or continue, resulting in new, unexpected or increased costs that could result in us not realizing all of the anticipated benefits of the Transformation Plan on our expected timetable or at all. In addition, we are executing many initiatives simultaneously, including changes to our operations and global strategy, as well as the separation of the Wella Business and related Wella TSA, which may result in further diversion of our resources, employee attrition and business disruption (including supply chain disruptions), and may adversely impact the

execution of such initiatives. Any failure to implement our multi-year Transformation Plan and other initiatives in accordance with our expectations could adversely affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

The closing of the announced sale of the Wella Business, its separation into a standalone entity and KKR Bidco's investment therein are subject to various risks and uncertainties, may not be completed in accordance with expected plans or on the currently contemplated timeline, or at all, and the pending transactions may be disruptive to our operations and adversely impact our profitability.

Risks and uncertainties relating to the sale and separation of the Wella Business could adversely affect our business, financial condition and results of operations. We have expended and will continue to expend significant management time and resources and have incurred and will continue to incur significant expenses due to legal, advisory and financial services fees related to the sale and separation of the Wella Business. These expenses must be paid regardless of whether the transaction is completed. Accordingly, if the proposed sale and separation of the Wella Business is delayed or is not completed on the terms set forth in the definitive agreements governing the sale and separation, or at all, our business, results of operations, financial condition, cash flows and stock price may be adversely affected.

In addition, the sale and separation process, including complex carve-out and transition activities, may be time consuming and disruptive to our business operations, could divert the attention of management and the Board from our business, could negatively affect our ability to attract, retain and motivate key employees, could impact our relationships with suppliers and/or customers, could lead to a disproportionate cost base for the size of the remaining business, and could expose us to potential litigation in connection with the sale process and the standalone business. Further, speculation regarding any developments related to the sale and separation of the Wella Business and KKR Bidco's investment therein, and perceived uncertainties related to the future of the Company, could cause our stock price to fluctuate significantly.

If the proposed sale and separation of the Wella Business is completed, we may not achieve the operational and financial results that we anticipate in the future.

If the sale of the Wella Business is completed, our operational and financial profile will change upon the separation of the Wella Business from our other remaining businesses. As a result, our diversification of revenue sources will diminish, and our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and greater risk as a result of the concentration of our business in the fragrance, color cosmetics and skincare sectors of the beauty industry. Moreover, the shares of the company's common stock will represent an investment in a smaller company than in existence today and the company's exposure to the risks inherent in its remaining businesses will increase.

Following the closing of the sale of the Wella Business, we plan to use the net proceeds from the sale to pay down debt, which may not improve our results of operations or cash flows. Further, the anticipated benefits to us of the proposed sale, including the retention of 40% ownership in the separated business, are based on a number of assumptions, including the successful and timely separation and transition of the Wella Business, some of which may prove incorrect. Any such incorrect assumptions could adversely affect our business, results of operations or financial condition.

In addition, we will have continuing operational and financial obligations under the Wella TSA, in some cases as long as two years or more after the closing. These ongoing transition arrangements will require significant management and operational resources and may limit our ability to fully implement cost reduction and efficiency initiatives or other aspects of our Transformation Plan until the Wella TSA period has expired.

Our new product introductions may not be as successful as we anticipate, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We must continually work to develop, produce and market new products and maintain a favorable mix of products in order to respond in an effective manner to changing consumer preferences. We continually develop our approach as to how and where we market and sell our products. In addition, we believe that we must maintain and enhance the recognition of our brands, which may require us to quickly and continuously adapt in a highly competitive industry to deliver desirable products and branding to our consumers. For example, as part of our Transformation Plan, we are in the process of reevaluating our product assortment and simplifying our product range and brands' architecture. We are also shifting our focus to supporting our priority brands and brand/country combinations and instituting new objectives for our innovation efforts to support expansion of category coverage. If these or other initiatives are not successful, our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities could be adversely impacted.

We have made changes and may continue to change our process for the continuous development and evaluation of new product concepts. In addition, each new product launch carries risks. For example, we may incur costs exceeding our expectations, our advertising, promotional and marketing strategies may be less effective than planned or customer purchases may not be as high as anticipated. In addition, we may experience a decrease in sales of certain of our existing products as a result of consumer preferences shifting to our newly-launched products or to the products of our competitors as a result of

unsuccessful or unpopular product launches harming our brands. Also, initially successful launches may not be sustained. Any of these could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

As part of our ongoing business strategy we expect that we will need to continue to introduce new products in our traditional product categories and channels, while also expanding our product launches into adjacent categories and channels in which we may have less operating experience. For example, we acquired professional and retail hair brands in connection with the acquisition of the P&G Beauty Business, purchased a premium brand in high-end hair styling and appliances and entered into a joint venture with King Kylie and a pending transaction with Kim Kardashian West, both digital-native beauty businesses, all of which were new product categories or channels for us. The success of product launches in adjacent product categories could be hampered by our relative inexperience operating in such categories and channels, the strength of our competitors or any of the other risks referred to herein. Our inability to introduce successful products in our traditional categories and channels or in these or other adjacent categories and channels could limit our future growth and have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

If we are unable to obtain, maintain and protect our intellectual property rights, in particular trademarks, patents and copyrights, or if our brand partners and licensors are unable to maintain and protect their intellectual property rights that we use in connection with our products, our ability to compete could be negatively impacted.

Our intellectual property is a valuable asset of our business. Although certain of the intellectual property we use is registered in the U.S. and in many of the foreign countries in which we operate, there can be no assurances with respect to the continuation of such intellectual property rights, including our ability to further register, use or defend key current or future trademarks. Further, applicable law may provide only limited and uncertain protection, particularly in emerging markets, such as China.

Furthermore, we may not apply for, or be unable to obtain, intellectual property protection for certain aspects of our business. Third parties have in the past, and could in the future, bring infringement, invalidity, co-inventorship, re-examination, opposition or similar claims with respect to our current or future intellectual property. Any such claims, whether or not successful, could be costly to defend, may not be sufficiently covered by any indemnification provisions to which we are party, divert management's attention and resources, damage our reputation and brands, and substantially harm our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. Patent expirations may also affect our business. As patents expire (especially with respect to our Professional Beauty hair coloring technology), competitors may be able to legally produce and market products similar to the ones that were patented, which could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

In addition, third parties may distribute and sell counterfeit (or grey market) versions of our products, which may be inferior or pose safety risks and could confuse consumers or customers, which could cause them to refrain from purchasing our brands in the future or otherwise damage our reputation. In recent years, there has been an increase in the availability of counterfeit goods, including fragrances, in various markets by street vendors and small retailers, as well as on the Internet. The presence of counterfeit versions of our products in the market and of prestige products in mass distribution channels could also dilute the value of our brands, force us and our distributors to compete with heavily discounted products, cause us to be in breach of contract (including license agreements), impact our compliance with distribution and competition laws in jurisdictions including the E.U. and China, or otherwise have a negative impact on our reputation and business, prospects, financial condition or results of operations. We are rationalizing our wholesale distribution and continue efforts to reduce the amount of product diversion to the value and mass channels, however, stopping such commerce could result in a potential adverse impact to our sales and net revenues, including to those customers who are selling our products to unauthorized retailers, or an increase in returns over historical levels.

In order to protect or enforce our intellectual property and other proprietary rights, we may initiate litigation or other proceedings against third parties, such as infringement suits, opposition proceedings or interference proceedings. Any lawsuits or proceedings that we initiate could be expensive, take significant time and divert management's attention from other business concerns, adversely impact customer relations and we may not be successful. Litigation and other proceedings may also put our intellectual property at risk of being invalidated or interpreted narrowly. The occurrence of any of these events may have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

In addition, many of our products bear, and the value of our brands is affected by, the trademarks and other intellectual property rights of our brand and joint venture partners and licensors. Our brand and joint venture partners' and licensors' ability to maintain and protect their trademark and other intellectual property rights is subject to risks similar to those described above with respect to our intellectual property. We do not control the protection of the trademarks and other intellectual property

rights of our brand and joint venture partners and licensors and cannot ensure that our brand and joint venture partners and licensors will be able to secure or protect their trademarks and other intellectual property rights, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows, as well as the trading price of our securities.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property of third parties.

Our commercial success depends in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties. However, we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. Moreover, our acquisition targets and other businesses in which we make strategic investments are often smaller or younger companies with less robust intellectual property clearance practices, and we may face challenges on the use of their trademarks and other proprietary rights. If we are found to be infringing, misappropriating or otherwise violating a third party trademark, patent, copyright or other proprietary rights, we may need to obtain a license, which may not be available in a timely manner on commercially reasonable terms or at all, or redesign or rebrand our products, which may not be possible or result in a significant delay to market or otherwise have an adverse commercial impact. We may also be required to pay substantial damages or be subject to a court order prohibiting us and our customers from selling certain products or engaging in certain activities, which could therefore have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows, as well as the trading price of our securities.

Our goodwill and other assets have been subject to impairment and may continue to be subject to impairment in the future.

We are required, at least annually and sometimes on an interim basis, to test goodwill and indefinite-lived intangible assets to determine if any impairment has occurred. Impairment may result from various factors, including adverse changes in assumptions used for valuation purposes, such as actual or projected revenue growth rates, profitability or discount rates. If the testing indicates that an impairment has occurred, we are required to record a non-cash impairment charge for the difference between the carrying value of the goodwill or indefinite intangible assets and the fair value of the goodwill or of indefinite-lived intangible assets.

We cannot predict the amount and timing of any future impairments, if any. We have experienced impairment charges with respect to goodwill, intangible assets or other items in connection with past acquisitions, and we may experience such charges in connection with such acquisitions or future acquisitions, particularly if business performance declines or expected growth is not realized or the applicable discount rate changes adversely. For example, in our continuing operations in fiscal 2020 and 2019, we incurred impairment charges of \$434.0 and \$3,729.0 (\$3,851.9 for total Coty Inc., including discontinued operations), respectively, primarily related to goodwill write-downs and impairments on indefinite-lived other intangible assets. It is possible that material changes in our business, market conditions, or market assumptions could occur over time. Any future impairment of our goodwill or other intangible assets could have an adverse effect on our financial condition and results of operations, as well as the trading price of our securities. For a further discussion of the fiscal 2020 impairment charges and our impairment testing, please refer to “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Financial Condition-Liquidity and Capital Resources-Goodwill, Other Intangible Assets and Long-Lived Assets”.

We have taken on significant debt, and the agreements that govern such debt contain various covenants that impose restrictions on us, which may adversely affect our business.

We have a substantial amount of indebtedness. We may not be able to refinance our indebtedness in the future (1) on commercially reasonable terms, (2) on terms, including with respect to interest rates, as favorable as our current debt or (3) at all.

Agreements that govern our indebtedness, including the indenture governing our senior unsecured notes (the “Indenture”) and our credit agreement (as amended, the “2018 Coty Credit Agreement”), impose operating and financial restrictions on our activities. These restrictions may limit or prohibit our ability and the ability of our restricted subsidiaries to, among other things:

- incur indebtedness or grant liens on our property;
- dispose of assets or equity;
- make acquisitions or investments;
- make dividends, distributions or other restricted payments;
- effect affiliate transactions;
- enter into sale and leaseback transactions; and
- enter into mergers, consolidations or sales of substantially all of our assets and the assets of our subsidiaries.

In addition, we are required to maintain certain financial ratios calculated pursuant to a financial maintenance covenant under the 2018 Coty Credit Agreement on a quarterly basis. On April 29, 2020, we amended the 2018 Coty Credit Agreement. The amendment (i) provides a Total Net Leverage Ratio financial covenant “holiday” through March 31, 2021; (ii) establishes a quarterly minimum liquidity covenant through March 31, 2021 of \$350.0; and (iii) effectively places certain limitations on the ability to make certain investments and restricted payments (including limiting our ability to pay dividends in cash through March 31, 2021) and on incurring additional indebtedness. For a further description of the 2018 Coty Credit Agreement and the covenants thereunder please refer to Note 15, “Debt” in the notes to our Consolidated Financial Statements.

Our debt burden and the restrictions in the agreements that govern our debt could have important consequences, including increasing our vulnerability to general adverse economic and industry conditions; limiting our flexibility in planning for, or reacting to, changes in our business and our industry; requiring the dedication of a substantial portion of any cash flow from operations and capital investments to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund our operations, turnaround strategy, working capital, capital expenditures, future business opportunities and other general corporate purposes; exposing us to the risk of increased interest rates with respect to any borrowings that are at variable rates of interest; restricting us from making strategic acquisitions or causing us to make non-strategic divestitures; limiting our ability to obtain additional financing for working capital, capital expenditures, research and development, debt service requirements, acquisitions and general corporate or other purposes; limiting our ability to adjust to changing market conditions; limiting our ability to take advantage of financing and other corporate opportunities; and placing us at a competitive disadvantage relative to our competitors who are less highly leveraged. Moreover, a material breach of the 2018 Coty Credit Agreement could result in the acceleration of all obligations outstanding under that agreement.

Our ability to service and repay our indebtedness will be dependent on the cash flow generated by our subsidiaries and events beyond our control.

Prevailing economic conditions and financial, business and other factors, many of which are beyond our control, may affect our ability to make payments on our debt and comply with other requirements under the 2018 Coty Credit Agreement and to meet our deleveraging objectives. In particular, due to the seasonal nature of the beauty industry, with the highest levels of consumer demand generally occurring during the holiday buying season in our second fiscal quarter, our subsidiaries’ cash flow in the second half of the fiscal year may be less than in the first half of the fiscal year, which may affect our ability to satisfy our debt service obligations, including to service our senior unsecured notes and the 2018 Coty Credit Agreement, and to meet such deleveraging objectives. If we do not generate sufficient cash flow to satisfy our covenants and debt service obligations, including payments on our senior unsecured notes and under the 2018 Coty Credit Agreement, we may have to undertake additional cost reduction measures or alternative financing plans, such as refinancing or restructuring our debt; selling assets; reducing or delaying capital investments; modifying terms of agreements, including timing of payments, with vendors, customers, and other third parties; or seeking to raise additional capital. The terms of the Indenture governing our senior unsecured notes, the 2018 Coty Credit Agreement or any existing debt instruments or future debt instruments that we may enter into may restrict us from adopting some of these alternatives. Our ability to restructure or refinance our debt will depend on the capital markets and other macroeconomic conditions and our financial condition at such time. Any refinancing or modification of our debt could result in higher interest rates and may require us to comply with more onerous covenants or reduce our borrowing capacity, which could further restrict our business operations. For example, in connection with the 2019 amendment to the 2018 Credit Agreement, we reduced the borrowing capacity under our revolving credit facility. In addition, the 2020 amendment establishes a quarterly minimum liquidity covenant of \$350.0 and effectively places certain limitations on the ability to make certain investments and restricted payments (including limiting our ability to pay dividends in cash) and on incurring additional indebtedness during the Total Net Leverage Ratio financial covenant “holiday” period. The inability of our subsidiaries to generate sufficient cash flow to satisfy our covenants and debt service obligations, including the inability to service our senior unsecured notes and the 2018 Coty Credit Agreement, or to refinance our obligations on commercially reasonable terms, could have a material adverse effect on our business, financial condition, results of operations, profitability, cash flows or liquidity, as well as the trading price of our securities, and may impact our ability to satisfy our obligations in respect of our senior unsecured notes and the 2018 Coty Credit Agreement.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase.

Borrowings under the 2018 Coty Credit Agreement are at variable rates of interest and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness referred to above would increase even if the principal amount borrowed remained the same, and our net income and cash flows will correspondingly decrease. We are currently party to, and in the future, we may enter into additional, interest rate swaps that involve the exchange of floating for fixed rate interest payments, in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

In addition, amounts drawn under the 2018 Coty Credit Agreement may bear interest rates in relation to the London Interbank Offered Rate (“LIBOR”). In 2017, the United Kingdom’s Financial Conduct Authority, which regulates LIBOR,

announced that it intends to phase out LIBOR by the end of 2021. It is unclear if LIBOR will cease to exist at that time or if new methods of calculating LIBOR will be established such that it continues to exist after 2021. If LIBOR is no longer available, or if our lenders have increased costs due to changes in LIBOR, we may need to amend our 2018 Coty Credit Agreement and any related interest rate swaps to replace LIBOR with an agreed upon replacement index, which could result in higher rates and adversely impact our interest expense.

We may not be able to identify suitable acquisition targets and our acquisition activities and other strategic transactions may present managerial, integration, operational and financial risks, which may prevent us from realizing the full intended benefit of the acquisitions we undertake.

Our acquisition activities and other strategic transactions expose us to certain risks related to integration, including diversion of management attention from existing core businesses and substantial investment of resources to support integration. During the past several years, we have explored and undertaken opportunities to acquire other companies and assets as part of our growth strategy. For example, we completed five significant acquisitions in fiscal 2016 through fiscal 2018 (including the acquisition of P&G Beauty Business in October 2016). In 2020, we entered into a joint venture with King Kylie and a pending transaction with Kim Kardashian West. These assets represent a significant portion of our net assets, particularly the P&G Beauty Business. As we consider growth opportunities, we may continue to seek acquisitions that we believe strengthen our competitive position in our key segments and geographies or accelerate our ability to grow into adjacent product categories and channels and emerging markets or which otherwise fit our strategy. There can be no assurance that we will be able to identify suitable acquisition candidates, be the successful bidder or consummate acquisitions on favorable terms, have the funds to acquire desirable acquisitions or otherwise realize the full intended benefit of such transactions. In addition, acquisitions could adversely impact our deleveraging strategy.

The assumptions we use to evaluate acquisition opportunities may not prove to be accurate, and intended benefits may not be realized. Our due diligence investigations may fail to identify all of the problems, liabilities or other challenges associated with an acquired business which could result in increased risk of unanticipated or unknown issues or liabilities, including with respect to environmental, competition and other regulatory matters, and our mitigation strategies for such risks that are identified may not be effective. As a result, we may not achieve some or any of the benefits, including anticipated synergies or accretion to earnings, that we expect to achieve in connection with our acquisitions and joint ventures, or we may not accurately anticipate the fixed and other costs associated with such acquisitions and joint ventures, or the business may not achieve the performance we anticipated, which may materially adversely affect our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. Any financing for an acquisition could increase our indebtedness or result in a potential violation of the debt covenants under our existing facilities requiring consent or waiver from our lenders, which could delay or prevent the acquisition, or dilute the interests of our stockholders. For example, in connection with the acquisition of the P&G Beauty Business, Green Acquisition Sub Inc., a wholly-owned subsidiary of the Company, was merged with and into Galleria, with Galleria continuing as the surviving corporation and a direct wholly-owned subsidiary of the Company (the “Green Merger”) and pre-Green Merger holders of our stock were diluted to 46% of the fully diluted shares of common stock immediately following the Green Merger. In addition, acquisitions of foreign businesses, new entrepreneurial businesses and businesses in new distribution channels, such as our acquisition of the Brazilian personal care and beauty business of Hypermarcas S.A. (the “Hypermarcas Brands”), Burberry and ghd, and our joint venture with King Kylie and pending transaction with Kim Kardashian West, entail certain particular risks, including potential difficulties in geographies and channels in which we lack a significant presence, difficulty in seizing business opportunities compared to local or other global competitors, difficulty in complying with new regulatory frameworks, the acquisition of new or unexpected liabilities, the adverse impact of fluctuating exchange rates and entering lines of business where we have limited or no direct experience. See “—Fluctuations in currency exchange rates may negatively impact our financial condition and results of operations” and “—We are subject to risks related to our international operations.”

We face risks associated with our joint ventures.

We are party to several joint ventures in both the U.S. and abroad. Going forward, we may acquire interests in more joint venture enterprises to execute our business strategy by utilizing our partners’ skills, experiences and resources. These joint ventures involve risks that our joint venture partners may:

- have economic or business interests or goals that are inconsistent with or adverse to ours;
- take actions contrary to our requests or contrary to our policies or objectives, including actions that may violate applicable law;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements;
- have financial or business difficulties;
- take actions that may harm our reputation; or

- have disputes with us as to the scope of their rights, responsibilities and obligations.

In certain cases, joint ventures may present us with a lack of ability to fully control all aspects of their operations, including due to veto rights, and we may not have full visibility with respect to all operations, customer relations and compliance practices, among others.

Our present or future joint venture projects may not be successful. We have had, and cannot assure you that we will not in the future have, disputes or encounter other problems with respect to our present or future joint venture partners or that our joint venture agreements will be effective or enforceable in resolving these disputes or that we will be able to resolve such disputes and solve such problems in a timely manner or on favorable economic terms, or at all. Any failure by us to address these potential disputes or conflicts of interest effectively could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

A general economic downturn, credit constriction, uncertainty in global economic or political conditions or other global events or a sudden disruption in business conditions may affect consumer spending, which could adversely affect our financial results.

Global events may impact our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities, and, as demonstrated by the impacts of COVID-19, such events can evolve rapidly and cause significant and pervasive disruptions to global economic and business conditions. We operate in an environment of slow overall growth in the segments and geographies in which we compete with increasing competitive pressure and changing consumer preferences, and global economic activity is in decline as a result of COVID-19. While prestige fragrances and skin care categories have experienced strong growth, declines in the retail mass color cosmetics and mass fragrance categories in the U.S. and certain key markets in Western Europe continue to impact our business and financial results. Deterioration of social or economic conditions in Europe or elsewhere could reduce sales and could also impair collections on accounts receivable. For example, the June 23, 2016 referendum in the U.K. in which voters approved an exit from the E.U., commonly referred to as “Brexit,” and subsequent initiation of formal withdrawal procedures by the U.K. government has caused significant volatility in the financial and credit markets and may impact consumer spending and economic conditions generally in Europe. The global markets and currencies have been adversely impacted, including volatility in the value of the British pound as compared to the U.S. dollar. The United Kingdom formally left the European Union on January 31, 2020 and immediately entered a transition period set to expire on December 31, 2020 (which may potentially be extended until December 31, 2022 at the latest). There continues to be a significant lack of clarity over the terms of the U.K.’s future relationship with the E.U. Although it is unknown what those terms will be, it is possible that there will be greater restrictions on imports and exports between the U.K. and E.U. countries and increased regulatory complexities. These changes may adversely affect our operations and financial results. See “-We are subject to risks related to our international operations.” Further, recent political and economic developments in the U.S. (including public statements by the current administration and the upcoming election), the U.K., Europe, Brazil and China have introduced uncertainty in the regulatory and business environment in which we operate (including potential increases in tariffs). These political and economic developments have resulted and could continue to result in changes to legislation or reformation of government policies, rules and regulations pertaining to trade. Such changes could have a significant impact on our business by increasing the cost of doing business, affecting our ability to sell our products and negatively impacting our profitability. Moreover, our business has been, and may continue to be, impacted by COVID-19. See “-Our operations and sales have been adversely impacted by the COVID-19 pandemic, and we must successfully manage the demand, supply, operational and financial challenges associated with the actual or perceived effects of COVID-19 and the related widespread public health crisis.”

In addition, our sales are affected by the overall level of consumer spending. The general level of consumer spending is affected by a number of factors, including general economic conditions (including potential recessions in one or more significant economies), inflation, interest rates, government policies that affect consumers (such as those relating to medical insurance or income tax), energy costs and consumer confidence, each of which is beyond our control. Consumer purchases of discretionary and other items and services, including beauty products, tend to decline during recessionary periods and otherwise weak economic environments, when disposable income is lower. A decline in consumer spending would likely have a negative impact on our direct sales and could cause financial difficulties at our retailer and other customers. If consumer purchases decrease, we may not be able to generate enough cash flow to meet our debt obligations and other commitments and may need to refinance our debt, dispose of assets or issue equity to raise necessary funds. We cannot predict whether we would be able to undertake any of these actions to raise funds on a timely basis or on satisfactory terms or at all. The financial difficulties of a customer or retailer could also cause us to curtail or eliminate business with that customer or retailer. We may also decide to assume more credit risk relating to the receivables from our customers or retailers, which increases the possibility of late or non-payment of receivables. Our inability to collect receivables from a significant retailer or customer, or from a group of these customers, could have a material adverse effect on our business, prospects, results of operations, financial condition, results of operations, cash flows, as well as the trading price of our securities. If a retailer or customer were to go into liquidation, we

could incur additional costs if we choose to purchase the retailer's or customer's inventory of our products to protect brand equity. These risks have been, and may continue to be, amplified by COVID-19.

Volatility in the financial markets could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

While we currently generate significant cash flows from our ongoing operations and have access to global credit markets through our various financing activities, credit markets may experience significant disruptions. Deterioration in global financial markets, including as a result of COVID-19, could make future financing difficult or more expensive. If any financial institutions that are parties to our credit facilities or other financing arrangements, such as interest rate or foreign currency exchange hedging instruments, were to declare bankruptcy or become insolvent, or experience other financial difficulty, they may be unable to perform under their agreements with us. In addition, the deterioration of the financial condition of any of the financial institutions that hold our short-term investments and cash deposits could negatively impact the value and liquidity of such investments and deposits. This could leave us with reduced borrowing capacity, could leave us unhedged against certain interest rate or foreign currency exposures or could reduce our access to our cash deposits, which could have an adverse impact on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Fluctuations in currency exchange rates may negatively impact our financial condition and results of operations.

Exchange rate fluctuations have affected and may in the future affect our results of operations, financial condition, reported earnings, the value of our foreign assets, the relative prices at which we and foreign competitors sell products in the same markets and the cost of certain inventory and non-inventory items required by our operations. The currencies to which we are exposed include the euro, the British pound, the Chinese yuan, the Polish zloty, the Russian ruble, the Brazilian real, the Australian dollar and the Canadian dollar. The exchange rates between these currencies and the U.S. dollar in recent years have fluctuated significantly and may continue to do so in the future. A depreciation of these currencies against the U.S. dollar would decrease the U.S. dollar equivalent of the amounts derived from foreign operations reported in our consolidated financial statements and an appreciation of these currencies would result in a corresponding increase in such amounts. The cost of certain items, such as raw materials, transportation and freight, required by our operations may be affected by changes in the value of the various relevant currencies. To the extent that we are required to pay for goods or services in foreign currencies, the appreciation of such currencies against the U.S. dollar would tend to negatively impact our financial condition and results of operations. Our efforts to hedge certain exposures to foreign currency exchange rates arising in the ordinary course of business may not successfully hedge the effect of such fluctuations.

We are subject to risks related to our international operations.

We operate on a global basis, and approximately 71% of our net revenues from continuing operations in fiscal 2020, were generated outside North America. We have employees in more than 46 countries, and we market, sell and distribute our products in over 150 countries and territories. Our presence in such geographies has expanded as a result of our acquisitions, as well as organic growth, and we are exposed to risks inherent in operating in geographies in which we have not operated in or have been less present in the past.

Non-U.S. operations are subject to many risks and uncertainties, including ongoing instability or changes in a country's or region's economic, regulatory or political conditions, including inflation, recession, interest rate fluctuations, sovereign default risk and actual or anticipated military or political conflicts (including any other change resulting from Brexit), labor market disruptions, sanctions, boycotts, new or increased tariffs, quotas, exchange or price controls, trade barriers or other restrictions on foreign businesses, our failure to effectively and timely implement processes and policies across our diverse operations and employee base and difficulties and costs associated with complying with a wide variety of complex and potentially conflicting regulations across multiple jurisdictions. Non-U.S. operations also increase the risk of non-compliance with U.S. laws and regulations applicable to such non-U.S. operations, such as those relating to sanctions, boycotts and improper payments. In particular, we are monitoring the latest developments regarding Brexit negotiations, including the potential impact on our business if the Brexit transition period were to expire without having a final withdrawal agreement in place (sometimes referred to as a "hard Brexit"). Brexit (and particularly a hard Brexit) could have a number of negative implications for our business, including with respect to the production of our products in the United Kingdom, the transfer or purchase of goods and services into or out of the United Kingdom and our operations in the United Kingdom. We are analyzing various short- and long-term strategies to address Brexit contingencies, but such strategies may not be effective in limiting these negative impacts and Brexit thus could have a material impact on our business and results of operations.

In addition, sudden disruptions in business conditions as a consequence of events such as terrorist attacks, war or other military action or the threat of further attacks, pandemics or other crises or vulnerabilities or as a result of adverse weather conditions or climate changes, may have an impact on consumer spending, which could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

The U.S. and the other countries in which our products are manufactured or sold have imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures, or other restrictions or regulations, or may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use to manufacture or package our products and the sale of finished products. For example, in 2018, the E.U. imposed tariffs on certain prestige category products imported from the U.S., which impact the sale in the E.U. of certain of our products that are manufactured in the U.S. Similarly, the tariffs imposed by the U.S. on goods and materials from China are impacting materials we import for use in manufacturing or packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including shifts of production among countries and manufacturers, geographical diversification of our sources of supply, adjustments in product or packaging design and fabrication, or increased prices, could increase our costs and delay our time to market or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products, our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. The beauty industry has been impacted by ongoing uncertainty surrounding tariffs and import duties, and international trade relations generally. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

On December 22, 2017, the President of the U.S. signed the Tax Act which made broad and complex changes to the U.S. tax laws that affect businesses operating internationally. In addition, some foreign governments may enact tax laws in response to the Tax Act that could result in further changes to global taxation and that could materially adversely affect our financial results, which could have a material adverse effect on our results of operations, financial condition and cash flows, as well as the trading price of our securities.

We are subject to legal proceedings and legal compliance risks.

We are subject to a variety of legal proceedings and legal compliance risks in the countries in which we do business, including the matters described under the heading “Legal Proceedings” in Part I, Item 3 of this report. We are under the jurisdiction of regulators and other governmental authorities which may, in certain circumstances, lead to enforcement actions, changes in business practices, fines and penalties, the assertion of private litigation claims and damages and adversely impact our customer relationships, particularly to the extent customers were implicated by such proceedings. We are also subject to legal proceedings and legal compliance risks in connection with legacy matters involving the P&G Beauty Business, the Burberry fragrance business, Hypermarcas Brands, ghd, the King Kylie business and the pending Kim Kardashian West business, that were previously outside our control and that we are now independently addressing, which may result in unanticipated or new liabilities. While we believe that we have adopted, and/or will adopt, appropriate risk management and compliance programs, such adoptions take time and, given the global nature of our operations and many laws and regulations to which we are subject, these legal and compliance risks will continue to exist with respect to our business, and additional legal proceedings and other contingencies, the outcome and impact of which cannot be predicted with certainty, will arise from time to time.

As described under “Legal Proceedings” in this report, a consolidated putative class action lawsuit has been filed in connection with the Cottage Tender Offer and related Schedule 14D-9.

In addition, we are subject to pending tax assessment matters in Brazil relating to local sales tax credits for the 2016-2017 tax periods. Although we are seeking a favorable administrative decision on the related tax enforcement action, we may not be successful. See Note 26,— Legal Contingencies for more information regarding our potential tax obligations in Brazil.

Our operations and acquisitions in certain foreign areas expose us to political, regulatory, economic and reputational risks.

We operate on a global basis. Our employees, contractors and agents, business partners, joint venture and joint venture partners and companies to which we outsource certain of our business operations, may take actions in violation of our compliance policies or applicable law. In addition, some of our acquisitions have required us to integrate non-U.S. companies that had not, until our acquisition, been subject to U.S. law or other laws to which we are subject.

In many countries, particularly in those with developing economies, it may be common for persons to engage in business practices prohibited by the laws and regulations applicable to us. In addition, certain countries have laws that differ with those in the US, including relating to competition and product distribution, with which US and other personnel may be unfamiliar, thereby increasing the risk of non-compliance. We are in the process of enhancing our compliance program, including as a result of acquisitions, but we cannot assure you that we will not encounter problems with respect to such programs or that such programs will be effective in ensuring compliance.

Failure by us or our subsidiaries to comply with applicable laws or policies could subject us to civil and criminal penalties, cause us to be in breach of contract or damage to our or our licensors’ reputation, each of which could materially and adversely affect our business, prospects, financial condition, cash flows, results of operations, as well as the trading price of our securities.

In addition, the U.S. may impose additional sanctions at any time on countries where we sell our products. If so, our existing activities may be adversely affected, we may incur costs in order to come into compliance with future sanctions, depending on the nature of any further sanctions that may be imposed, or we may experience reputational harm and increased regulatory scrutiny.

We are subject to the interpretation and enforcement by governmental agencies of other foreign laws, rules, regulations or policies, including any changes thereto, such as restrictions on trade, import and export license requirements, and tariffs and taxes (including assessments and disputes related thereto), which may require us to adjust our operations in certain areas where we do business. We face legal and regulatory risks in the U.S. and abroad and, in particular, cannot predict with certainty the outcome of various contingencies or the impact that pending or future legislative and regulatory changes may have on our business. It is not possible to gauge what any final regulation may provide, its effective date or its impact at this time. These risks could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Our failure to protect our reputation, or the failure of our brand partners or licensors to protect their reputations, could have a material adverse effect on our brand images.

Our ability to maintain our reputation is critical to our business and our various brand images. Our reputation could be jeopardized if we fail to maintain high standards for product quality and integrity (including should we be perceived as violating the law) or if we, or the third parties with whom we do business, do not comply with regulations or accepted practices and are subject to a significant product recall, litigation, or allegations of tampering, animal testing, use of certain ingredients (such as certain palm oil) or misconduct by executives or founders. Any negative publicity about these types of concerns or other concerns, whether actual or perceived or directed towards us or our competitors, may reduce demand for our products. Failure to comply with ethical, social, product, labor and environmental standards, or related political considerations, could also jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts. In addition, the behavior of our employees, including with respect to our employees' use of social media subjects us to potential negative publicity if such use does not align with our high standards and integrity or fails to comply with regulations or accepted practices. Furthermore, widespread use of digital and social media by consumers has greatly increased the accessibility of information and the speed of its dissemination. Negative or inaccurate publicity, posts or comments on social media, whether accurate or inaccurate, about us, our employees or our brand partners (including influencers) and licensors, our respective brands or our respective products, whether true or untrue, could damage our respective brands and our reputation.

Additionally, our success is also partially dependent on the reputations of our brand partners, influencers and licensors and the goodwill associated with their intellectual property. We often rely on our brand partners, influencers or licensors to manage and maintain their brands, but these licensors' reputation or goodwill may be harmed due to factors outside our control, which could be attributed to our other brands and have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. Many of these brand licenses are with fashion houses, whose popularity may decline due to mismanagement, changes in fashion or consumer preferences, allegations against their management or designers or other factors beyond our control. Similarly, certain of our products bear the names and likeness of celebrities, whose brand or image may change without notice and who may not maintain the appropriate celebrity status or positive association among the consumer public to support projected sales levels. In addition, in the event that any of these licensors were to enter bankruptcy proceedings, we could lose our rights to use the intellectual property that the applicable licensors license to us.

Damage to our reputation or the reputations of our brand partners or licensors or loss of consumer confidence for any of these or other reasons could have a material adverse effect on our results of operations, financial condition and cash flows, as well as require additional resources to rebuild our reputation.

Our brand licenses may be terminated if specified conditions are not met, and we may not be able to renew expiring licenses on favorable terms or at all.

We license trademarks for many of our product lines. Our brand licenses typically impose various obligations on us, including the payment of annual royalties, maintenance of the quality of the licensed products, achievement of minimum sales levels, promotion of sales and qualifications and behavior of our suppliers, distributors and retailers. We have breached, and may in the future breach, certain terms of our brand licenses. If we breach our obligations, our rights under the applicable brand license agreements could be terminated by the licensor and we could, among other things, have to pay damages, lose our ability to sell products related to that brand, lose any upfront investments made in connection with such license and sustain reputational damage. In addition, most brand licenses have renewal options for one or more terms, which can range from three to ten years. Certain brand licenses provide for automatic extensions, so long as minimum annual royalty payments are made, while renewal of others is contingent upon attaining of specified sales levels or upon agreement of the licensor. In fiscal 2019, we renewed two key brand licenses. While many of our licenses are long term, licenses relating to certain of our brands are up for renewal in the next few years, including five licenses up for renewal in 2021. We may not be able to renew expiring licenses

on terms that are favorable to us or at all. We may also face difficulties in finding replacements for terminated or expired licenses. Each of the aforementioned risks could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Our business is subject to seasonal variability.

Our sales generally increase during our second fiscal quarter as a result of increased demand by retailers associated with the winter holiday season. The Wella Business also generally experiences an increase in sales during its fourth fiscal quarter as a result of higher demand prior to the summer holiday season. Accordingly, our financial performance, sales, working capital requirements, cash flow and borrowings generally experience variability during the three to six months preceding and during the holiday period. As a result of this seasonality, our expenses, including working capital expenditures and advertising spend, are typically higher during the period before a high-demand season. Consequently, any substantial decrease in, or inaccurate forecasting with respect to, net revenues during such periods of high demand including as a result of decreased customer purchases, increased product returns, production or distribution disruptions or other events (many of which are outside of our control), would prevent us from being able to recoup our earlier expenses and could have a material adverse effect on our financial condition, results of operations and cash flows, as well as the trading price of our securities.

A disruption in operations could adversely affect our business.

As a company engaged in manufacturing and distribution on a global scale, we are subject to the risks inherent in such activities, including industrial accidents, environmental events, strikes and other labor disputes (including as to works councils), disruptions in supply chain or information systems, loss or impairment of key manufacturing sites or distribution centers, product quality control, safety, licensing requirements and other regulatory issues, as well as natural disasters, pandemics, border disputes, acts of terrorism, possible dawn raids, and other external factors over which we have no control. For example, disruptions in our U.K. planning hub and one of our U.S. distribution centers in the fourth quarter of fiscal 2018 resulted in loss of revenue and increased costs, including penalty payments to retailers for unshipped products, as we were unable to meet consumer demand for certain mass beauty products, which impacted our results of operations in fiscal 2019. As we continue our implementation of our Transformation Plan (including our fixed cost reduction activities) and other restructuring activities, any additional or ongoing supply chain disruptions or delay in securing applicable approvals or consultations for such activities may impact our quarterly results. The loss of, or damage or disruption to, any of our manufacturing facilities or distribution centers could have a material adverse effect on our business, prospects, results of operations, financial condition, results of operations, cash flows, as well as the trading price of our securities.

We manufacture and package a majority of our products. Raw materials, consisting chiefly of essential oils, alcohols, chemicals, containers and packaging components, are purchased from various third-party suppliers. The loss of multiple suppliers or a significant disruption or interruption in the supply chain, or our relationships with key suppliers due to our payment terms or otherwise, could have a material adverse effect on the manufacturing and packaging of our products. Increases in the costs of raw materials or other commodities may adversely affect our profit margins if we are unable to pass along any higher costs in the form of price increases or otherwise achieve cost efficiencies in manufacturing and distribution. In addition, failure by our third-party suppliers to comply with ethical, social, product, labor and environmental laws, regulations or standards, or their engagement in politically or socially controversial conduct, such as animal testing, could negatively impact our reputations and lead to various adverse consequences, including decreased sales and consumer boycotts. The Dodd-Frank Wall Street Reform and Consumer Protection Act includes disclosure requirements regarding the use of certain minerals mined from the Democratic Republic of Congo and adjoining countries (each, a “covered country”) and procedures pertaining to a manufacturer’s efforts regarding the source of such minerals. SEC rules implementing these requirements may have the effect of reducing the pool of suppliers who can supply covered country “conflict free” products, and we may not be able to obtain covered country conflict free products or supplies in sufficient quantities for our operations. For calendar year 2018, we determined that we have no reason to believe that any products we manufactured or contracted to manufacture contained conflict minerals that may have originated in the covered countries. However, since our supply chain is complex, we may face operational obstacles and reputational challenges with our customers and stockholders if we are unable to continue to sufficiently verify the origins for the minerals used in our products.

We have also outsourced and may continue to outsource certain functions, and we are dependent on the entities performing those functions. For example, a short-term transportation workers strike in Brazil impacted the distribution of our products and raw materials in the fourth quarter of fiscal 2018, resulting in increased logistical costs and lost revenues for products that could not be shipped. The failure of one or more such providers to provide the expected services, provide them on a timely basis or provide them at the prices we expect, or the costs incurred in returning these outsourced functions to being performed under our management and direct control, may have a material adverse effect on our results of operations or financial condition.

The above risks have been and may continue to be exacerbated by the impact of COVID-19, and our efforts to manage and remedy these impacts to the Company may not achieve results in accordance with our expectations or on the timelines we anticipate.

We are increasingly dependent on information technology, and if we are unable to protect against service interruptions, corruption of our data and privacy protections, cyber-based attacks or network security breaches, our operations could be disrupted.

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities, and to comply with regulatory, legal and tax requirements. We also increasingly depend on our information technology infrastructure for digital marketing activities, e-commerce and for electronic communications among our locations, personnel, customers and suppliers around the world, including as a result of remote working in response to COVID-19. These information technology systems, some of which are managed by third parties that we do not control, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, cutover activities in our restructuring and simplification initiatives (including in connection with our Transformation Plan as well as the separation of the Wella Business), power outages, hardware failures, computer viruses, attacks by computer hackers, telecommunication failures, user errors, catastrophic events or other problems. If our information technology systems otherwise suffer severe damage, disruption or shutdown and our business continuity plans do not effectively resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results. If not managed and mitigated effectively, these risks could increase in the future as we expand our digital capabilities and e-commerce activities, including through the use of new digital applications and technologies. There are further risks associated with the information systems of our joint ventures and of the companies we acquire, both in terms of systems compatibility, process controls, level of security and functionality. It may cost us significant time, money and resources to address these risks and if our systems were to fail or we are unable to successfully expand the capacity of these systems, or we are unable to integrate new technologies into our existing systems, our financial condition, results of operations and cash flows, as well as the trading price of our securities, may be adversely affected.

We are subject to an evolving body of federal, state and non-U.S. laws, regulations, guidelines, and principles regarding data privacy and security. A data breach or inability on our part to comply with such laws, regulations, guidelines, and principles or to quickly adapt our practices to reflect them as they develop, could potentially subject us to significant liabilities and reputational harm. Several governments, including the E.U., have regulations dealing with the collection and use of personal information obtained from their citizens, and regulators globally are also imposing greater monetary fines for privacy violations. For example, in the E.U. a new law governing data practices and privacy called the GDPR became effective in May 2018. The law establishes new requirements regarding the handling of personal data, and non-compliance with the GDPR may result in monetary penalties of up to 4% of worldwide revenue. Regulators, including the U.K.'s Information Commissioner's Office, have actively enforced the law and imposed substantial fines, and are expected to continue to do so. In addition, the state of California enacted a data privacy law applicable to entities serving or employing California residents (the "California Consumer Privacy Act") that required compliance by January 2020. More recently, Brazil enacted the General Data Protection Law ("Brazil LGPD") regulating the processing of personal data, which became effective in August 2020. The GDPR, the California Consumer Privacy Act, the Brazil LGPD and other changes in laws or regulations associated with the enhanced protection of certain types of sensitive data and other personal information, require us to evaluate our current operations, information technology systems and data handling practices and implement enhancements and adaptations where necessary to comply. Compliance with these laws, could greatly increase our operational costs or require us to adapt certain products, operations, processes or activities in otherwise suboptimal ways, to comply with the stricter regulatory requirements, such as efforts to meet consumer demand for personalized products and services, in jurisdictions where we operate. The regulations are complex and likely require adjustments to our operations. Any failure to comply with all such laws by us, our business partners or third-parties engaged by us could result in significant liabilities and reputational harm.

In addition, if we are unable to prevent or detect security breaches, or properly remedy them, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to our partners, customers or suppliers, including personal employee, consumer or presenter information stored in our or third-party systems or as a result of the dissemination of inaccurate information. In addition, the unauthorized disclosure of nonpublic sensitive information could lead to the loss of intellectual property or damage our reputation and brand image or otherwise adversely affect our ability to compete.

Our information technology systems, operations and security control frameworks require an ongoing commitment of significant resources to maintain, protect, and enhance existing systems to keep pace with continuing changes in technology, legal and regulatory standards, cyber threats and the commercial opportunities that accompany the changing digital and data driven economy. From time to time, we undertake significant information technology systems projects, including enterprise resource planning updates, modifications, integrations and roll-outs, as well as separation and carve-out activities relating to dispositions such as the separation of the Wella Business. These projects may be subject to cost overruns and delays and may cause disruptions in our daily business operations. These cost overruns and delays and distractions as well as our reliance on certain third parties for certain business and financial information could impact our financial statements and could adversely impact our ability to run our business, correctly forecast future performance and make fully informed decisions.

Our success depends, in part, on our employees, including our key personnel.

Our success depends, in part, on our ability to identify, hire, train and retain our employees, including our key personnel, such as our executive officers and senior management team and our research and development and marketing personnel. We have recently experienced several changes to senior management and the composition of our board of directors, and we are in the process of implementing our Transformation Plan, including our fixed cost reduction activities, and the separation of the Wella Business. Transition periods accompanying changes in leadership and changes due to business reorganization may result in uncertainty, impact business performance and strategies and retention of personnel. The unexpected loss of one or more of our key employees could adversely affect our business. Competition for highly qualified individuals can be intense, and although many of our key personnel have signed non-compete agreements, it is possible that these agreements would be unenforceable, in whole or in part, in some jurisdictions, permitting employees in those jurisdictions to transfer their skills and knowledge to the benefit of our competitors with little or no restriction. We may not be able to attract, assimilate or retain qualified personnel in the future, and our failure to do so could adversely affect our business. Further, other companies may attempt to recruit our key personnel and we may attempt to recruit their key personnel, even if bound by non-competes, which could result in diversion of management attention and our resources to litigation related to such recruitment. These risks may be exacerbated by the stresses associated with changes in our global business strategy, the implementation of our Transformation Plan and other restructuring activities, any continued changes in our senior management team and other key personnel, and other initiatives.

As we continue to restructure our workforce from time to time (including with respect to the Transformation Plan and other business restructuring initiatives, our efforts to manage the impact of COVID-19, as well as acquisitions and our overall growth strategy) and work with more brand partners and licensors, the risk of potential employment-related claims and disputes will also increase. As such, we or our partners may be subject to claims, allegations or legal proceedings related to employment matters including discrimination, harassment (sexual or otherwise), wrongful termination or retaliation, local, state, federal and non-U.S. labor law violations, injury, and wage violations. In addition, our employees in certain countries in Europe are subject to works council arrangements, exposing us to associated delays, works council claims and associated litigation. In the event we or our partners are subject to one or more employment-related claims, allegations or legal proceedings, we or our partners may incur substantial costs, losses or other liabilities in the defense, investigation, settlement, delays associated with, or other disposition of such claims. In addition to the economic impact, we or our partners may also suffer reputational harm as a result of such claims, allegations and legal proceedings and the investigation, defense and prosecution of such claims, allegations and legal proceedings could cause substantial disruption in our or our partners' business and operations, including delaying and reducing the expected benefits of any associated restructuring activities. We have policies and procedures in place to reduce our exposure to these risks, but such policies and procedures may not be effective and we may be exposed to such claims, allegations or legal proceedings.

Our success depends, in part, on the quality, efficacy and safety of our products.

Product safety or quality failures, actual or perceived, or allegations of product contamination, even when false or unfounded, or inclusion of regulated ingredients could tarnish the image of our brands and could cause consumers to choose other products. Allegations of contamination, allergens or other adverse effects on product safety or suitability for use by a particular consumer, even if untrue, may require us from time to time to recall a product from all of the markets in which the affected production was distributed. Such issues or recalls and any related litigation could negatively affect our profitability and brand image.

In addition, government authorities and self-regulatory bodies regulate advertising and product claims regarding the performance and benefits of our products. These regulatory authorities typically require a reasonable basis to support any marketing claims. What constitutes a reasonable basis for substantiation can vary widely based on geography, and the efforts that we undertake to support our claims may not be deemed adequate for any particular product or claim. If we are unable to show adequate substantiation for our product claims, or our promotional materials make claims that exceed the scope of allowed claims for the classification of the specific product, regulatory authorities could take enforcement action or impose penalties, such as monetary consumer redress, requiring us to revise our marketing materials, amend our claims or stop selling or recalling certain products, all of which could harm our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. Any regulatory action or penalty could lead to private party actions, which could further harm our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

If our products are perceived to be defective or unsafe, or if they otherwise fail to meet our consumers' expectations, our relationships with customers or consumers could suffer, the appeal of one or more of our brands could be diminished, and we could lose sales or become subject to liability claims. In addition, safety or other defects in our competitors' products could reduce consumer demand for our own products if consumers view them to be similar or view the defects as symptomatic of the product category. Any of these outcomes could result in a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

If we underestimate or overestimate demand for our products and do not maintain appropriate inventory levels, our net revenues or working capital could be negatively impacted.

We currently engage in a program seeking to improve control over our product demand and inventories. We have identified, and may continue to identify, inventories that are not saleable in the ordinary course, but our existing program or any future inventory management program may not be successful in improving our inventory control. Our ability to manage our inventory levels to meet demand for our products is important for our business. If we overestimate or underestimate demand for any of our products, we may not maintain appropriate inventory levels, we could have excess inventory that we may need to hold for a long period of time, write down, sell at prices lower than expected or discard, which could negatively impact our reputation, net sales, working capital or cash flows from working capital, or cause us to incur excess and obsolete inventory charges. We also could have inadequate inventories which could hinder our ability to meet demand. We have sought and continue to seek to improve our payable terms, which could adversely affect our relations with our suppliers.

In addition, we have significant working capital needs, as the nature of our business requires us to maintain inventories that enable us to fulfill customer demand. We generally finance our working capital needs through cash flows from operations and borrowings under our credit facilities. If we are unable to finance our working capital needs on the same or more favorable terms going forward, or if our working capital requirements increase and we are unable to finance the increase, we may not be able to produce the inventories required by demand, which could result in a loss of sales. In addition, we are reliant on our cash flows from operations to repay our indebtedness, which may impact the cash flows that are available for working capital needs. Our ability to generate and maintain sufficient cash levels also could impact our ability to reduce our indebtedness.

The above risks have been and may continue to be exacerbated by the impact of COVID-19, and our efforts to manage and remedy these impacts to the Company may not achieve results in accordance with our expectations or on the timelines we anticipate.

Changes in laws, regulations and policies that affect our business or products could adversely affect our business, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Our business is subject to numerous laws, regulations and policies. Changes in the laws (both foreign and domestic), regulations and policies, including the interpretation or enforcement thereof, that affect, or will affect, our business or products, including those related to taxes, tariffs, corruption, the environment or climate change, immigration, privacy, restrictions or requirements related to product content, labeling and packaging, trade and customs (including, among others, import and export license requirements, sanctions, boycotts, quotas, trade barriers, and other measures imposed by U.S. and foreign countries), restrictions on foreign investment, the outcome and expense of legal or regulatory proceedings, and any action we may take as a result, and changes in accounting standards, could adversely affect our financial results as well as the trading price of our securities. For example, changes in sanctions against Iran have adversely impacted our net revenues and prohibit us from conducting business in Iran. Also, the Tax Act, enacted in 2017, introduced broad and complex changes to the U.S. tax laws that affect businesses operating internationally, and future regulatory, administrative or legislative guidance could adversely affect our financial results. See “—We are subject to risks related to our international operations”, and “—Network marketing is subject to intense government scrutiny, and regulation and changes in the law, or the interpretation and enforcement of the law, might adversely affect our business”.

We are also subject to legal proceedings and legal compliance risks in connection with legacy matters related to recently acquired companies that were previously outside our control. Such matters may result in our incurring unanticipated costs that may negatively impact the financial contributions of such acquisitions at least in the periods in which such liability is incurred or require operational adjustments that affect our results of operations with respect to such investments. We may not have adequate or any insurance coverage for some of these legacy matters, including matters assumed in the acquisition of the P&G Beauty Business, ghd, the Hypermecas Brands and the Burberry fragrance business, the joint venture with King Kylie and the pending transaction with Kim Kardashian West. While we believe that we have adopted, and will adopt, appropriate risk management and compliance programs, the global nature of our operations and many laws and regulations to which we are subject mean that legal and compliance risks will continue to exist with respect to our business, and additional legal proceedings and other contingencies, the outcome of which cannot be predicted with certainty, will arise from time to time, which could adversely affect our business, prospects, financial condition, results of operations and cash flows, as well as the trading price of our securities.

Our employees or others may engage in misconduct or other improper activities including noncompliance with regulatory standards and regulatory requirements.

We are exposed to the risk of fraud or other misconduct by our personnel or third parties such as independent contractors, agents or influencers. Misconduct by employees, independent contractors, influencers or agents could include inadvertent or intentional failures to comply with the laws and regulations to which we are subject or with our policies, provide accurate information to regulatory authorities, comply with ethical, social, product, labor and environmental standards, comply with fraud and abuse laws and regulations, report financial information or data accurately, or disclose unauthorized activities to us.

In particular, our business is subject to laws, regulations and policies intended to prevent fraud, kickbacks, self-dealing, resale price maintenance and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Our current and former employees, influencers or independent contractors may also become subject to allegations of sexual harassment, racial and gender discrimination or other similar misconduct, which, regardless of the ultimate outcome, may result in adverse publicity that could significantly harm our company's brand, reputation and operations. Employee misconduct could also involve improper use of information obtained in the course of the employee's prior or current employment, which could result in legal or regulatory action and serious harm to our reputation.

Violations of our prohibition on harassment, sexual or otherwise, could result in liabilities and/or litigation.

We prohibit harassment or discrimination in the workplace, in sexual or in any other form. This policy applies to all aspects of employment. Notwithstanding our conducting training and taking disciplinary action against alleged violations, we may encounter additional costs from claims made and/or legal proceedings brought against us, and we could suffer reputational harm.

We are subject to risks related to our common stock, our stock repurchase program and our Stock Dividend Reinvestment Program.

Any repurchases pursuant to our stock repurchase program, or a decision to discontinue our stock repurchase program, which may be discontinued at any time, could affect our stock price and increase volatility. In addition, the timing and actual number of any shares repurchased will depend on a variety of factors including the timing of open trading windows, price, corporate and regulatory requirements, an assessment by management and our board of directors of cash availability, capital allocation priorities, including deleveraging, and other market conditions.

Further, we allow pledging by our employees in connection with certain executive ownership programs. A drop in our share price could result in pledged shares being sold pursuant to the terms of the pledge, which could result in a decrease in the trading price of our stock and subject us and our executives to civil and criminal investigations, including with respect to insider trading.

In the event that our Board declares a dividend, our Stock Dividend Reinvestment Program allows stockholders to elect to receive 50% of their dividend in cash and reinvest 50% of their dividend in newly issued shares of our common stock. As a result, stockholders who do not elect to participate in the Stock Dividend Reinvestment Program may experience dilution in their ownership percentage over time.

If the Distribution (as defined below) or the acquisition of the P&G Beauty Business does not qualify for its intended tax treatment, in certain circumstances we are required to indemnify P&G for resulting tax-related losses under the tax matters agreement entered into in connection with the acquisition of the P&G Beauty Business dated October 1, 2016 (the "Tax Matters Agreement").

In connection with the closing of the acquisition of the P&G Beauty Business on October 1, 2016, we and P&G received written opinions from special tax counsel regarding the intended tax treatment of the merger, and The Procter & Gamble Company ("P&G") received an additional written opinion from special tax counsel regarding the intended tax treatment of the distribution by P&G of its shares of Galleria Co. ("Galleria") common stock to P&G shareholders by way of an exchange offer (the "Distribution"). The opinions were based on, among other things, certain assumptions and representations as to factual matters and certain covenants made by us, P&G, Galleria and Green Acquisition Sub Inc. The opinions are not binding on the Internal Revenue Service ("IRS") or a court, and the IRS or a court may not agree with the opinions.

Under the Tax Matters Agreement, in certain circumstances and subject to certain limitations, we are required to indemnify P&G against tax-related losses (e.g., increased taxes, penalties and interest required to be paid by P&G) if the Distribution or the merger fails to qualify for its intended tax treatment, including if the Distribution becomes taxable to P&G as a result of the acquisition of a 50% or greater interest (by vote or value) in us as part of a plan or series of related transactions that included the Distribution or if such failure is attributable to a breach of certain representations and warranties by us or certain actions or omissions by us. If we are required to indemnify P&G in the event of a taxable Distribution, this indemnification obligation would be substantial and could have a material adverse effect on us, including with respect to our financial condition and results of operations.

JABC Cosmetics B.V. (“JABC”) and its affiliates, through their ownership of approximately 61% of the fully diluted shares of our Class A Common Stock, and KKR Aggregator, through its Convertible Series B Preferred Stock investment, have the ability to effect and/or significantly influence certain decisions requiring stockholder approval, which may be inconsistent with the interests of our other stockholders.

As a result of the completion of the Cottage Tender Offer in May 2019, JABC, through an affiliate, Cottage Holdco B.V., owns approximately 61% of the outstanding shares of our Class A Common Stock. As a result, JABC has the ability to exercise control over certain decisions requiring stockholder approval, including the election of directors, amendments to our certificate of incorporation and approval of significant corporate transactions, such as a merger or other sale of the Company or our assets. In addition, several of the members of our Board of Directors are affiliated with JABC. Accordingly, JABC has significant influence over us and our decisions, including the appointment of management and any other action requiring a vote of our Board of Directors. As a result of its Convertible Series B Preferred Stock investment, KKR Aggregator has the right to designate two directors to our Board of Directors and, under the terms of the convertible preferred stock, KKR Aggregator has the right to vote on an as-converted basis. Moreover, assuming full conversion of the convertible preferred stock held by KKR Aggregator and no other changes to our capitalization, JABC would remain Coty’s largest shareholder, with approximately 50% ownership in the company, and KKR Aggregator would be the second largest shareholder, with an approximate 17% stake. This concentration of ownership may have the effect of delaying, preventing or deterring a change in control of us and may negatively affect the market price of our stock.

JABC’s interests and KKR’s interests may be different from or conflict with our interests or the interests of our other stockholders. JABC and its affiliates and KKR and its affiliates are each in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete indirectly with us. JABC or its affiliates or KKR and its affiliates may also pursue acquisition opportunities that are complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Accordingly, the interests of JABC or KKR may not always coincide with our interests or the interests of other stockholders, and either JABC or KKR may seek to cause us to take courses of action that, in its judgment, could enhance its investment in the Company but which might involve risks to our other stockholders or adversely affect us or our other stockholders.

We are a “controlled company” within the meaning of the New York Stock Exchange rules and, as a result, are entitled to rely on exemptions from certain corporate governance requirements that are designed to provide protection to stockholders of companies that are not “controlled companies”.

Because JABC and its affiliates own more than 50% of the total voting power of our common shares, we are a “controlled company” within the meaning of the New York Stock Exchange (“NYSE”) corporate governance standards. As a controlled company, we are exempt under the NYSE standards from the obligation to comply with certain NYSE corporate governance requirements, including the requirements:

- that a majority of our board of directors consists of independent directors;
- that we have a nominating committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities.

As a result of relying on the controlled company exemptions, the procedures for approving significant corporate decisions could be determined by directors who have a direct or indirect interest in such decisions, and our stockholders do not have the same protections afforded to stockholders of other companies that are required to comply with all of the independence rules of the NYSE.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We occupy numerous offices, manufacturing, distribution and research and development facilities in the U.S. and abroad. Our principal executive offices are located in New York, U.S. Division corporate headquarters are located in New York, U.S. for Americas, Amsterdam, Netherlands for EMEA, Singapore for Asia Pacific, and Geneva, Switzerland for the Wella Business.

We consider our properties to be generally in good condition and believe that our facilities are adequate for our operations and provide sufficient capacity to meet anticipated requirements. The following table sets forth our principal owned and leased corporate, manufacturing and research and development facilities as of June 30, 2020. The leases expire at various times subject to certain renewal options at our option.

Location/Facility	Use	Segment
Amsterdam, Netherlands (leased)	Corporate	Corporate
London, England (leased)	Corporate/Commercial	Corporate
New York, New York, U.S. (leased)	Corporate/Commercial	Corporate / Americas
Paris, France (3 locations) (leased)	Corporate/Commercial	Corporate / EMEA
Geneva, Switzerland (2 locations) (leased)	Corporate/Commercial/R&D	Corporate / Wella Business
Singapore, Singapore (leased)	Corporate/Commercial	Corporate/ Asia Pacific
Ashford, England (land leased, building owned)	Manufacturing	EMEA
Bangkok, Thailand (owned)	Manufacturing	Wella Business
Capella, Russia (owned)	Manufacturing	Wella Business
Chartres, France (owned)	Manufacturing	EMEA
Cologne, Germany (owned)	Manufacturing	EMEA
Granollers, Spain (owned)	Manufacturing	EMEA
Hunt Valley, U.S. (owned)	Manufacturing	Americas
Mariscal, Mexico (owned)	Manufacturing	Wella Business
Monaco, Monaco (leased)	Manufacturing	EMEA
Rothenkirchen, Germany (owned)	Manufacturing	Wella Business
Sanford, North Carolina, U.S. (owned)	Manufacturing	Americas
Senador Canedo, Brazil (owned)	Manufacturing	Americas
Wujiang, China (owned)	Manufacturing	Asia Pacific
Morris Plains, New Jersey, U.S. (leased)	R&D	Americas

Item 3. Legal Proceedings.

We are involved, from time to time, in various litigation and administrative and other legal proceedings, including regulatory actions, incidental or related to our business, including consumer class or collective actions, personal injury (including asbestos-related claims), intellectual property, competition, non-compete, compliance and advertising claims litigation and disputes, among others (collectively, “Legal Proceedings”). While we cannot predict any final outcomes relating thereto, management believes that the outcome of current Legal Proceedings will not have a material effect upon our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. However, management’s assessment of our Legal Proceedings is ongoing, and could change in light of the discovery of additional facts with respect to Legal Proceedings pending against us not presently known to us or determinations by judges, arbitrators, juries or other finders of fact or deciders of law which are not in accord with management’s evaluation of the probable liability or outcome of such Legal Proceedings. From time to time, we are in discussions with regulators, including discussions initiated by us, about actual or potential violations of law in order to remediate or mitigate associated legal or compliance risks. As the outcomes of such proceedings are unpredictable, we can give no assurance that the results of any such proceedings will not materially affect our reputation, our business, prospects, financial condition, results of operations, cash flows or the trading price of our securities.

Certain Litigation. A purported stockholder class action complaint concerning the tender offer by Cottage Holdco B.V. (the “Cottage Tender Offer”) and the Schedule 14D-9, captioned Rumsey v. Coty, Inc., et al., Case No. 1:19-cv-00650-LPS, was filed by a putative stockholder against the Company and certain current and former directors of the Company in the U.S. District Court for the District of Delaware, but has not yet been served. The plaintiff alleges that the Company’s Schedule 14D-9 omits certain information, including, among other things, certain financial data and certain analyses underlying the opinion of Centerview Partners LLC. The plaintiff asserts claims under the federal securities laws and seeks, among other things, injunctive and/or monetary relief.

A second consolidated purported stockholder class action and derivative complaint concerning the Cottage Tender Offer and the Schedule 14D-9 is pending against certain current and former directors of the Company, JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. in the Court of Chancery of the State of Delaware.

The Company was named as a nominal defendant. The case, which was filed on May 6, 2019, was captioned Massachusetts Laborers' Pension Fund v. Harf et.al., Case No. 2019-0336-AGB. On June 14, 2019, plaintiffs in the consolidated action filed a Verified Amended Class Action and Derivative Complaint ("Amended Complaint"). After defendants responded to the Amended Complaint, on October 21, 2019, plaintiffs filed a Verified Second Amended Class Action and Derivative Complaint (the "Second Amended Complaint"), alleging that the directors and JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. breached their fiduciary duties to the Company's stockholders and breached the Stockholders Agreement. The Second Amended Complaint seeks, among other things, monetary relief. On November 21, 2019, the defendants moved to dismiss certain claims asserted in the Second Amended Complaint, and certain of the director defendants also answered the complaint. On May 7, 2020, plaintiffs stipulated to the dismissal without prejudice of JAB Holding Company, S.à.r.l. from the action. On August 17, 2020, the court denied the remaining motions to dismiss. The case remains at an early stage.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Common Stock

Our common stock is listed on the New York Stock Exchange under the symbol "COTY."

Stockholders of Record

As of June 30, 2020 there were 825 stockholders of record of our Class A Common Stock. The actual number of stockholders is greater than this number of record holders, and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers and other nominees. This number of holders of record also does not include stockholders whose shares may be held in trust by other entities.

Dividend Policy

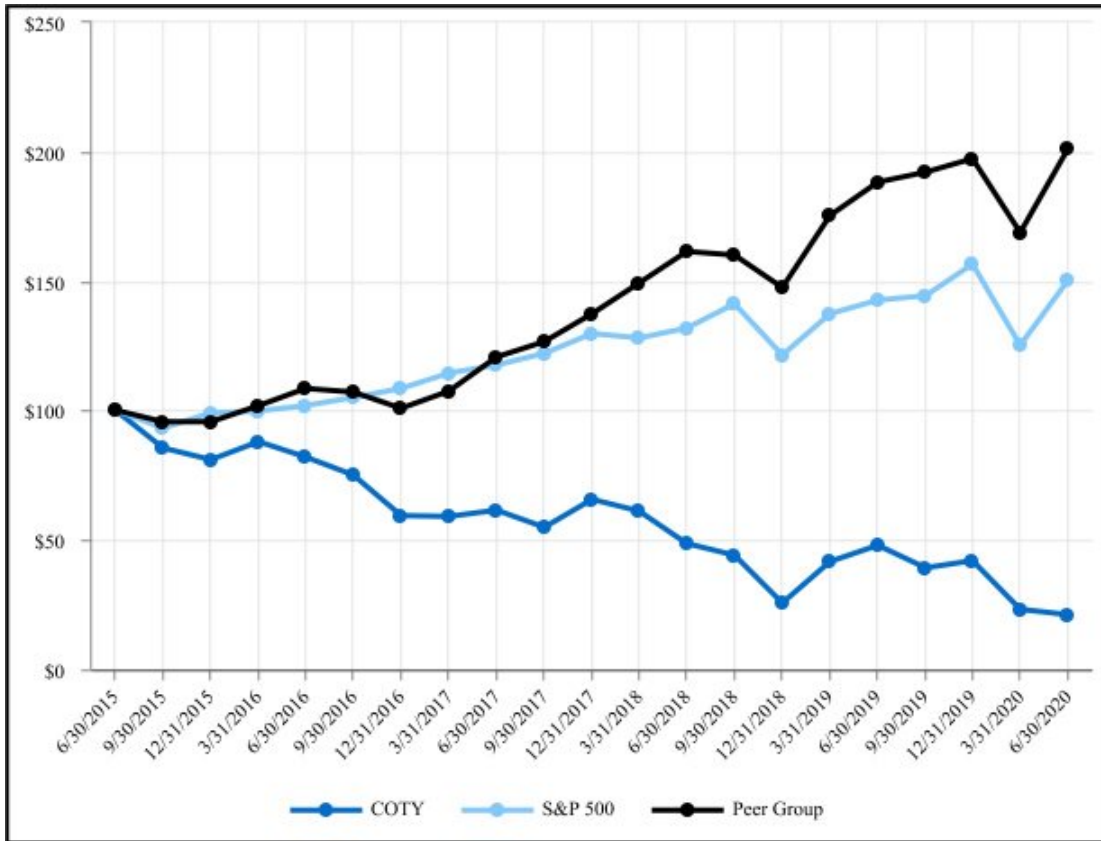
We began paying annual dividend on our common stock in fiscal 2011, and we began paying a quarterly dividend in fiscal 2017. On May 8, 2019, the Board approved a stock dividend reinvestment program giving stockholders the option to receive their full dividend in cash or to receive their dividend in 50% cash / 50% common stock. The election was made available to stockholders beginning with the dividend declared on May 8, 2019, and stockholders were able to make this election on a quarterly basis. As of May 11, 2020, our Board of Directors ("Board") has suspended the payment of cash dividends (on common and preferred stock), to strengthen our cash and liquidity and in keeping with our 2018 Coty Credit Agreement, as amended. As we focus on preserving cash, we expect to suspend the payment of dividends through April 1, 2021 or until such later date that we reach a Net debt to Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of 4x. Any determination to pay dividends in the future will be at the discretion of our Board.

Dividends on the Convertible Series B Preferred Stock are payable in cash, by increasing the amount of accrued dividends with respect to a share of Convertible Series B Preferred Stock or any combination thereof, at the sole discretion of the Company.

Furthermore, we are required to comply with certain covenants contained within the agreements that govern our indebtedness, including our credit agreements and the indenture relating to our senior unsecured notes. These agreements contain customary representations and warranties as well as customary affirmative and negative covenants, including but not limited to, restrictions on incurrence of additional debt, liens, dividends and other restricted payments, asset sales, investments, mergers, acquisitions and affiliate transactions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Condition—Liquidity and Capital Resources—Debt" and Note 15—"Debt" in the notes to our Consolidated Financial Statements.

Market Performance Graph

Comparison of 5 Year Cumulative Total Return ^(a)
 Coty Inc., The S&P 500 Index, and Fiscal 2020 Peer Group ^(b)



^(a) Total return assumes reinvestment of dividends at the closing price at the end of each quarter, since June 30, 2015.

^(b) The Peer Group includes L'Oréal S.A., Inc., Estée Lauder Companies, Inc., Revlon, Inc., Shiseido Company, Limited and Inter Parfums Inc.

The Market Performance Graph above assumes a \$100.00 investment on June 30, 2015, in Coty Inc.'s common stock, the S&P 500 Index and the Peer Group. The dollar amounts indicated in the graph above are as of the last trading day in the quarter. The returns of each company in the Peer Group have been weighted according to their respective stock market capitalization at the beginning of each measurement period for purposes of arriving at a Peer Group average.

Equity Compensation Plan Information

Plan Category	(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans ^(c) (excluding securities reflected in column(1))
Equity compensation plans approved by security holders			
Options ^(a)	17,898,383	\$ 12.93	
Series A Preferred Stock ^(b)	495,074	21.52	
Restricted Stock Units	11,970,824	N/A	
Subtotal	30,364,281	—	44,278,711
Equity compensation plans not approved by security holders			
Series A Preferred Stock ^{(b)(c)}	1,000,000	\$ 22.39	
Phantom Units ^(d)	349,432	N/A	
Subtotal	1,349,432	0	—
Total	31,713,713		44,278,711

N/A is not applicable

^(a) For information about options, see Note 24,—Share-Based Compensation Plans in the notes to our Consolidated Financial Statements.

^(b) Upon vesting of the Series A Preferred Stock, the recipient receives, in cash or shares, at our sole election, the fair market value of our Class A Common Stock on the vest date of the Series A Preferred Stock less the sum of the fair market value of our Class A Common Stock on the original issue date of the Series A Preferred Stock and a hurdle price specified in the recipient's subscription agreement. As such, the benefit provided under the Series A Preferred Stock will always be based solely on the increase in value of our Class A Common Stock after the date of grant and the Series A Preferred Stock will not have any value to the participant until the value of our Class A Common Stock exceeds the value of such shares on the date of grant plus the specified hurdle.

^(c) On March 27, 2017, the Board approved an award of 1,000,000 shares of Series A Preferred Stock, par value \$0.01 per share, to Lambertus J.H. Becht in his capacity as a non-employee director to compensate him for services performed in connection with closing the P&G Beauty Business transaction, aiding with the transition of the new chief executive officer into his role and integrating the P&G Beauty Business.

^(d) On December 1, 2014, the Board granted Lambertus J.H. Becht an award of 49,432 phantom units (the "December Grant"). On July 21, 2015, the Board granted to Mr. Becht an award of 300,000 phantom units (the "July Grant"). Both the December Grant and July Grant to Mr. Becht were outside of the Company's Equity and Long-Term Incentive Plan. At the time of December Grant, the phantom units had a value of \$1,000,009 based on the closing price of the Company's Class A Common Stock on December 1, 2014, and at the time of the July Grant, the phantom units had a value of approximately \$8,106,000 based on the closing price of the Class A Common Stock on July 21, 2015. Each phantom unit has an economic value equivalent to one share of the Company's Class A Common Stock. The phantom units vest on the fifth anniversary of the grant date and, in the event of a change in control or Mr. Becht's death or disability, the phantom units shall vest immediately. Within 30 days of the grant date, Mr. Becht had the ability to elect whether to receive payment in respect of the phantom units in cash or shares of Class A Common Stock. Mr. Becht elected to receive payment in respect of the December Grant and the July Grant in shares of Class A Common Stock.

^(e) Reflects number of securities remaining available for future issuance under equity compensation plans, excluding share reserves related to terminated equity plans.

Issuer Purchases of Equity Securities

453,488 shares of Class A Common Stock were repurchased during the fiscal year ended June 30, 2020.

Item 6. Selected Financial Data.

(in millions, except per share data)	Year Ended June 30,				
	2020 (a)	2019 (e)(g)	2018 (d)(h)	2017 (e)(h)(i)	2016 (f)(h)(i)
Condensed Consolidated Statements of Operations Data:					
Net revenues	\$ 4,717.8	\$ 6,287.9	\$ 6,841.8	\$ 7,650.3	\$ 4,349.1
Gross profit	2,726.6	3,789.4	4,123.6	4,622.0	2,603.1
Restructuring costs	130.2	34.2	134.9	374.8	86.9
Acquisition- and divestiture-related costs	157.3	—	64.2	355.4	174.0
Asset impairment charges	434.0	3,729.0	—	—	5.5
Operating (loss) income	(1,236.5)	(3,688.4)	(155.5)	(420.9)	254.2
Interest expense, net	242.7	225.2	200.6	218.6	81.9
(Loss) income before income taxes from continuing operations	(1,467.6)	(3,945.4)	(394.5)	(658.0)	138.8
(Benefit) provision for income taxes	(377.7)	(54.8)	(32.2)	(259.5)	(40.4)
Net (loss) income from continuing operations	(1,089.9)	(3,890.6)	(362.3)	(398.5)	179.2
Net income from discontinued operations	87.2	121.0	234.5	—	—
Net (loss) income	(1,002.7)	(3,769.6)	(127.8)	(398.5)	179.2
Net (loss) income attributable to Coty Inc. for common stockholders	\$ (1,006.7)	\$ (3,784.2)	\$ (168.8)	\$ (422.2)	\$ 156.9
Amounts attributable to Coty Inc.:					
(Loss) income from continuing operations attributable to Coty Inc. common stockholders	(1,100.4)	(3,905.2)	(403.3)	(398.5)	179.2
Net (loss) income attributable to Coty Inc. common stockholders	\$ (1,013.2)	\$ (3,784.2)	\$ (168.8)	\$ (398.5)	\$ 179.2
Per Share Data:					
Net (loss) income attributable to Coty Inc. per common share:					
Basic earnings (loss) from continuing operations	\$ (1.45)	\$ (5.20)	\$ (0.54)		
Basic earnings (loss) for Coty Inc.	\$ (1.33)	\$ (5.04)	\$ (0.23)	\$ (0.66)	\$ 0.45
Diluted earnings (loss) from continuing operations	\$ (1.45)	\$ (5.20)	\$ (0.54)		
Diluted earnings (loss) for Coty Inc.	\$ (1.33)	\$ (5.04)	\$ (0.23)	\$ (0.66)	\$ 0.44
Weighted-average common shares					
Basic	759.1	751.2	749.7	642.8	345.5
Diluted	759.1	751.2	749.7	642.8	354.2
Dividends declared per common share	\$ 0.38	\$ 0.50	\$ 0.50	\$ 0.65	\$ 0.25

(in millions)	Year Ended June 30,				
	2020 (a)	2019 (e)	2018 (d)	2017 (e)	2016 (f)
Consolidated Cash Flows Data:					
Net cash (used in) provided by operating activities	\$ (50.9)	\$ 639.6	\$ 413.7	\$ 757.5	\$ 501.4
Net cash (used in) investing activities	(833.4)	(454.0)	(687.6)	(1,163.6)	(1,059.2)
Net cash (used in) provided by financing activities	877.3	(160.3)	69.3	595.2	592.6

(in millions)	As of June 30,				
	2020 ^{(a)(b)}	2019 ^(c)	2018 ^(d)	2017 ^(e)	2016 ^(f)
Consolidated Balance Sheets Data:					
Cash and cash equivalents	\$ 308.3	\$ 340.4	\$ 331.6	\$ 535.4	\$ 372.4
Total assets ^{(g)(i)}	16,728.8	17,710.0	22,630.2	22,548.2	7,035.6
Total debt, net of discount	8,147.3	7,735.0	7,610.5	7,205.0	4,162.8
Total Coty Inc. stockholders' equity	3,004.6	4,586.9	8,849.7	9,314.7	360.2

^(a) Included in fiscal 2020 are the financial impacts of the divestiture of Younique LLC on September 16, 2019, and the King Kylie transaction on January 6, 2020.

^(b) In fiscal 2020, we adopted ASU 2016-02, *Leases (Topic 842)* which requires lease assets and liabilities to be recorded on the balance sheet.

^(c) In fiscal 2019, we adopted, on a modified retrospective basis as of July 1, 2018, authoritative guidance issued by the Financial Accounting Standards Board ("FASB") for ASC 606, *Revenue from Contracts with Customers* and ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*.

^(d) Included in fiscal 2018 are the financial impacts of the acquisition of the Burberry Beauty Business as of October 2, 2017.

^(e) Included in fiscal 2017 are the financial impacts of the acquisitions of the P&G Beauty Business as of October 1, 2016, ghd as of November 21, 2016 and Younique as of February 1, 2017.

^(f) Included in fiscal 2016 are the financial impacts of the Hypermarcas Brands as of February 1, 2016.

^(g) In fiscal 2017, we adopted authoritative guidance issued by the FASB requiring that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability, consistent with debt discounts. Prior to the adoption of this guidance, debt issuance costs were presented within total assets in the Consolidated Balance Sheets. Total assets for all periods presented in the table above have been conformed to the current balance sheet presentation.

^(h) In fiscal 2019, we adopted authoritative guidance issued by the FASB requiring employers to report the service cost component of net periodic benefit cost in the same line item or items as other compensation costs arising from services rendered by the underlying employees during the period. The other components of net periodic benefit cost are required to be reported separately and outside of operating income. In addition, only the service cost component would be eligible for capitalization in assets. The impacts of the adoption of this standard were retrospectively applied to fiscal years 2018 and 2017 presented in the table above.

⁽ⁱ⁾ For fiscal years 2017 and 2016, the results were not recast to show discontinued operations. The P&G Beauty Business acquisition and the ghd acquisition were made during fiscal year 2017 and were mainly included in the Professional Beauty segment, which contributed net revenues of \$1,395.5 and \$250.0 for fiscal 2017 and 2016, respectively. Due to the purchase accounting adjustments for the acquisition for the P&G business, the Company concluded through a cost/benefit analysis that it was impractical to recast the discontinued operations impact for these two fiscal years due to the complexities of the recast.

^(j) Due to the acquisition and purchase accounting adjustments for the acquisition of the P&G business, the Company concluded through a cost/benefit analysis that it was impractical to recast the assets held for sale impact for the fiscal years 2018, 2017, and 2016, due to the complexities of the recast.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of the financial condition and results of operations of Coty Inc. and its consolidated subsidiaries, should be read in conjunction with the information contained in the Consolidated Financial Statements and related notes included elsewhere in this document. When used in this discussion, the terms "Coty," the "Company," "we," "our," or "us" mean, unless the context otherwise indicates, Coty Inc. and its majority and wholly-owned subsidiaries. The following discussion contains forward-looking statements. See "Forward-Looking Statements" and "Risk Factors" for a discussion on the uncertainties, risks and assumptions associated with these statements as well as any updates to such discussion as may be included in subsequent reports we file with the SEC. Actual results may differ materially and adversely from those contained in any forward-looking statements. The following discussion includes certain non-GAAP financial measures. See "Overview—Non-GAAP Financial Measures" for a discussion of non-GAAP financial measures and how they are calculated.

All dollar amounts in the following discussion are in millions of United States ("U.S.") dollars, unless otherwise indicated.

OVERVIEW

We are a global beauty company. We manufacture, market, sell and distribute branded beauty products, including fragrances, color cosmetics, hair care products and skin & body related products throughout the world.

Overview

We are one of the world's largest beauty companies, with an iconic portfolio of brands across fragrance, color cosmetics, hair color and styling, and skin and body care. Through targeted strategic transactions, we have strengthened and diversified our presence across the countries, categories and channels in which we compete, building a strong beauty platform. The recent King Kylie transaction and the pending transaction with Kim Kardashian West complement our existing portfolio. As we continue to transform our Company, we are focused on the fragrance, color cosmetics and skin care categories, in both our prestige and mass beauty businesses.

The divestiture of the Younique business in September 2019 and the strategic Wella Transaction signed in June, 2020 are reflections of our intent to focus on our core go-to-market competencies and to simultaneously deleverage our balance sheet. By retaining a 40% interest in the Wella Business following the closing of the Wella Transaction, we are able to benefit from the potential upside of the stand-alone business in the longer term.

Our recently announced management changes, including an increase in diversity at both the Board and senior management levels, demonstrate a commitment to our continued transformation. We expect that our strategy will continue to develop under the direction of our new management team.

COVID-19 Impacts

The COVID-19 pandemic has had, and is expected to continue to have material effects on all of our product categories across all segments and geographies. The unprecedented containment measures adopted worldwide to address the pandemic have contributed to a significant decline in volume trends. In particular, demand for prestige products mainly sold in retail malls, professional salon products, and the travel retail channel have been more significantly impacted by temporary closures of non-essential businesses and social distancing measures. Many of our mass products are offered in other channels, such as drug and grocery stores, that continue to operate as essential businesses. However, shelter-in-place orders, reduced store hours, and other social distancing measures have resulted in reduced customer traffic and sales volumes for these product categories as well.

In response to the COVID-19 pandemic, we have implemented several key measures. To mitigate closures of our existing sales channels, open channels and markets are being prioritized, with the acceleration of several initiatives such as e-commerce. We have also taken aggressive steps to reduce operating costs to more appropriately align with the current sales volume trends. Such measures include slowing down our production to adjust our inventories, the recently announced temporary compensation reductions for certain executives and for our non-executive board members, hiring and travel restrictions, temporary furloughs for certain employees, using available local government assistance programs to reduce employee costs, and the reduction of advertising and consumer promotion costs for sales channels that are closed or heavily impacted by social distancing. We intend to utilize any tax payment deferrals that apply to us in specific jurisdictions. We will actively manage our working capital to support our liquidity needs. Additionally, to address the potentially longer-lasting impacts of the COVID-19, the lockdown and a possible recession resulting from COVID-19 in many markets, we will be implementing a plan to reduce our cost base, which does not vary with revenues, by 25%, including an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses.

We anticipate continued negative pressure on sales volume until such containment measures are discontinued and normal consumer traffic resumes. We currently expect that any easing of containment measures and recovery of the impacted sectors of the economy will be gradual and uneven, as regions face potential resurgence of COVID-19 and related uncertainties. As a result, we anticipate that consumer spending habits and consumer confidence will continue to shift, causing future sales and volume trends to be non-linear. After the resumption of more typical business conditions, the economics of developing, producing, launching, supporting and discontinuing products will continue to impact the timing of our sales and operating performance each period. In addition, as product life cycles shorten, results are driven primarily by successfully developing, introducing and marketing new, innovative products.

Exclusive of the effects of the COVID-19 pandemic, which became more evident in the fourth quarter, our global share trends in the mass color cosmetics categories in which we compete continue to decline. However, Sally Hansen continues to experience positive trends due to the ongoing success of the *Good.Kind.Pure.* launch.

April was the low point for net revenues due to the effects of COVID-19 in Fiscal 2020 and we have seen improvements in May and June as different markets re-open. Further, we have seen considerable improvements during July and the first three weeks of August, however our revenues continue to be below comparable periods in the prior year.

Operating and Reportable Segments

Due to the change in our reporting structure during the third quarter of this year and the discontinued operations presentation (see Footnote 5—Segment Reporting), our business is organized into three operating segments and reportable

segments. These are: Americas, Europe, Middle East & Africa (“EMEA”), and Asia Pacific, which include the businesses focused on prestige fragrances, prestige skin care, prestige color cosmetics, mass color cosmetics, mass fragrance, mass skin care and body care and are supported by central marketing teams. Certain shared costs and the results of corporate initiatives are managed outside of our three segments by Corporate.

Transformation Plan

Building on the multi-year Turnaround Plan we launched in July 2019, we are implementing a comprehensive transformation agenda (the “Transformation Plan”), which aims to stabilize and gradually accelerate revenue growth, improve our profitability through gross margin growth and cost control, optimizing our operating model for speed and agility, accelerate e-commerce and digital growth, and deleverage our balance sheet. In 2020, we made organizational changes to reduce geographic fragmentation and costs. On May 11, 2020, we commenced the implementation of a 25% reduction of our cost base, which does not vary with revenues, by the end of fiscal 2023, including reprioritizing projects providing larger cost reduction benefits, an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses. This Transformation Plan is designed to adjust our cost base to allow us to exit the post-COVID recovery phase as a financially and operationally stronger, more nimble company, which is well positioned to capture growth opportunities. We expect to incur cash costs consistent with the previously announced estimate. We are continually reviewing ways to accelerate and amplify the transformation of the Company, including through the implementation of additional initiatives in connection with our Transformation Plan.

These organizational, business and structural changes are still being operationalized, which introduces additional complexity as we roll out several initiatives simultaneously, such as the separation of the Wella Business and the obligations under the related TSA in connection with the Wella Transaction.

Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with GAAP, we use non-GAAP financial measures for continuing operations and Coty Inc. including Adjusted operating income (loss), Adjusted net income (loss), and Adjusted net income (loss) attributable to Coty Inc. to common stockholders (collectively, the “Adjusted Performance Measures”). The reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are shown in tables below. These non-GAAP financial measures should not be considered in isolation from, or as a substitute for or superior to, financial measures reported in accordance with GAAP. Moreover, these non-GAAP financial measures have limitations in that they do not reflect all the items associated with the operations of the business as determined in accordance with GAAP. Other companies, including companies in the beauty industry, may calculate similarly titled non-GAAP financial measures differently than we do, limiting the usefulness of those measures for comparative purposes.

Despite the limitations of these non-GAAP financial measures, our management uses the Adjusted Performance Measures as key metrics in the evaluation of our performance and annual budgets and to benchmark performance of our business against our competitors. The following are examples of how these Adjusted Performance Measures are utilized by our management:

- strategic plans and annual budgets are prepared using the Adjusted Performance Measures;
- senior management receives a monthly analysis comparing budget to actual operating results that is prepared using the Adjusted Performance Measures; and
- senior management’s annual compensation is calculated, in part, by using some of the Adjusted Performance Measures.

In addition, our financial covenant compliance calculations under our debt agreements are substantially derived from these Adjusted Performance Measures.

Our management believes that Adjusted Performance Measures are useful to investors in their assessment of our operating performance and the valuation of the Company. In addition, these non-GAAP financial measures address questions we routinely receive from analysts and investors and, in order to ensure that all investors have access to the same data, our management has determined that it is appropriate to make this data available to all investors. The Adjusted Performance Measures exclude the impact of certain items (as further described below) and provide supplemental information regarding our operating performance. By disclosing these non-GAAP financial measures, our management intends to provide investors with a supplemental comparison of our operating results and trends for the periods presented. Our management believes these measures are also useful to investors as such measures allow investors to evaluate our performance using the same metrics that our management uses to evaluate past performance and prospects for future performance. We provide disclosure of the effects of these non-GAAP financial measures by presenting the corresponding measure prepared in conformity with GAAP in our financial statements, and by providing a reconciliation to the corresponding GAAP measure so that investors may understand the adjustments made in arriving at the non-GAAP financial measures and use the information to perform their own analyses.

Adjusted operating income from continuing operations excludes restructuring costs and business structure realignment programs, amortization, acquisition- and divestiture-related costs and acquisition accounting impacts, asset impairment charges and other adjustments as described below. We do not consider these items to be reflective of our core operating performance due to the variability of such items from period-to-period in terms of size, nature and significance. They are primarily incurred to realign our operating structure and integrate new acquisitions, and exclude divestitures, and fluctuate based on specific facts and circumstances. Additionally, Adjusted net income attributable to Coty Inc. and Adjusted net income attributable to Coty Inc. per common share are adjusted for certain interest and other (income) expense as described below and the related tax effects of each of the items used to derive Adjusted net income as such charges are not used by our management in assessing our operating performance period-to-period.

Adjusted Performance Measures reflect adjustments based on the following items:

- Costs related to acquisition and divestiture activities: We have excluded acquisition- and divestiture-related costs and the accounting impacts such as those related to transaction costs and costs associated with the revaluation of acquired inventory in connection with business combinations because these costs are unique to each transaction. Additionally, for divestitures, we exclude write-offs of assets that are no longer recoverable and contract related costs due to the divestiture. The nature and amount of such costs vary significantly based on the size and timing of the acquisitions and divestitures, and the maturities of the businesses being acquired or divested. Also, the size, complexity and/or volume of past transactions, which often drives the magnitude of such expenses, may not be indicative of the size, complexity and/or volume of any future acquisitions or divestitures.
- Restructuring and other business realignment costs: We have excluded costs associated with restructuring and business structure realignment programs to allow for comparable financial results to historical operations and forward-looking guidance. In addition, the nature and amount of such charges vary significantly based on the size and timing of the programs. By excluding the referenced expenses from our non-GAAP financial measures, our management is able to further evaluate our ability to utilize existing assets and estimate their long-term value. Furthermore, our management believes that the adjustment of these items supplement the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Asset impairment charges: We have excluded the impact of asset impairments as such non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Our management believes that the adjustment of these items supplement the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Amortization expense: We have excluded the impact of amortization of finite-lived intangible assets, as such non-cash amounts are inconsistent in amount and frequency and are significantly impacted by the timing and/or size of acquisitions. Our management believes that the adjustment of these items supplement the GAAP information with a measure that can be used to assess the sustainability of our operating performance. Although we exclude amortization of intangible assets from our non-GAAP expenses, our management believes that it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Any future acquisitions may result in the amortization of additional intangible assets.
- Loss/(Gain) on divestitures and sale of brand assets: We have excluded the impact of Loss/(gain) on divestitures and sale of brand assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the size of divestitures. Our management believes that the adjustment of these items supplement the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Interest (income) expense: We have excluded foreign currency impacts associated with acquisition-related and debt financing-related forward contracts, as well as debt financing transaction costs as the nature and amount of such charges are not consistent and are significantly impacted by the timing and size of such transactions.
- Other expense (income): We have excluded the impact of costs incurred for legal and advisory services rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders. Our management believes these costs do not reflect our underlying ongoing business, and the adjustment of such costs helps investors and others compare and analyze performance from period to period. We have also excluded the impact of pension curtailment (gains) and losses and pension settlements as such events are triggered by our restructuring and other business realignment activities and the amount of such charges vary significantly based on the size and timing of the programs.
- Loss on early extinguishment of debt: We have excluded loss on extinguishment of debt as this represents a non-cash charge, and the amount and frequency of such charges is not consistent and is significantly impacted by the timing and size of debt financing transactions.

- Noncontrolling interest: This adjustment represents the after-tax impact of the non-GAAP adjustments included in Net income attributable to noncontrolling interests based on the relevant non-controlling interest percentage.
- Tax: This adjustment represents the impact of the tax effect of the pretax items excluded from Adjusted net income. The tax impact of the non-GAAP adjustments is based on the tax rates related to the jurisdiction in which the adjusted items are received or incurred.

While acquiring brands and licenses comprises a part of our overall growth strategy, along with targeting organic growth opportunities, we have excluded acquisition-related costs and acquisition accounting impacts in connection with business combinations because these costs are unique to each transaction and the amount and frequency are not consistent and are significantly impacted by the timing and size of our acquisitions. Our management assesses the success of an acquisition as a component of performance using a variety of indicators depending on the size and nature of the acquisition, including:

- the scale of the combined company by evaluating consolidated and segment financial metrics;
- the expansion of product offerings by evaluating segment, brand, and geographic performance and the respective strength of the brands;
- the evaluation of share expansion in categories and geographies;
- the earnings per share accretion and substantial incremental free cash flow generation providing financial flexibility for us; and
- the comparison of actual and projected results, including achievement of projected synergies, post integration; provided that timing for any such comparison will depend on the size and complexity of the acquisition.

Constant Currency

We operate on a global basis, with the majority of our net revenues generated outside of the U.S. Accordingly, fluctuations in foreign currency exchange rates can affect our results of operations. Therefore, to supplement financial results presented in accordance with GAAP, certain financial information is presented in “constant currency”, excluding the impact of foreign currency exchange translations to provide a framework for assessing how our underlying businesses performed excluding the impact of foreign currency exchange translations. Constant currency information compares results between periods as if exchange rates had remained constant period-over-period. We calculate constant currency information by translating current and prior-period results for entities reporting in currencies other than U.S. dollars into U.S. dollars using prior year foreign currency exchange rates. The constant currency calculations do not adjust for the impact of revaluing specific transactions denominated in a currency that is different to the functional currency of that entity when exchange rates fluctuate. The constant currency information we present may not be comparable to similarly titled measures reported by other companies.

Basis of Presentation of Acquisitions and Divestitures

During the period when we complete an acquisition, divestiture or early license termination, the financial results of the current year period are not comparable to the financial results presented in the prior year period. When explaining such changes from period to period and to maintain a consistent basis between periods, we exclude the financial contribution of: (i) the acquired brands or businesses in the current year period until we have twelve months of comparable financial results and (ii) the divested brands or businesses or early terminated brands in the prior year period, to maintain comparable financial results with the current fiscal year period. Acquisitions, divestitures and early license terminations that would impact the comparability of financial results between periods presented in the Management’s Discussion and Analysis of Financial Condition and Results of Operations are shown in the table below.

Period of acquisition, divestiture, or termination	Acquisition, divestiture, or termination	Impact on basis of 2020/2019 presentation	Impact on basis of 2019/2018 presentation
Second quarter fiscal 2018	<i>Acquisition:</i> Burberry Beauty Business	<i>n/a</i>	First quarter fiscal 2019 financial contribution excluded
Third quarter fiscal 2018	<i>Termination:</i> Guess	<i>n/a</i>	First, second and third quarter fiscal 2018 financial contribution excluded
Fourth quarter fiscal 2018	<i>Divestitures of licenses:</i> Playboy and Cerruti	<i>n/a</i>	Fiscal 2018 financial contribution excluded
First quarter fiscal 2020	<i>Divestiture:</i> Younique - the divestiture of the interest in Foundation, which holds the net assets for Younique	September fiscal year 2020 and September - June fiscal year 2019 financial contribution excluded. Closing date of divestiture was September 16, 2019. This effectively excludes the incremental three months and 14 days of net revenue contribution from Younique in the prior year.	<i>n/a</i>
Third quarter fiscal 2020	<i>Acquisition:</i> King Kylie Transaction - the acquisition of 51% interest in King Kylie LLC	Third and fourth quarter fiscal year 2020 financial contribution excluded.	<i>n/a</i>

When used herein, the term “Acquisitions” and “Divestitures” refer to the financial contributions of the related acquisitions or divestitures and early license terminations shown above, during the period that is not comparable as a result of such acquisitions or divestitures and early license terminations.

Financial results for the Wella Business for fiscal years 2020, 2019 and 2018 are presented as discontinued operations.

Unless otherwise noted, the following section pertains to the results of continuing operations.

NET REVENUES

In fiscal 2020, net revenues decreased 25%, or \$1,570.1, to \$4,717.8 from \$6,287.9 in fiscal 2019. Excluding the impacts of the Acquisition and Divestiture, total net revenues in fiscal 2020 decreased 22%, or \$1,339.7, to \$4,653.4 from \$5,993.1 in fiscal 2019, reflecting a negative foreign currency exchange translation impact of 2%, and a decrease in unit volume of 20%. The decrease in net revenues primarily reflects lower sales due to the COVID-19 pandemic, impacting all product categories across the Company, which more than offset the positive trends in the first half of the fiscal year driven by the resolution of the supply chain disruptions, which negatively impacted net revenues in the prior year. The pandemic had the highest impact on our prestige products, due to the closure of retail malls and travel retail channels, while the impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The closure of nail salons had a positive impact on our *Sally Hansen* brand, mainly in the United States. This brand also experienced a successful launch of the *Good.Kind.Pure* products in the first half of the fiscal year.

In fiscal 2019, net revenues decreased 8%, or \$553.9, to \$6,287.9 from \$6,841.8 in fiscal 2018. Excluding the impacts of the Acquisition and Divestitures, total net revenues in fiscal 2019 decreased 7%, or \$461.5, to \$6,225.6 from \$6,687.1 in fiscal 2018, reflecting a negative foreign currency exchange translation impact of 3%, and a decrease in unit volume of 4%. The decrease in net revenues primarily reflects:

- (i) shelf-space losses primarily impacting *CoverGirl* and *Rimmel* which have contributed to the negative share trends in the color cosmetics category;
- (ii) performance challenges in our brands across Europe which have contributed to the region’s negative share trends in the color cosmetics category;
- (iii) moderate weakness in the mass beauty categories in the United States and Europe; and

(iv) the supply chain disruptions, which negatively impacted net revenues primarily in the first half of 2019 and were resolved in the fourth quarter of fiscal 2019.

These decreases were partially offset by continued success from the prestige product category, mainly from increased sales from *Burberry*, *Calvin Klein* and *Gucci*.

(in millions)	Year Ended June 30,			Change %	
	2020	2019	2018	2020/2019	2019/2018
NET REVENUES					
Americas	\$ 1,771.0	\$ 2,248.9	\$ 2,399.3	(21 %)	(6 %)
EMEA	2,308.6	2,909.7	3,250.7	(21 %)	(10 %)
Asia Pacific	582.7	771.1	758.7	(24 %)	2 %
Other	55.5	358.2	433.1	(85 %)	(17 %)
Total	\$ 4,717.8	\$ 6,287.9	\$ 6,841.8	(25 %)	(8 %)

Americas

In fiscal 2020, net revenues in the Americas segment decreased 21%, or \$477.9 to \$1,771.0 from \$2,248.9 in fiscal 2019. Excluding the impact of the Acquisition, net revenues in the Americas segment decreased 24%, or \$529.9, to \$1,719.0 in fiscal 2020 from \$2,248.9 in fiscal 2019, reflecting a decrease in unit volume of 19%, a negative foreign currency exchange translation impact of 2% and a negative price and mix impact of 3%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, with the highest impact on prestige products due to the closure of retail malls and travel retail channels. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open;
- (ii) shelf-space losses in the United States primarily in the first half, impacting *CoverGirl*, and *Rimmel* which have contributed to the negative share trends in the mass color cosmetics and prestige skin products; and
- (iii) negative category trends in the United States for mass color cosmetics and mass fragrances.

These decreases were partially offset by:

- (i) positive impact in the first half of fiscal 2020 from the resolution of the supply chain disruptions which negatively impacted net revenues in the prior year;
- (ii) significant improvement in e-commerce sales from a modest prior year base, primarily in prestige make-up and mass body care;
- (iii) increased net revenues from *Sally Hansen* due to continued success across its core sub-brands as well as incremental net revenues from the launch of *Good.Kind.Pure*, enhanced by the closure of nail salons across the region due to the COVID-19 pandemic; and
- (iv) incremental net revenues from *Tiffany & Co* due to the launch of *Tiffany & Love* in the first half.

In fiscal 2019, net revenues in the Americas segment decreased 6%, or \$150.4, to \$2,248.9 from \$2,399.3 in fiscal 2018. Excluding the impact of the Acquisition and Divestitures, net revenues in Americas decreased 6% or \$131.6, to \$2,232.0 in fiscal 2019 from \$2,363.6 in fiscal 2018, reflecting a negative foreign currency exchange translation impact of 3%, a negative price and mix impact of 2%, and a decrease in unit volume of 1%. The decrease in net revenues primarily reflects:

- (i) shelf-space losses in the United States primarily impacting *CoverGirl* and *Rimmel*, which have contributed to the negative share trends in the color cosmetics category;
- (ii) reduced net revenues in the United States from the supply chain disruptions primarily in the first half of fiscal 2019;
- (iii) lower net revenues from *philosophy* due to distribution losses at a key U.S. customer and due to the timing of shipments; and
- (iv) unfavorable foreign currency exchange translation impacts of certain currencies in Latin America.

These decreases were partially offset by:

- (i) increased net revenues from *Burberry* in the United States due to the integration and growth of the Burberry Beauty Business; and

- (ii) higher net revenues from *Monange* due to category growth and share gains in Brazil.

EMEA

In fiscal 2020, net revenues in the EMEA segment decreased 21%, or \$601.1, to \$2,308.6 from \$2,909.7 in fiscal 2019, reflecting a decrease in unit volume of 21% and a negative foreign currency exchange translation impact of 2%, partially offset by a positive price and mix impact of 2%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, with the highest impact on prestige products due to the closure of retail malls and travel retail channels. These decreases more than offset the increased net revenues from prestige products in the first half of the fiscal year. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open; and
- (ii) negative share trends in Europe for mass color cosmetics, partially due to a strategic decision to withdraw *Bourjois* in the UK.

These decreases were partially offset by:

- (i) increased net revenues in the first half of fiscal 2020 due to the resolution of the supply chain disruptions which negatively impacted net revenues in the prior year;
- (ii) significant improvement in e-commerce sales from a modest prior year base; and
- (iii) positive impact in the first three quarters of the fiscal year from: *Burberry* due to continued success from the launch of *Burberry Her* in the prior year; *Lacoste* in Russia due to the launch of *Lacoste Timeless*; and *Bruno Banani* mainly driven by the launch of *Bruno Banani Loyal Man* in Germany.

In fiscal 2019, net revenues in EMEA decreased 10%, or \$341.0, to \$2,909.7 from \$3,250.7 in fiscal 2018. Excluding the impact of the Acquisition and Divestitures, net revenues in EMEA decreased 9%, or \$275.0, to \$2,878.0 in fiscal 2019 from \$3,153.0 in fiscal 2018, reflecting a decrease in unit volume of 8% and a negative foreign currency exchange translation impact of 4%, offset by a positive price and mix impact of 3%. The decrease in net revenues primarily reflects:

- (i) performance challenges in our mass category brands across Europe which have contributed to the region's negative share trends in the color cosmetics category;
- (ii) declines in *Rimmel*, *Bourjois*, and *Max Factor* across the region due to the supply chain disruptions primarily in the first half of fiscal 2019; and
- (iii) declines in mass fragrances in Western Europe in part due to negative share and category trends in the mass fragrances category.

These declines were partially offset by:

- (i) incremental net revenues from *Calvin Klein* and *Burberry* across the region; and
- (ii) increased net revenues in South Africa from brands across the color cosmetics and prestige fragrance categories.

Asia Pacific

In fiscal 2020, net revenues in the Asia Pacific segment decreased 24%, or \$188.4, to \$582.7 from \$771.1 in fiscal 2019, reflecting a decrease in unit volume of 21%, a negative foreign currency exchange translation impact of 2%, and a negative price and mix impact of 1%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, with the highest impact on the prestige category due to the closure of retail malls and travel retail channels. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open;
- (ii) lower net revenues due to the Hong Kong protests, impacting mainly the prestige brands;
- (iii) declines from strategic initiatives to reduce distribution through lower priced channels in Southeast Asia impacting brands across the prestige and mass fragrance category; and
- (iv) declines in *Max Factor* in China in an effort to optimize trade inventory levels.

These decreases were partially offset by:

- (i) increased net revenues from the relaunch of *Gucci Make-up* in the Asia Pacific travel retail channel in the first half of the fiscal year, despite geopolitical disruptions in Hong Kong; and

- (ii) positive impact in the first half of the fiscal year from *Burberry* due to continued success from the launch of *Burberry Her* in the prior year; and *Rimmel* mainly driven by increased net revenues in Japan.

In fiscal 2019, net revenues in Asia Pacific increased 2%, or \$12.4, to \$771.1 from \$758.7 in fiscal 2018. Excluding the impact of the Acquisition and Divestitures, net revenues in Asia Pacific increased 3% or \$20.0 to \$757.4 in fiscal 2019 from \$737.4 in fiscal 2018, reflecting an increase in unit volume of 7%, offset by a decrease in price and mix of 1% and a negative foreign currency exchange translation impact of 3%. The increase in net revenues primarily reflects increased net revenues in China from *Gucci* and *Burberry*, offset by lower net revenues in China from *Max Factor* due to changes to retailer trade inventory levels.

Other

Other consists of the net revenues from Younique.

COST OF SALES

In fiscal 2020, cost of sales decreased 20%, or \$507.3, to \$1,991.2 from \$2,498.5 in fiscal 2019. Cost of sales as a percentage of net revenues increased to 42.2% in fiscal 2020 from 39.7% in fiscal 2019 resulting in a gross margin percentage decrease of approximately 250 basis points primarily reflecting COVID-19 reduced sales volume impact which negatively impacted the gross margin trends during the pre-COVID-19 period, as follows:

- (i) increased excess and obsolescence expense on inventory;
- (ii) incremental expense of underutilized facilities costs; and
- (iii) increased designer license fees due to an unfavorable mix of prestige brands with higher minimum royalty rates.

These negative impacts were partially offset by increased gross margin due to sales price increases in Brazil in the current period, compared to lower base due to negative mix impact associated with lower-margin body care products in the prior period.

In fiscal 2019, cost of sales decreased 8%, or \$219.7, to \$2,498.5 from \$2,718.2 in fiscal 2018. Cost of sales as a percentage of net revenues remained constant at 39.7% in fiscal 2019 and in fiscal 2018, primarily reflecting:

- (i) a favorable mix impact associated with the increased proportion of net revenue contribution from higher-margin prestige products in the current period as compared to the prior period;
- (ii) lower costs from distributor terminations and accelerated depreciation of buildings and equipment associated with plant closures related to the global integration activities in the prior period; and
- (iii) decreased excess and obsolescence expense on inventory in the Corporate segment for artwork transition activities on acquired inventory in connection with the acquisition of the P&G Beauty Business.

These improvements were mostly offset by:

- (i) increased designer license fees due to an unfavorable mix of prestige brands with higher loyalty rates;
- (ii) increased excess and obsolescence expense on mass category product inventory;
- (iii) increased freight expenses, primarily reflecting higher import duties and freight rates in the Asia Pacific segment; and
- (iv) the negative mix impact within the mass product category associated with a higher proportionate net revenue contribution from lower-margin body care products, which has its primary commercial market located in Brazil.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In fiscal 2020, selling, general and administrative expenses decreased 10%, or \$347.9, to \$3,120.0 from \$3,467.9 in fiscal 2019. These amounts include the impact of a higher base of overhead costs in continuing operations following the decision to divest the Wella Business. Selling, general and administrative expenses as a percentage of net revenues increased to 66.1% in fiscal 2020 from 55.2% in fiscal 2019, or approximately 1090 basis points. This increase was primarily due to:

- (i) 520 basis points related to higher administrative costs as a percentage of net revenue as the compensation expense savings and from prior restructuring programs were out-paced by the decline in net revenues;
- (ii) 310 basis points related to higher advertising and consumer promotion costs as a percentage of net revenues as the savings in non-strategic spending in non-working media and other consumer promotion activities across all segments, and savings in media and promotional trade spending from the COVID-19 pandemic were out-paced by the decline in net revenues;

- (iii) 150 basis points related to higher bad debt expense of 70 basis points, with the remainder due to: loss on disposal of assets and lease terminations; higher negative transactional impact from our exposure to foreign currency exchange fluctuations; and other expenses;
- (iv) 70 basis points related to higher share-based compensation in the current year, compared to significant executive forfeitures of share-based compensation instruments in the prior year; and
- (v) 40 basis points related to savings in logistics costs from the COVID-19 pandemic out-paced by the decline in net revenues.

In fiscal 2019, selling, general and administrative expenses decreased 9%, or \$339.2, to \$3,467.9 from \$3,807.1 in fiscal 2018. Selling, general and administrative expenses as a percentage of net revenues decreased to 55.2% in fiscal 2019 from 55.6% in fiscal 2018, or approximately 40 basis points. This decrease was primarily reflecting:

- (i) 140 basis points related to lower advertising and consumer promotion costs due to a rationalization of non-strategic spending in non-working media and other consumer promotion activities across all segments, and a decrease in media spending in the mass product category; and
- (ii) 30 basis points related to lower share-based compensation expense due to significant executive forfeitures of share-based compensation instruments, and positive transactional impact from our exposure to foreign currency exchange fluctuations.

These decreases were partially offset by:

- (i) 60 basis points related to higher administrative costs due to our integration activities, as well as the decline in net revenues in the mass product category, which outpaced the overall decline in administrative costs from compensation expense savings as a result of restructuring actions and certain other programs; and
- (ii) 70 basis points related to higher distribution and warehousing expenses due to a strategic shift in certain markets to distribute through subsidiaries as opposed to third-party distributors; and other expenses.

OPERATING (LOSS) INCOME FROM CONTINUING OPERATIONS

In fiscal 2020, operating loss from continuing operations was \$1,236.5 compared to a loss of \$3,688.4 in fiscal 2019. Operating margin increased to (26.2)% in fiscal 2020 as compared to (58.7)% in fiscal 2019. The operating margin improvements are largely driven by lower asset impairment charges in the current year compared with the prior year, partially offset by reduced net revenue base in the current year due to the impact from the COVID-19 pandemic, causing increased cost of goods sold and selling and general administrative expenses as a percentage of net revenues, and higher restructuring expense and acquisition and divestiture related costs in the current year.

In fiscal 2019, operating loss from continuing operations was \$3,688.4 compared to a loss of \$155.5 in fiscal 2018. Operating margin, or operating loss as a percentage of net revenues, decreased to (58.7)% of net revenues in fiscal 2019 as compared to an operating margin of (2.3)% in fiscal 2018. The operating margin decreases were largely driven by the asset impairment charges in fiscal 2019.

Operating (Loss) Income by Segment

(in millions)	Year Ended June 30,			Change %	
	2020	2019	2018	2020/2019	2019/2018
OPERATING (LOSS) INCOME FROM CONTINUING OPERATIONS					
Americas	\$ (164.8)	\$ (1,474.5)	\$ 45.6	89 %	<(100%)
EMEA	(248.4)	(1,344.1)	131.4	82 %	<(100%)
Asia Pacific	(74.0)	(253.1)	52.7	71 %	<(100%)
Other	(10.9)	(18.6)	70.1	41 %	<(100%)
Corporate	(738.4)	(598.1)	(455.3)	(23 %)	(31 %)
Total	\$ (1,236.5)	\$ (3,688.4)	\$ (155.5)	66 %	<(100%)

Americas

In fiscal 2020, operating loss for Americas was \$164.8 compared to a loss of \$1,474.5 in fiscal 2019. Operating margin increased to (9.3)% of net revenues in fiscal 2020 as compared to (65.6)% in fiscal 2019, primarily reflecting higher asset impairment charges in the prior year, partially offset by reduced net revenue base due to the impact from the COVID-19 pandemic, higher cost of goods sold and selling, general, and administrative expense as a percentage of net revenues, and current year asset impairment charges.

In fiscal 2019, operating loss for Americas was \$1,474.5 compared to an income of \$45.6 in fiscal 2018. Operating margin decreased to (65.6)% of net revenues in fiscal 2019 as compared to 1.9% in fiscal 2018, primarily driven by the asset impairment charges in fiscal 2019.

EMEA

In fiscal 2020, operating loss for EMEA was \$248.4 compared to a loss of \$1,344.1 in fiscal 2019. Operating margin increased to (10.8)% of net revenues in fiscal 2020 as compared to (46.2)% in fiscal 2019, primarily reflecting higher asset impairment charges in the prior year, partially offset by reduced net revenue base due to the impact from the COVID-19 pandemic, higher cost of goods sold and selling, general, and administrative expense as a percentage of net revenues, and current year asset impairment charges.

In fiscal 2019, operating loss for EMEA was \$1,344.1 compared to an income of \$131.4 in fiscal 2018. Operating margin decreased to (46.2)% of net revenues in fiscal 2019 as compared to 4.0% in fiscal 2018, primarily driven by the asset impairment charges in fiscal 2019.

Asia Pacific

In fiscal 2020, operating loss for Asia Pacific was \$74.0 compared to a loss of \$253.1 in fiscal 2019. Operating margin increased to (12.7)% of net revenues in fiscal 2020 as compared to (32.8)% in fiscal 2019, primarily reflecting higher asset impairment charges in the prior year, partially offset by reduced net revenues due to the impact from the COVID-19 pandemic, and higher cost of goods sold and selling, general and administrative expenses as a percentage of net revenues.

In fiscal 2019, operating loss for Asia Pacific was \$253.1 compared to an income of \$52.7 in fiscal 2018. Operating margin decreased to (32.8)% of net revenues in fiscal 2019 as compared to 6.9% in fiscal 2018, primarily driven by the asset impairment charges in fiscal 2019.

Other

Other represents operating (loss) income from Younique.

Corporate

Corporate primarily includes expenses not directly relating to our operating activities. These items are included in Corporate since we consider them to be corporate responsibilities, and these items are not used by our management to measure the underlying performance of the segments.

Operating loss for Corporate was \$738.4, \$598.1 and \$455.3 in fiscal 2020, 2019 and 2018, respectively, as described under "Adjusted Operating Income" below. The operating loss of \$738.4 in fiscal 2020 includes asset impairment charges, acquisition and divestiture related costs and restructuring and other business realignment costs, partially offset by the gain on sale of business.

The operating loss of \$598.1 in fiscal 2019 includes asset impairment charges and restructuring and other business realignment costs.

Continuing Operations by Segment

We believe that adjusted operating (loss) income from continuing operations by segment further enhances an investor's understanding of our performance. See "Overview—Non-GAAP Financial Measures." A reconciliation of reported operating income (loss) to Adjusted operating income is presented below, by segment:

(in millions)	Year Ended June 30, 2020		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted Operating loss from continuing operations			
Americas	\$ (164.8)	\$ (75.3)	\$ (89.5)
EMEA	(248.4)	(230.4)	(18.0)
Asia Pacific	(74.0)	(25.0)	(49.0)
Other	(10.9)	(7.4)	(3.5)
Corporate	(738.4)	(736.7)	(1.7)
Total	\$ (1,236.5)	\$ (1,074.8)	\$ (161.7)

(in millions)	Year Ended June 30, 2019		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted Operating income from continuing operations			
Americas	\$ (1,474.5)	\$ (1,633.7)	\$ 159.2
EMEA	(1,344.1)	(1,597.4)	253.3
Asia Pacific	(253.1)	(314.8)	61.7
Other	(18.6)	(34.8)	16.2
Corporate	(598.1)	(598.5)	0.4
Total	\$ (3,688.4)	\$ (4,179.2)	\$ 490.8

(in millions)	Year Ended June 30, 2018		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted Operating income from continuing operations			
Americas	\$ 45.6	\$ (62.0)	\$ 107.6
EMEA	131.4	(125.1)	256.5
Asia Pacific	52.7	(22.0)	74.7
Other	70.1	(35.2)	105.3
Corporate	(455.3)	(455.7)	0.4
Total	\$ (155.5)	\$ (700.0)	\$ 544.5

^(a) See a reconciliation of reported operating (loss) income to adjusted operating income and a description of the adjustments under "Adjusted Operating (Loss) Income from Continuing Operations for Coty Inc." below. All adjustments are reflected in Corporate, except for amortization and asset impairment charges on goodwill, regional indefinite-lived intangible assets, and finite-lived intangible assets, which are reflected in the Americas, EMEA, Asia Pacific, and Other segments.

Adjusted Operating (Loss) Income from Continuing Operations for Coty Inc.

Adjusted operating (loss) income from continuing operations provides investors with supplementary information relating to our performance. See “Overview—Non-GAAP Financial Measures.” Reconciliation of reported operating loss to adjusted operating (loss) income is presented below:

(in millions)	Year Ended June 30,			Change %	
	2020	2019	2018	2020/2019	2019/2018
Reported operating loss from continuing operations	\$ (1,236.5)	\$ (3,688.4)	\$ (155.5)	66 %	<(100%)
<i>% of Net revenues</i>	<i>(26.2 %)</i>	<i>(58.7 %)</i>	<i>(2.3 %)</i>		
Amortization expense	233.1	246.7	244.3	(6 %)	1 %
Restructuring and other business realignment costs	361.9	203.5	351.0	78 %	(42 %)
Costs related to acquisition and divestiture activities	157.3	—	76.1	N/A	(100 %)
Asset impairment charges	434.0	3,729.0	—	(88 %)	N/A
Loss/(gain) on divestitures and sale of brand assets	(111.5)	—	28.6	N/A	(100 %)
Total adjustments to reported operating loss	1,074.8	4,179.2	700.0	(74 %)	>100%
Adjusted operating (loss) income from continuing operations	\$ (161.7)	\$ 490.8	\$ 544.5	<(100%)	(10 %)
<i>% of Net revenues</i>	<i>(3.4 %)</i>	<i>7.8 %</i>	<i>8.0 %</i>		

In fiscal 2020, adjusted operating loss was \$161.7 compared to an income of \$490.8 in fiscal 2019. These amounts include the impact of a higher base of overhead costs in continuing operations following the decision to divest the Wella Business. Adjusted operating margin decreased to (3.4%) of net revenues in fiscal 2020 as compared to 7.8% in fiscal 2019, primarily driven by reduced net revenues due to the COVID-19 pandemic, higher selling, general and administrative costs as a percentage of net revenues and higher cost of goods sold as a percentage of net revenues.

In fiscal 2019, adjusted operating income was \$490.8 from \$544.5 in fiscal 2018. Adjusted operating margin decreased to 7.8% of net revenues in fiscal 2019 as compared to 8.0% in fiscal 2018, primarily driven by higher selling, general and administrative costs as a percentage of net revenues, partially offset by cost of goods sold as a percentage of net revenues.

Amortization Expense

In fiscal 2020, amortization expense decreased to \$233.1 from \$246.7 in fiscal 2019. In fiscal 2020, amortization expense of \$75.3, \$125.4, \$25.0, and \$7.4 was reported in the Americas, EMEA, Asia Pacific, and Other segments, respectively. In fiscal 2019, amortization expense of \$53.9, \$133.3, \$24.6, and \$34.9 was reported in the Americas, EMEA, Asia Pacific, and Other segments, respectively.

In fiscal 2019, amortization expense increased to \$246.7 from \$244.3 in fiscal 2018. In fiscal 2018, amortization expense of \$62.0, \$125.0, \$22.0, and \$35.3 was reported in the Americas, EMEA, Asia Pacific, and Other segments, respectively.

Restructuring and Other Business Realignment Costs

We continue to analyze our cost structure, including opportunities to simplify and optimize operations. In connection with the four-year Turnaround plan announced on July 1, 2019 to drive substantial improvement and optimization in our business, we have and expect to continue to incur restructuring and other business realignment costs. On May 11, 2020 we announced an expansion of the Turnaround Plan to further reduce fixed costs, the Transformation Plan. During fiscal 2020, we paid cash of approximately \$210.7 in connection with the execution of the Transformation Plan and our previously announced programs.

Prior to July 1, 2019, we incurred restructuring and related costs aimed at integrating and optimizing the combined organization following the acquisition of the P&G Beauty Business, which we refer to as the Global Integration Activities, and reducing fixed costs and enabling further investment in the business, which we refer to as the 2018 Restructuring Actions.

In fiscal 2020, we incurred restructuring and other business realignment costs of \$361.9, as follows:

- We incurred restructuring costs of \$130.2, primarily related to the Transformation Plan, included in the Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$231.7 primarily related to our Transformation Plan and certain other programs. This amount includes \$217.2 reported in selling, general and administrative expenses, primarily

related to severance, consulting costs and accelerated depreciation costs; and \$14.5 reported in cost of sales in the Consolidated Statement of Operations.

In fiscal 2019, we incurred restructuring and other business structure realignment costs of \$203.5, as follows:

- We incurred Restructuring costs of \$34.2 primarily related to the Global Integration Activities and 2018 Restructuring Actions, included in the Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$169.3 primarily related to our Global Integration Activities and certain other programs. Of this amount \$159.9 is included in selling, general and administrative expenses and \$9.4 is included in cost of sales, primarily due to costs incurred for the realignment of the business due to the P&G Beauty Business.

In fiscal 2018, we incurred restructuring and other business structure realignment costs of \$351.0, as follows:

- We incurred Restructuring costs of \$134.9 primarily related to the Global Integration Activities and 2018 Restructuring Actions, included in the Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$216.1 primarily related to our Global Integration Activities and certain other programs. Of this amount \$165.6 is included in selling, general and administrative expenses and \$50.5 is included in cost of sales.

In all reported periods, all restructuring and other business realignment costs were reported in Corporate.

Acquisition- and divestiture-related costs

In fiscal 2020, we incurred \$157.3 of acquisition- and divestiture-related costs, of which \$19.7 were consulting and legal costs associated with the King Kylie Transaction and the pending transaction with Kim Kardashian West, and \$137.6 associated with the Wella Transaction and other contract termination costs.

In fiscal 2019, there were no acquisition or divestiture-related charges incurred.

In fiscal 2018, we incurred \$64.2 of costs primarily related to the acquisition of the P&G Beauty Business, the Burberry Beauty Business, and Younique. We also incurred \$7.1 of cost related to acquired inventory step-up amortization in connection with the acquisitions of Younique and the Burberry Beauty Business, as well as \$4.8 in excess & obsolescence expense on inventory associated with the Burberry Beauty Business acquisition, included in Cost of sales in the Consolidated Statements of Operations.

In all reported periods, all acquisition- and divestiture-related costs were reported in Corporate, except where otherwise noted.

Asset Impairment Charges

In fiscal 2020, we incurred \$434.0 of asset impairment charges primarily due to \$329.0 related to indefinite-lived other intangible assets and \$105.0 related to goodwill, all reported in Corporate.

In fiscal 2019, we incurred \$3,729.0 of asset impairment charges primarily due to: \$3,307.5 related to goodwill; \$389.8 related to indefinite-lived other intangible assets; \$19.7 on finite-lived other intangible assets; and \$12.0 related to a Corporate investment recorded during fiscal 2019.

In fiscal 2018, we did not incur any asset impairment charges.

For further detail as to the factors resulting in the asset impairment charges please see Note 12 — Goodwill and Other Intangible Assets, net to the Consolidated Financial Statements.

Loss (Gain) on divestitures and sale of brand assets

In fiscal 2020, we completed the divestiture of Younique resulting in income of \$111.5 included in Gain on divestitures and sale of brand assets in the Consolidated Statements of Operations.

In fiscal 2019, we did not incur a loss (gain) on divestitures and sale of brand assets.

In fiscal 2018, we sold certain assets relating to our *Playboy* and *Cerruti* fragrance brands and recorded a loss of \$28.6.

INTEREST EXPENSE, NET

Net interest expense was \$242.7, \$225.2, and \$200.6 in fiscal 2020, fiscal 2019 and fiscal 2018, respectively. In fiscal year 2020, the net interest expense was higher due to foreign exchange losses, net of derivative contracts, as compared to gains in fiscal 2019, and lower interest income on bank balances and short-term investments, offset by lower current year interest expense on average debt balances due to lower interest rates. In fiscal 2019, the increased net interest expense was primarily as a result of higher average debt balances.

LOSS ON EARLY EXTINGUISHMENT OF DEBT

We did not incur any losses related to the early extinguishment of debt in fiscal 2020 and in fiscal 2019. In fiscal 2018, we incurred \$10.7 in losses related to the write-off of debt discount and deferred financing costs in connection with the refinancing of our credit agreement entered into on October 27, 2017 (the “Coty Credit Agreement”) and the debt facilities available under the Galleria Credit Agreement (the “Galleria Credit Agreement”).

OTHER EXPENSE (INCOME), NET

In fiscal 2020, we incurred \$(11.6) of net other income, primarily related to pension curtailment gains as a result of the Transformation plan, which significantly reduced the expected years of future service for employees participating in our non-U.S. pension plans, partially offset by changes in the Mandatorily Redeemable Financial Interest (“MRFI”) and other miscellaneous expense.

In fiscal 2019, we incurred \$31.8 of net other expense, primarily related to legal and advisory services rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders, changes in the MRFI balance associated with a certain Southeast Asian subsidiary, partially offset by pension curtailment gains as a result of the Global Integration Activities, which significantly reduced the expected years of future service for employees participating in our non-U.S. pension plans.

In fiscal 2018, we incurred \$27.7 of net other expense, primarily related to third-party debt issuance costs incurred in connection with the refinancing of the Coty Credit Agreement and Galleria Credit Agreement, and costs related to the change in the MRFI balance primarily associated with a certain Southeast Asian subsidiary, partially offset by curtailment gain triggered by an amendment to a non-U.S. postretirement healthcare plan during fiscal 2018, which significantly reduced the expected years of future service for employees participating in the plan.

INCOME TAXES

The following table presents our (benefit) provision for income taxes, and effective tax rates for the periods presented:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
(Benefit) for income taxes	\$ (377.7)	\$ (54.8)	\$ (32.2)
Effective income tax rate	25.7 %	1.4 %	8.2 %

The effective income tax rate for fiscal 2020 was 25.7% as compared with 1.4% in fiscal 2019 and 8.2% in fiscal 2018.

The positive effective income tax rate in fiscal 2020 results from reporting losses before taxes and a benefit for income taxes. During fiscal 2020, the Company recorded a benefit of \$105.7 for the capital loss generated as a result of the disposition of its investment in Younique.

The positive effective income tax rate in fiscal 2019 includes the impact of the goodwill impairment that is not tax-deductible.

The positive effective income tax rate in fiscal 2018 includes an expense of \$123.0 as a result of the Tax Act. This expense is due to the one-time deemed repatriation tax offset by a tax benefit on the revaluation of the Company’s deferred taxes.

The effective rates vary from the blended rate of approximately 21% due to the effect of (i) jurisdictions with different statutory rates, (ii) adjustments to our unrecognized tax benefits and accrued interest, (iii) non-deductible expenses, (iv) audit settlements and (v) valuation allowance changes. Our effective tax rate could fluctuate significantly and could be adversely affected to the extent earnings are lower than anticipated in countries that have lower statutory rates and higher than anticipated in countries that have higher statutory rates.

Reconciliation of Reported (Loss) Income Before Income Taxes to Adjusted (Loss) Income Before Income Taxes and Effective Tax Rates from Continuing Operations:

(in millions)	Year Ended June 30, 2020			Year Ended June 30, 2019			Year Ended June 30, 2018		
	(Loss)/ income before income taxes	(Benefit) provision for income taxes	Effective tax rate	(Loss)/ income before income taxes	(Benefit) provision for income taxes	Effective tax rate	(Loss)/income before income taxes	(Benefit)provision for income taxes	Effective tax rate
Reported (loss) income before income taxes	\$ (1,467.6)	\$ (377.7)	25.7 %	\$ (3,945.4)	\$ (54.8)	1.4 %	\$ (394.5)	\$ (32.2)	8.2 %
Adjustments to reported operating income (loss) ^{(a) (b)}	1,186.3	210.3		4,179.2	123.8		700.0	57.8	
Gain on sale of business adjustment ^{(a) (b)}	(111.5)	110.5							
Other adjustments ^{(b) (c)}	(16.3)	(3.1)		11.0	2.3		24.4	6.9	
Adjusted (loss) income before income taxes	\$ (409.1)	\$ (60.0)	14.7 %	\$ 244.8	\$ 71.3	29.1 %	\$ 329.9	\$ 32.5	9.9 %

^(a) See a description of adjustments under “Adjusted Operating (Loss) Income for Coty Inc.”

^(b) The tax effects of each of the items included in adjusted income are calculated in a manner that results in a corresponding income tax benefit/provision for adjusted income. In preparing the calculation, each adjustment to reported income is first analyzed to determine if the adjustment has an income tax consequence. The benefit/provision for taxes is then calculated based on the jurisdiction in which the adjusted items are incurred, multiplied by the respective statutory rates and offset by the increase or reversal of any valuation allowances commensurate with the non-GAAP measure of profitability.

^(c) See “Reconciliation of Reported Net (Loss) Income Attributable to Coty Inc. to Adjusted Net (Loss) Income Attributable to Coty Inc.”

The adjusted effective tax rate was 14.7% compared to 29.1% in the prior-year period. The differences were primarily due to additional foreign uncertain tax positions recorded in the prior period. Cash paid during the years ended June 30, 2020, 2019 and 2018, for income taxes of \$123.2, \$110.3 and \$124.6 represents (30.1)%, 45.1% and 37.8% of Adjusted (loss) income before income taxes for the fiscal year ended, respectively.

NET LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO COTY INC.

In fiscal 2020, net loss from continuing operations attributable to Coty Inc. was \$1,093.9 compared to a loss of \$3,905.2 in fiscal 2019. This net loss decrease primarily reflects a lower operating loss in the current year compared to the operating loss in the prior year.

In fiscal 2019, net loss from continuing operations attributable to Coty Inc. was \$3,905.2 compared to a loss of \$403.3 in fiscal 2018. The net loss increase primarily reflects a higher operating loss in fiscal 2019 compared to the operating loss in fiscal 2018.

ADJUSTED NET LOSS ATTRIBUTABLE FROM CONTINUING OPERATIONS TO COTY INC.

We believe that adjusted net (loss) income from continuing operations attributable to Coty Inc. provides an enhanced understanding of our performance. See “Overview—Non-GAAP Financial Measures.”

(in millions)	Year Ended June 30,			Change %	
	2020	2019	2018	2020/2019	2019/2018
Reported net loss from continuing operations attributable to Coty Inc. to common stockholders	\$ (1,100.4)	\$ (3,905.2)	\$ (403.3)	72 %	<(100%)
<i>% of Net revenues</i>	<i>(23.3 %)</i>	<i>(62.1 %)</i>	<i>(5.9 %)</i>		
Adjustments to reported operating income ^(a)	1,074.8	4,179.2	700.0	(74 %)	>100%
Adjustments to other expense (income) ^(b)	(16.3)	11.0	24.4	<(100%)	(55 %)
Loss on early extinguishment of debt ^(c)	—	—	10.7	N/A	(100 %)
Adjustments to interest (income) expense ^(d)	—	—	(1.4)	N/A	100 %
Adjustments to noncontrolling interest ^(e)	(4.6)	(14.7)	(24.0)	69 %	39 %
Change in tax provision due to adjustments to reported net (loss) income attributable to Coty Inc.	(317.7)	(126.1)	(64.7)	<(100%)	(95 %)
Adjusted net (loss) income from continuing operations attributable to Coty Inc. to common stockholders	\$ (364.2)	\$ 144.2	\$ 241.7	<(100%)	(40 %)
<i>% of Net revenues</i>	<i>(7.7 %)</i>	<i>2.3 %</i>	<i>3.5 %</i>		
Per Share Data					
Adjusted weighted-average common shares					
Basic	759.1	751.2	749.7		
Diluted	759.1	754.3	753.1		
Adjusted net income from continuing operations attributable to Coty Inc. per common share					
Basic	\$ (0.48)	\$ 0.19	\$ 0.32		
Diluted	\$ (0.48)	\$ 0.19	\$ 0.32		

^(a) See a description of adjustments under “Adjusted Operating (Loss) Income for Coty Inc.”

^(b) In fiscal 2020, the Company had gains of \$14.6 primarily related to pension curtailment gains as a result of the Transformation plan, which significantly reduced the expected years of future service for employees participating in our non-U.S. pension plans. In fiscal 2019, the Company incurred legal and advisory services of \$16.1 rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders, partially offset by pension curtailment gains of \$5.1 as a result of the Global Integration Activities, which significantly reduced the expected years of future service for employees participating in our non-U.S. pension plans. In fiscal 2018, we incurred losses of \$24.1 related to the expensing of third-party debt issuance costs incurred in connection with the refinancing of the Coty Credit Agreement and Galleria Credit Agreement, partially offset by pension curtailment gains of \$10.4 triggered by an amendment to a non-U.S. postretirement healthcare plan during fiscal 2018, which significantly reduced the expected years of future service for employees participating in the plan.

^(c) In fiscal 2018, the amount represents the write-off of debt discount and deferred financing costs in connection with the refinancing of the Coty Credit Agreement and Galleria Credit Agreement, included in Loss on early extinguishment of debt in the Consolidated Statements of Operations.

^(d) The amount in fiscal 2018 represents one-time gains of \$1.4 on short-term forward contracts to exchange euros for U.S. dollars to repay U.S. dollar debt balances outstanding under the Coty Credit Agreement and Galleria Credit Agreement, in connection with the refinancing of those respective agreements in April 2018, included in Interest expense, net in the Consolidated Statements of Operations.

^(e) The amounts represent the after-tax impact of the non-GAAP adjustments included in Net (loss) income attributable to noncontrolling interest based on the relevant noncontrolling interest percentage in the Consolidated Statements of Operations,

DISCONTINUED OPERATIONS

In fiscal 2020, net revenues from discontinued operations decreased 14%, to \$2,020.1 from \$2,360.6 in fiscal 2019. The decrease in net revenues primarily reflects lower sales due to the COVID-19 pandemic, relatively mitigated by the online sales of *ghd* products and *Clairol* in the retail hair category. Operating income was \$218.2 in fiscal 2020 compared to \$216.9 in fiscal 2019, due primarily to the asset impairment charges in the prior year and the lower cost of goods sold as a percentage of net

revenues in the current year, offset by the higher selling, general and administrative expenses as a percentage of net revenues in the current year, mainly driven by the lower net revenue base due to the COVID-19 pandemic.

In fiscal 2019, net revenues from discontinued operations decreased 8%, to \$2,360.6 from \$2,556.1 in fiscal 2018. The decrease in net revenues primarily reflects lower sales due to lower shipments to optimize retailer trade inventory levels for certain U.S. customers, impact of the supply chain disruptions, shelf space loss for *Clairol*, and negative impact of foreign currency exchange translation, partially offset by the success of *ghd* product launches, and favorable price and mix impact from *Wella Professional*. Operating income was \$216.9 in fiscal 2019 compared to \$308.6 in fiscal 2018, due primarily to the asset impairment charges in fiscal 2019, offset by lower selling, general and administrative expenses as a percentage of net revenues and lower cost of goods sold as a percentage of net revenues.

Quarterly Results of Operations Data

The following tables set forth our unaudited quarterly consolidated statements of operations data for each of the eight quarters in the periods ended June 30, 2020. We have prepared the quarterly consolidated statements of operations data on a basis consistent with the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report on Form 10-K. In the opinion of management, the financial information reflects all adjustments, consisting only of normal recurring adjustments, which we consider necessary for a fair presentation of this data. This information should be read in conjunction with the consolidated financial statements and related notes included in Part II, Item 8, "Financial Statements and Supplementary Data" in this Annual Report. The results of historical periods are not necessarily indicative of the results of operations for any future period. The quarterly financial information has been recast to reflect the presentation of discontinued operations as of June 30, 2020.

(in millions, except per share data)	Fiscal 2020 ^(a)				Fiscal 2019			
	Three Months Ended				Three Months Ended			
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Condensed Consolidated Statements of Operations Data:								
Net revenues	\$ 560.4	\$ 1,062.5	\$ 1,683.7	\$ 1,411.2	\$ 1,506.2	\$ 1,437.8	\$ 1,848.4	\$ 1,495.5
Gross profit	224.2	601.7	1,051.4	849.3	917.8	881.3	1,123.3	867.0
Restructuring costs	4.7	(8.0)	128.7	4.8	—	2.7	22.3	9.2
Acquisition-and divestiture-related costs	72.0	49.3	36.0	—	—	—	—	—
Asset impairment charges	393.6	40.4	—	—	2,783.2	—	933.3	12.5
Operating (loss) income	(920.5)	(299.5)	(80.5)	64.0	(2,744.4)	11.8	(888.9)	(66.9)
Interest expense, net	57.4	63.8	58.4	63.1	57.1	59.0	56.5	52.6
Loss from continuing operations before income taxes	(962.3)	(363.6)	(140.3)	(1.4)	(2,807.3)	(65.9)	(949.9)	(122.3)
Provision (benefit) for income taxes	(260.7)	(59.8)	(39.0)	(18.2)	(24.2)	(12.4)	(14.3)	(3.9)
Net (loss) income from continuing operations	(701.6)	(303.8)	(101.3)	16.8	(2,783.1)	(53.5)	(935.6)	(118.4)
Net (loss) income from discontinued operations	(76.6)	39.4	84.9	39.5	(16.4)	49.5	(20.4)	108.3
Net (loss) income attributable to Coty Inc.	\$ (766.3)	\$ (271.6)	\$ (21.1)	\$ 52.3	\$ (2,799.4)	\$ (12.1)	\$ (960.6)	\$ (12.1)
Amounts attributable to Coty Inc. common stockholders:								
Net (loss) income from continuing operations attributable to common stockholders	(696.2)	(311.0)	(106.0)	12.8	(2,783.0)	(61.6)	(940.2)	(120.4)
Net (loss) income attributable to common stockholders	\$ (772.8)	\$ (271.6)	\$ (21.1)	\$ 52.3	\$ (2,799.4)	\$ (12.1)	\$ (960.6)	\$ (12.1)
Per Share Data:								
Weighted-average common shares:								
Basic	763.3	760.8	758.1	754.2	751.6	751.4	751.1	750.8
Diluted	763.3	760.8	758.1	758.9	751.6	751.4	751.1	750.8
Dividends declared per common share	\$ —	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125	\$ 0.125
Net (loss) income attributable to Coty Inc. per common share:								
Basic for Continuing Operations	\$ (0.91)	\$ (0.41)	\$ (0.14)	\$ 0.02	\$ (3.70)	\$ (0.08)	\$ (1.25)	\$ (0.16)
Diluted for Continuing Operations	\$ (0.91)	\$ (0.41)	\$ (0.14)	\$ 0.02	\$ (3.70)	\$ (0.08)	\$ (1.25)	\$ (0.16)
Basic for Coty Inc.	\$ (1.01)	\$ (0.36)	\$ (0.03)	\$ 0.07	\$ (3.72)	\$ (0.02)	\$ (1.28)	\$ (0.02)
Diluted for Coty Inc.	\$ (1.01)	\$ (0.36)	\$ (0.03)	\$ 0.07	\$ (3.72)	\$ (0.02)	\$ (1.28)	\$ (0.02)

^(a) Beginning in the second quarter 2020, the financial results exclude the effect of the Younique divestiture. Additionally, beginning in the third quarter of 2020, the financial results include the effect of the King Kylie Transaction.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Overview

As of June 30, 2020, we had cash and cash equivalents of \$308.3 compared with \$340.4 at June 30, 2019. Our cash and cash equivalents balances decreased by \$32.1 during fiscal 2020 primarily as a result of cash used from operations, expenditures for acquisitions, and dividend payments to shareholders, partially offset by net borrowings from long-term debt and proceeds from the issuance of convertible preferred stock. During fiscal 2020, we decreased our cash held outside of the U.S. by \$63.8.

Our cash flows are subject to seasonal variation throughout the year, including demands on cash made during our first fiscal quarter in anticipation of higher global sales during the second fiscal quarter and strong cash generation in the second fiscal quarter as a result of increased demand by retailers associated with the holiday season. Our principal uses of cash are to fund planned operating expenditures, capital expenditures, interest payments, acquisitions, dividends, share repurchases and any principal payments on debt. The working capital movements are based on the sourcing of materials related to the production of products within each of our segments. Cash and working capital management initiatives, including the phasing of vendor payments and factoring of trade receivables from time-to-time, may also impact the timing and amount of our operating cash flows.

We have utilized the cash proceeds from the issuance of convertible preferred shares to KKR Aggregator in order to pay down our revolving credit facility. As specified in our Credit Agreement, cash generated from the divestiture of any businesses during the next year will be utilized to reduce our outstanding debt, other than a maximum of \$500.0 that will be used to fund operations.

Our response to the impact of COVID-19

In response to the risks presented by the COVID-19 pandemic, we have been actively implementing a number of measures to bolster our liquidity position and provide additional financial flexibility. Such measures include actively aligning operating expenses to the current state of the business, including slowing down our production to adjust our inventories, the recently announced temporary compensation reductions for certain executives and for our non-executive board members, hiring and travel restrictions, temporary furloughs for certain employees, using available local government assistance programs to reduce employee costs, and the reduction of advertising and consumer promotion costs for sales channels that are closed or heavily impacted by social distancing. We intend to utilize any tax payment deferrals that apply to us in specific jurisdictions. We will actively manage our working capital to support our liquidity needs. Additionally, on May 26, 2020, KKR Aggregator purchased \$750.0 of convertible preferred stock in Coty, which provides us with additional liquidity. An additional purchase of \$250.0 of convertible preferred stock was completed on July 31, 2020. See additional information in Note 23—Equity and Convertible Preferred Stock and Note 28—Subsequent Events.

Due in part to these measures, our current cash position is favorable; as of June 30, 2020, we had \$1,618.1 of immediate liquidity, which consisted of available cash and cash equivalents and available borrowings under our 2018 Coty Revolving Credit Facility.

While the impact and duration of COVID-19 on our business is currently uncertain, as a result of the cash on hand, our amended debt covenants, our plans to manage expenses and the cash received from KKR Aggregator from the issuance of convertible preferred stock, we believe we have sufficient liquidity and covenant headroom to meet our foreseeable business operating and recurring cash needs (including for debt service and capital expenditures). To address the potentially longer-lasting impacts of the COVID-19, the lockdown and a possible recession resulting from COVID-19 in many markets, we will be implementing a plan to reduce our cost base, which does not vary with revenues, by 25%, including an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses.

Debt

On April 5, 2018, we completed an offering of three series of U.S. dollar denominated and euro denominated senior unsecured notes in an aggregate principal amount of \$550.0 and €800 million, in a private offering.

On April 5, 2018, we entered into a credit agreement which amended and restated the existing credit agreements. The credit agreement provides for senior secured credit facilities comprised of (i) a five year revolving credit facility in an aggregate principal amount up to \$3,250.0, (ii) a five year term loan A facility consisting of (a) \$1,000.0 denominated in U.S. dollars and (b) €2.035 billion denominated in Euros and (iii) a seven year term loan B facility consisting of (a) \$1,400.0 denominated in U.S. dollars and (b) €850 million denominated in Euros. Future borrowings under the 2018 Coty Credit Agreement could be used for corporate purposes.

Based on our credit agreement (the “2018 Coty Credit Agreement”), as amended, the calculation of our financial covenant for net debt excludes the impact of operating leases, and thus, the adoption of the new leasing standard, ASU 2016-02, *Leases* (Topic 842), (see Note 2—Summary of Significant Accounting Policies), did not impact our financial covenants. In order to be consistent with our financial covenant, we will continue to report our net debt calculation excluding operating leases.

On June 27, 2019, we entered into an amendment (“2019 Amendment”) to the 2018 Coty Credit Agreement. The 2019 Amendment modified the 2018 Coty Credit Agreement by amending the financial covenants to (i) delay until March 31, 2022 the total net leverage ratio step down from 5.25 to 5.0, (ii) extend the applicable window for certain cost savings add-backs in the calculation of Adjusted EBITDA for purpose of determining the total net leverage ratio, and (iii) amend the determination of the exchange rate to be used for purposes of calculating “Total Indebtedness” (as defined in the 2018 Coty Credit Agreement) for purposes of the total net leverage ratio, and decreasing the total commitments under the revolving credit facility by \$500.0 to \$2,750.0.

On April 29, 2020, we amended our existing credit agreement. The amendment (i) provides a Total Net Leverage Ratio financial covenant “holiday” through March 31, 2021; (ii) establishes a minimum liquidity covenant through March 31, 2021 of \$350.0; and (iii) effectively places certain limitations on the ability to make certain investments and restricted payments (including limiting our ability to pay dividends in cash through March 31, 2021) and on incurring additional indebtedness. The amendment does not modify the applicable funding costs during the period through March 31, 2021.

See Note 15—Debt in the notes to our Consolidated Financial Statements for additional information on our debt arrangements and prior period credit agreements.

Factoring of Receivables

U.S. Receivables Purchase Agreement

On March 19, 2019, we entered into an Uncommitted Receivables Purchase Agreement (the “Receivables Purchase Agreement”) with a financial institution, with an aggregate facility limit of \$150.0. Eligible trade receivables are purchased by the financial institution for cash at net invoice value less a factoring fee.

European Receivables Purchase Agreement

In September, 2019, we entered into a factoring agreement with a financial institution, which allows for the transfer of receivables from certain of our European subsidiaries, in exchange for cash (the “European Receivables Purchase Agreement”). The total outstanding amount permitted among such subsidiaries is €93.0. Factoring of such receivables under the European Receivables Purchase Agreement is executed on a non-recourse basis.

Overall

The net amount utilized under the factoring facilities was \$123.1 and \$118.3 as of June 30, 2020 and 2019, respectively. The aggregate amount of trade receivable invoices factored on a worldwide basis amounted to \$839.8 and \$547.9 in fiscal 2020 and 2019, respectively. Remaining balances due from factors amounted to \$6.2 and \$8.6 as of June 30, 2020 and 2019, respectively, and are included in Trade receivables, net in the Consolidated Balance Sheets.

Business Combinations

During fiscal 2020, we entered into purchase agreement with King Kylie, LLC for a base purchase price of \$600.0 in cash.

For additional information on our prior period business combinations from fiscal years 2019 and 2018, see Note 4—Business Combinations, Asset Acquisitions and Divestitures in the notes to our Consolidated Financial Statements.

Dispositions

During fiscal 2020, we divested the Younique business for \$50.0 cash and a secured promissory note with a face value of \$27.9.

We did not divest of any brands during fiscal 2019.

Cash Flows

	Year Ended June 30,		
	2020	2019	2018
Consolidated Statements of Cash Flows Data:			
(in millions)			
Net cash (used in) provided by operating activities	\$ (50.9)	\$ 639.6	\$ 413.7
Net cash used in investing activities	(833.4)	(454.0)	(687.6)
Net cash provided by (used in) financing activities	877.3	(160.3)	69.3

Net cash (used in) provided by operating activities

Net cash (used in) provided by operating activities was \$(50.9), \$639.6 and \$413.7 for fiscal 2020, 2019 and 2018, respectively.

The decrease in operating activities cash flows of \$690.5 from proceeds in fiscal 2019 to outflows in fiscal 2020 is primarily driven by significantly lower cash related operating results of \$888.0 resulting from the impact of lower net revenues during the second half of fiscal 2020 due to the COVID-19 pandemic and lower cash flows from changes in other noncurrent assets and liabilities of \$31.8. These decreases were only partially offset by positive impacts from the changes in working capital accounts of \$229.3 during fiscal 2020 compared to fiscal 2019. Changes in working capital accounts during fiscal 2020 were positively impacted primarily by inflows from changes in accrued expenses and other current liabilities during the current year compared to outflows in the prior year, resulting from less cash payments for restructuring and business realignment programs in the current year as well as current year increase in restructuring accruals for the Transformation Plan. Further, changes in inventories contributed to higher cash inflows period over period of \$146.3 driven by an overall decrease in production caused by the shutdowns associated with the COVID-19 pandemic, and the reversal of the prior year impact of supply chain disruptions. Changes in trade receivables also contributed to the year over year increase in cash inflows which is the result of timing of collections and lower net revenues during the second half of fiscal 2020. Partially offsetting the cash inflows from changes in these working capital accounts, changes in accounts payable contributed to higher outflows of \$246.2 mainly attributable to lower overall spending.

The increase in operating cash inflows in fiscal 2019 as compared with fiscal 2018 was \$225.9. This increase is primarily driven by an increase of \$286.5 in net income after adjusting for non-cash items only partially offset by increased outflows from net changes in working capital accounts of \$60.7. The increase in net income after adjusting for non-cash items in fiscal 2019, compared to fiscal 2018, as noted above. Working capital changes included an increase in cash outflows from accounts payable and accrued expenses and other current liabilities of \$642.4 which were only partially offset by higher inflows from trade receivables, prepaid expenses and other current assets and inventory of \$581.7. The increase in cash outflows from accounts payable and accrued expenses and other current liabilities were mainly the result of decreases in current restructuring accruals for payments of prior year amounts accrued, combined with decreases in trade spend related payables and accruals due to a smaller revenue base decreasing the level of trade spending. Changes in trade receivables contributed to \$424.5 of the increase in cash inflows during fiscal 2019 compared to fiscal 2018 mainly due to positive results from stronger collection efforts and the implementation of additional factoring facilities.

Net cash used in investing activities

Net cash used in investing activities was \$(833.4), \$(454.0) and \$(687.6) for fiscal 2020, 2019 and 2018, respectively.

The increase in cash used for investing activities of \$(379.4) in fiscal 2020 as compared with fiscal 2019 is primarily caused by the payment, net of cash acquired of \$592.2 for the purchase of 51% of the equity interest of King Kylie, LLC compared to \$40.8 of cash used for the purchase of a trademark in the prior year which did not reoccur in the current year. The overall increase in cash used in investing activities was partially offset by lower capital expenditures of \$159.2 during fiscal 2020 compared to fiscal 2019 and \$25.6 of net cash proceeds from the sale of the Younique business during fiscal 2020.

The decrease in cash used for investing activities of \$233.6 in fiscal 2019 as compared to fiscal 2018 primarily relates to higher cash outflows of \$237.2 from cash paid in prior year for business combinations including the Burberry Beauty Business for \$245.1 and other acquisition related activity of \$32.4 compared to cash outflows in the current year of \$40.8 for the purchase of a trademark.

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities was \$877.3, \$(160.3) and \$69.3 for fiscal 2020, 2019 and 2018, respectively.

The increase in cash inflows of \$1,037.6 in fiscal 2020 as compared to fiscal 2019 was primarily driven by the fiscal 2020 net proceeds of \$724.5 from the issuance and sale of the Company's new Convertible Series B Preferred Stock in connection with the Investment Agreement with KKR. Additionally, the Company had higher net borrowings of \$182.7 from its revolving loan facility in fiscal 2020 and a positive impact of \$149.3 from lower cash used for dividend payments. Lower cash payments for dividends was primarily due to the Company's Stock Dividend Reinvestment Program, which became available to stockholders in the fourth quarter of fiscal 2019, and the suspension of dividend payments beginning in the fourth quarter of fiscal 2020. Partially offsetting the increase in cash from financing activities, the Company paid \$45.0 during the first quarter of fiscal 2020 to purchase the remaining mandatorily redeemable noncontrolling interest in the Company's Southeast Asian subsidiary, which did not occur in the prior year.

The decrease in cash inflows of \$229.6 in fiscal 2019 as compared to fiscal 2018 was primarily due to lower net borrowings of \$294.8. These decreases were partially offset by cash increases from lower payments for debt issuance costs of \$37.7 and lower cash dividend payments of \$29.6.

Dividends

On May 8, 2019, the Board approved a stock dividend reinvestment program giving shareholders the option to receive their full dividend in cash or to receive their dividend in 50% cash / 50% common stock. Shareholders were able to make this election on a quarterly basis, beginning with the dividend declared on May 8, 2019 through the dividend declared on February 5, 2020. The percentage of our total Common Stock for which the shareholders elected to participate in the Stock Dividend Reinvestment Program for the June 28, 2019, September 30, 2019, December 27, 2019 and March 27, 2020 dividend was 68%, 69%, 65% and 63%, respectively.

On April 29, 2020, our Board of Directors has suspended the payment of dividends, in keeping with our 2018 Coty Credit Agreement, as amended. As we focus on preserving cash, we expect to suspend the payment of dividends through April 1, 2021 or until such later date that we reach a Net debt to Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of 4x. Any determination to pay dividends in the future will be at the discretion of our Board of Directors.

Dividends on the Convertible Series B Preferred Stock are payable in cash, by increasing the amount of accrued dividends with respect to a share of Convertible Series B Preferred Stock, or any combination thereof, at the sole discretion of the Company.

For additional information on our dividends, see Note 23—Equity and Convertible Preferred Stock in the notes to our Consolidated Financial Statements.

Treasury Stock - Share Repurchase Program

For additional information on our Share Repurchase Program, see Note 23—Equity and Convertible Preferred Stock in the notes to our Consolidated Financial Statements.

Contractual Obligations and Commitments

Our principal contractual obligations and commitments, which include those associated with our discontinued operations, are presented below as of June 30, 2020.

(in millions)	Total	Payments Due in Fiscal					
		2021	2022	2023	2024	2025	Thereafter
Long-term debt obligations	\$ 8,155.7	\$ 187.9	\$ 187.9	\$ 4,711.0	\$ 23.6	\$ 2,214.2	\$ 831.1
Interest on long-term debt obligations ^(a)	1,400.8	255.6	260.9	262.1	225.2	236.8	160.2
Operating lease obligations	465.6	115.1	85.3	60.3	47.8	37.6	119.5
License agreements: ^(b)							
Royalty payments	745.1	145.9	93.2	80.0	70.1	58.2	297.7
Advertising and promotional spend obligations	19.1	2.2	0.6	1.1	1.1	1.7	12.4
Other contractual obligations ^(c)	383.4	249.4	76.7	33.7	22.4	1.2	—
Other long-term obligations:							
Pension obligations (mandated) ^(d)	65.2	14.8	12.4	12.5	12.7	12.8	—
Total	\$ 11,234.9	\$ 970.9	\$ 717.0	\$ 5,160.7	\$ 402.9	\$ 2,562.5	\$ 1,420.9

- (a) Interest costs on our debt after consideration of our interest rate swap arrangements are determined based on interest rate forecast and assumptions of the amount of debt outstanding. A 25 basis-point increase in our variable interest rate debt would have increased our interest costs by \$72.8 over the term of our long-term debt.
- (b) Obligations under license agreements relate to royalty payments and required advertising and promotional spending levels for our products bearing the licensed trademark. Royalty payments are typically made based on contractually defined net sales. However, certain licenses require minimum guaranteed royalty payments regardless of sales levels. Minimum guaranteed royalty payments and required minimums for advertising and promotional spending have been included in the table above. Actual royalty payments and advertising and promotional spending are expected to be higher. Furthermore, early termination of any of these license agreements could result in potential cash outflows that have not been reflected above.
- (c) Other contractual obligations primarily represent advertising/marketing, manufacturing, logistics and capital improvements commitments. Additionally, we have included the mandatorily redeemable financial interest arising out of our subsidiaries as discussed in Note 21—Mandatorily Redeemable Financial Interest. We also maintain several distribution agreements for which early termination could result in potential future cash outflows that have not been reflected above.
- (d) Represents future contributions to our pension and other postretirement benefit plans over the next five years mandated by local regulations or statutes. Subsequent funding requirements cannot be reasonably estimated as the return on plan assets in future periods, as well as future assumptions are not known.

The table above excludes obligations for uncertain tax benefits, including interest and penalties, of \$170.7 as of June 30, 2020, as we are unable to predict when, or if, any payments would be made. See Note 17—Income Taxes in the notes to our Consolidated Financial Statements for additional information on our uncertain tax benefits.

The table excludes \$79.1 of RNCI which is reflected in Redeemable noncontrolling interest in the Consolidated Balance Sheet as of June 30, 2020 related to our 25.0% RNCI in our subsidiary in the Middle East (“Middle East Subsidiary”). Given the provisions of the associated Put and Call rights, RNCI is redeemable outside of our control and is recorded in temporary equity. See Note 22—Redeemable Noncontrolling Interests in the notes to our Consolidated Financial Statements for further discussion related to the calculation of the redemption value for each of these noncontrolling interests.

The table also excludes \$715.8 of preferred stock which is reflected in Convertible Series B Preferred Stock in the Consolidated Balance Sheet as of June 30, 2020 related to the issuance of 750,000 shares of our Convertible Series B Preferred Stock. Given the provisions of the associated Put rights, Convertible Series B Preferred Stock is redeemable outside of our control upon certain change of control events and is recorded in temporary equity. See Note 23 – Equity and Convertible Preferred Stock in the notes to our Consolidated Financial Statements for further discussion related to the calculation of the Convertible Series B Preferred Stock.

Derivative Financial Instruments and Hedging Activities

We are exposed to foreign currency exchange fluctuations and interest rate volatility through our global operations. We utilize natural offsets to the fullest extent possible in order to identify net exposures. In the normal course of business, established policies and procedures are employed to manage these net exposures using a variety of financial instruments. We do not enter into derivative financial instruments for trading or speculative purposes.

Foreign Currency Exchange Risk Management

We operate in multiple functional currencies and are exposed to the impact of foreign currency fluctuations. For foreign currency exposures, which primarily relate to receivables, inventory purchases and sales, payables and intercompany loans, derivatives are used to better manage the earnings and cash flow volatility arising from foreign currency exchange rate fluctuations. We recorded foreign currency losses of \$18.0, \$2.7 and \$5.2 in fiscal 2020, 2019 and 2018, respectively, resulting from non-financing foreign currency exchange transactions which are included in their associated expense type and are included in the Consolidated Statements of Operations. Net (losses) gains of \$(14.8), \$7.6 and \$8.5 in fiscal 2020, 2019 and 2018, respectively, resulting from financing foreign exchange currency transactions are included in Interest expense, net in the Consolidated Statements of Operations.

Exchange gains or losses are also partially offset through the use of qualified derivatives under hedge accounting, for which we record accumulated gains or losses in Accumulated other comprehensive income until the underlying transaction occurs at which time the gain or loss is reclassified into the respective account in the Consolidated Statements of Operations.

We have experienced and will continue to experience fluctuations in our net income as a result of balance sheet transactional exposures. As of June 30, 2020, in the event of a 10.0% unfavorable change in the prevailing market rates of hedged foreign currencies versus the U.S. dollar, the change in fair value of all foreign exchange forward contracts would result in a \$11.5 decrease in the fair value of the forward contracts. In the view of management, these hypothetical gains resulting from an assumed change in foreign currency exchange rates are not material to our consolidated financial statement position or results of operations. This gain does not include the impact on our underlying foreign currency exposures.

Interest Rate Risk Management

We are exposed to interest rate risk that relates primarily to our indebtedness, which is affected by changes in the general level of the interest rates primarily in the U.S. and Europe. We periodically enter into interest rate swap agreements to facilitate our interest rate management activities. We have designated these agreements as cash flow hedges and, accordingly, applied hedge accounting. The effective changes in fair value of these agreements are recorded in AOCI/(L), net of tax, and ineffective portions are recorded in current-period earnings. Amounts in AOCI/(L) are subsequently reclassified to earnings as interest expense when the hedged transactions are settled.

We expect that both at the inception and on an ongoing basis, the hedging relationship between any designated interest rate hedges and underlying variable rate debt will be highly effective in achieving offsetting cash flows attributable to the hedged risk during the term of the hedge. If it is determined that a derivative is not highly effective, or that it has ceased to be a highly effective hedge, we will be required to discontinue hedge accounting with respect to that derivative prospectively. The corresponding gain or loss position of the ineffective hedge recorded to AOCI/(L) will be reclassified to current-period earnings.

If interest rates had been 10% higher/lower and all other variables were held constant, Loss from continuing operations before income taxes in fiscal 2020 would decrease/increase by \$25.2.

Credit Risk Management

We attempt to minimize credit exposure to counterparties by generally entering into derivative contracts with counterparties that have an “A” (or equivalent) credit rating. The counterparties to these contracts are major financial institutions. Exposure to credit risk in the event of nonperformance by any of the counterparties is limited to the fair value of contracts in net asset positions, which totaled \$1.9 as of June 30, 2020. Accordingly, management believes risk of material loss under these hedging contracts is remote.

Inflation Risk

To date, we do not believe inflation has had a material effect on our business, financial condition or results of operations. However, if our costs were to become subject to significant inflationary pressures in the future, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Off-Balance Sheet Arrangements

We had undrawn letters of credit of \$6.0 and \$6.3 and bank guarantees of \$45.7 and \$97.1 as of June 30, 2020 and 2019, respectively.

Critical Accounting Policies

We prepare our Consolidated Financial Statements in conformity with U.S. generally accepted accounting principles. The preparation of these Consolidated Financial Statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. These estimates and assumptions can be subjective and complex and, consequently, actual results may differ from those estimates that would result in material changes to our operating results and financial condition. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our most critical accounting policies relate to revenue recognition, the assessment of goodwill, other intangible and long-lived assets for impairment, business combinations, inventory, and income taxes.

Our management has discussed the selection of significant accounting policies and the effect of estimates with the Audit and Finance Committee of our Board of Directors.

Revenue Recognition

Net revenues comprise gross revenues less customer discounts and allowances, actual and expected returns (estimated based on an analysis of historical experience and position in product life cycle) and various trade spending activities. Trade spending activities represent variable consideration promised to the customer and primarily relate to advertising, product promotions and demonstrations, some of which involve cooperative relationships with customers. The costs of trade spend activities are estimated considering all reasonably available information, including contract terms with the customer, the Company’s historical experience and its current expectations of the scope of the activities, and is reflected in the transaction price when sales are recorded. For additional information on our revenue accounting policies, see Note 2—Summary of Significant Accounting Policies. Returns represent 3%, 2% and 2% of gross revenue after customer discounts and allowances in fiscal 2020, 2019 and 2018, respectively. Trade spending activities recorded as a reduction to gross revenue after customer discounts and allowances represent 11%, 9%, and 10% in fiscal 2020, 2019 and 2018, respectively.

Our sales return accrual reflects seasonal fluctuations, including those related to the holiday season in the first half of our fiscal year. This accrual is a subjective critical estimate that has a direct impact on reported net revenues, and is calculated based on history of actual returns, estimated future returns and information provided by retailers regarding their inventory levels. In addition, as necessary, specific accruals may be established for significant future known or anticipated events. The types of known or anticipated events that we have considered, and will continue to consider, include the financial condition of our customers, store closings by retailers, changes in the retail environment, and our decision to continue to support new and existing brands. If the historical data we use to calculate these estimates does not approximate future returns, additional allowances may be required.

Goodwill, Other Intangible Assets and Long-Lived Assets

Goodwill

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of their underlying net assets. Other intangible assets consist of indefinite-lived trademarks. Goodwill and other indefinite-lived intangible assets are not amortized.

We assess goodwill at least annually as of May 1 for impairment, or more frequently, if certain events or circumstances warrant. We test goodwill for impairment at the reporting unit level, which is the same level as our reportable segments. We identify our reporting units by assessing whether the components of our reporting segments constitute businesses for which discrete financial information is available and management of each reporting unit regularly reviews the operating results of those components.

When testing goodwill for impairment, we have the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as the basis to determine if it is necessary to perform a quantitative goodwill impairment test. In performing our qualitative assessment, we consider the extent to which unfavorable events or circumstances identified, such as changes in economic conditions, industry and market conditions or company specific events, could affect the comparison of the reporting unit's fair value with its carrying amount. If we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, we are required to perform a quantitative impairment test.

Quantitative impairment testing for goodwill is based upon the fair value of a reporting unit as compared to its carrying value. We make certain judgments and assumptions in allocating assets and liabilities to determine carrying values for our reporting units. The impairment loss recognized would be the difference between a reporting unit's carrying value and fair value in an amount not to exceed the carrying value of the reporting unit's goodwill.

Testing goodwill for impairment requires us to estimate fair values of reporting units using significant estimates and assumptions. The assumptions made will impact the outcome and ultimate results of the testing. We use industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, we engage independent third-party valuation specialists for advice. To determine fair value of the reporting unit, we used a combination of the income and market approaches, when applicable. We believe the blended use of both models, when applicable, compensates for the inherent risk associated with either model if used on a stand-alone basis, and this combination is indicative of the factors a market participant would consider when performing a similar valuation.

Under the income approach, we determine fair value using a discounted cash flow method, projecting future cash flows of each reporting unit, as well as a terminal value, and discounting such cash flows at a rate of return that reflects the relative risk of the cash flows. Under the market approach, when applicable, we utilize information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units, which creates valuation multiples that are applied to the operating performance of the reporting units being tested, to value the reporting unit.

The key estimates and factors used in these approaches include revenue growth rates and profit margins based on our internal forecasts, our specific weighted-average cost of capital used to discount future cash flows, and comparable market multiples for the industry segment, when applicable, as well as our historical operating trends. Certain future events and circumstances, including deterioration of market conditions, higher cost of capital, a decline in actual and expected consumer consumption and demands, could result in changes to these assumptions and judgments. A revision of these assumptions could cause the fair values of the reporting units to fall below their respective carrying values, resulting in a non-cash impairment charge. Such charge could have a material effect on the Consolidated Statements of Operations and Balance Sheets.

There were no impairments of goodwill at our reporting units or of indefinite-lived other intangible assets in fiscal 2018. During fiscal 2019, we recorded total goodwill impairments of \$3,307.5. During fiscal 2020, we recorded total goodwill impairments of \$105.0, resulting in remaining goodwill balances as of June 30, 2020 of \$1,343.5, \$1,781.6 and \$848.8 in our Americas, EMEA and Asia Pacific reporting units, respectively.

During the third quarter of fiscal 2020, the Company was adversely impacted by the COVID-19 global pandemic. This drove a decrease in net revenue, impacting all product categories across the Company, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. In response to these adverse business indicators and the rapidly declining revenue trends experienced during the third quarter of our 2020 fiscal year, we reduced our near-term revenue projection. As a result, we determined that our goodwill should be tested for potential impairment.

The fair values of each of the reporting units exceeded the respective carrying values of the reporting units as of March 31, 2020. Consequently, there were no goodwill impairment charges recorded as a result of the impairment testing performed during the third quarter of our 2020 fiscal year.

Based on the annual impairment test performed at May 1, 2020, we determined that the fair values of each of the reporting units exceeded their respective carrying values at that date by approximately 11.3%, 102.0% and 9.0% relating to the Americas, Asia Pacific and EMEA reporting units, respectively. Consequently, there were no goodwill impairment charges recorded as a result of the annual impairment test performed on May 1, 2020. To determine the fair value of the Americas and EMEA reporting units, we have used an average annual revenue growth rate of 2.1% and 2.4% for fiscal 2021 to fiscal 2025, respectively, and a discount rate of 9.75%. The fair value of the Americas and EMEA reporting units would fall below its carrying value if the assumed average annual growth rate for fiscal 2021 to fiscal 2025 fell 35 basis points, respectively, or the discount rate increased by 85 and 70 basis points, respectively.

On June 1, 2020, the Company entered into a definitive agreement with KKR, regarding a strategic transaction for the sale of the Wella Business. A goodwill impairment test should be performed immediately before and after a Company reorganizes its reporting structure if the reorganization would affect the composition of one or more of its reporting units. As a result, we determined that our goodwill should be tested for potential impairment after considering the sale of its Wella Business.

Based on the impairment test performed at June 1, 2020, we determined that the fair values of our Americas and Asia Pacific reporting units exceeded their respective carrying values at that date by approximately 2.4%, and 85.0%, respectively. To determine the fair value of the Americas reporting unit, we have used an average annual revenue growth rate of 2.2% for fiscal 2021 to fiscal 2025, and a discount rate of 9.75%. The fair value of the Americas reporting unit would fall below its carrying value if the assumed average annual growth rate for fiscal 2021 to fiscal 2025 fell 10 basis points, or the discount rate increased by 20 basis points.

For our EMEA reporting unit, we determined that the fair value did not exceed the carrying value, and as such we recorded an asset impairment charge of \$105.0 relating to goodwill. The cash flows associated with our EMEA reporting unit were adversely affected by the continuing impacts of the COVID-19 pandemic. Additionally, we noted the fair value of the EMEA reporting unit was adversely impacted due to a loss of synergies from the sale of the Wella Business.

To determine the fair value of our EMEA reporting unit, we used an average annual revenue growth rate of 2.5% for fiscal 2021 to fiscal 2025 and a discount rate of 9.75%. As the EMEA reporting unit was impaired, it has a 0% excess and as such, further material negative trends in its actual and expected business performance or an increase in the discount rate may result in further impairments. If the average annual revenue growth rate for fiscal 2021 to fiscal 2025 declined by 50 basis points it may cause an additional impairment of \$485.0. If the discount rate increased by 50 basis points, it may cause an additional impairment of \$234.0.

Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, credit ratings and industry growth. Given the current COVID-19 global pandemic and the uncertainties regarding the financial potential impact on the Company's business, there can be no assurance that the Company's estimates and assumptions regarding the impact of COVID-19 and the recovery period made for purposes of the goodwill impairment testing performed during our 2020 fiscal year will prove to be accurate predictions of the future. While the Company believes it has made reasonable estimates and assumptions to calculate the fair values of the reporting units, it is possible changes could occur. As for all the Company's reporting units, if in future years, the reporting unit's actual results are not consistent with the Company's estimates and assumptions used to calculate fair value, the Company may be required to recognize material impairments to goodwill. The Company will continue to monitor its reporting units for any triggering events or other signs of impairment. The Company may be required to perform additional impairment testing based on changes in the economic environment, disruptions to the Company's business, significant declines in operating results of the Company's reporting units, further sustained deterioration of the Company's market capitalization, and other factors, which could result in impairment charges in the future. Although management cannot predict when improvements in macroeconomic conditions will occur, if consumer confidence and consumer spending decline significantly in the future or if commercial and industrial economic activity or the market capitalization deteriorates significantly from current levels, it is reasonably likely the Company will be required to record impairment charges in the future.

Other Intangible Assets

We assess indefinite-lived other intangible assets (trademarks) at least annually as of May 1 for impairment, or more frequently if certain events occur or circumstances change that would more likely than not reduce the fair value of an indefinite-lived intangible asset below its carrying value. Trademarks are tested for impairment on a brand level basis.

The trademarks' fair values are based upon the income approach, primarily utilizing the relief from royalty methodology. This methodology assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. An impairment loss is recognized when the estimated fair value of the intangible asset is less than the carrying value. Fair value calculation requires significant judgments in determining both the assets' estimated cash flows as well as the appropriate discount and royalty rates applied to those cash flows to determine fair value. Variations in economic conditions or a change in general consumer demands, operating results estimates or the application of alternative assumptions could produce significantly different results.

The carrying value of our indefinite-lived other intangible assets was \$995.5 as of June 30, 2020, and is comprised of trademarks for the following brands: CoverGirl of \$327.4, Max Factor of \$169.7, Sally Hansen of \$161.3, Philosophy of \$128.2, Bourjois of \$48.7 and other trademarks totaling \$160.2.

On May 1, 2018, we performed our annual impairment testing of indefinite-lived other intangible assets and determined that no adjustments to carrying values were required. As a result of the May 1, 2019 annual impairment test, total impairments on indefinite-lived other intangible assets of \$389.8 were recorded.

During fiscal 2020, we recorded total impairments on our indefinite-lived other intangible assets of \$329.0. The impairment charges were a result of the following impairment tests:

As noted above, during the third quarter of fiscal 2020, the Company was adversely impacted by the COVID-19 global pandemic. This drove a decrease in net revenue, impacting all product categories across the Company, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. Management concluded that this adverse factor represented an indicator of impairment that warranted an interim impairment test for goodwill and certain other intangible assets. Accordingly, we re-evaluated future cash flows of intangible assets and the impact of a 25 basis point decrease to the discount rate. This resulted in asset impairment charges of \$40.4 related to indefinite-lived other intangible assets for our CoverGirl (\$26.5), Max Factor (\$9.2) and Bourjois (\$4.7) trademarks.

As part of the May 1, 2020 annual impairment test, the Company considered several factors that developed during the fourth quarter of fiscal 2020 that led to the conclusion that the fair values of certain indefinite-lived other intangible assets were below their carrying amounts. The continuing impacts of the COVID-19 pandemic was the principle driver of additional impairments. Additionally, we noted the fair values of the indefinite-lived other intangible assets were adversely impacted by a 165 and 190 basis point increase in the discount rate compared to the May 1, 2019 and March 31, 2020 test, respectively. This resulted in additional asset impairment charges of \$288.6 primarily related to indefinite-lived other intangible assets for our CoverGirl (\$147.0), Max Factor (\$68.1), Philosophy (\$26.6), and Bourjois (\$12.8) trademarks.

Based on results of the test, the fair value of the of the CoverGirl trademark fell below its carrying value using projections that assumed an average annual growth rate of 2.0% for fiscal 2021 to fiscal 2025 and a discount rate of 10.4%. The fair value of the Max Factor trademark fell below its carrying value using projections that assumed an average annual growth rate of 3.0% for fiscal 2021 to fiscal 2025 and a discount rate of 10.4%. The fair value of the Philosophy trademark fell below its carrying value using projections that assumed an average annual growth rate of 4.5% for fiscal 2021 to fiscal 2025 and a discount rate of 10.4%. The fair value of the Bourjois trademark fell below its carrying value using projections that assumed an average annual growth rate of (1.5)% for fiscal 2021 to fiscal 2025 and a discount rate of 10.4%.

As the impaired indefinite-lived intangible assets have a 0% excess, further material negative trends in the actual and expected business performance or an increase in the discount rate may result in further impairments. For instance, with regards to our CoverGirl trademark, our largest impaired indefinite-lived intangible asset, if the average annual revenue growth rate for fiscal 2021 to fiscal 2025 declined by 1% it may cause an additional impairment of \$13.1. If the discount rate increased by 0.5%, it may cause an additional impairment of \$16.6. With regards to our Max Factor trademark, our second largest impaired indefinite-lived intangible asset, if the average annual revenue growth rate for fiscal 2021 to fiscal 2025 declined by 1% it may cause an additional impairment of \$6.7. If the discount rate increased by 0.5%, it may cause an additional impairment of \$8.4.

As of May 1, 2020, we determined that the fair value of our Sally Hansen trademark exceeded its carrying value by approximately 0.6% using projections that assumed an average annual revenue growth rate of 0.6% for fiscal 2021 to fiscal 2025 and a discount rate of 10.4%. The fair value of the Sally Hansen trademark would fall below its carrying value if the average annual revenue growth rate decreased by approximately 20 basis points or the discount rate increased by 10 basis points.

The fair values of the remaining indefinite-lived trademarks exceeded their carrying values by amounts ranging from 56% to more than 100%.

Some of the inherent estimates and assumptions used in determining fair value of the indefinite-lived intangible assets are outside the control of management, including interest rates, cost of capital, tax rates, credit ratings and industry growth. Given the current COVID-19 global pandemic and the uncertainties regarding the financial potential impact on the Company's business, there can be no assurance that the Company's estimates and assumptions regarding the impact of COVID-19 and the recovery period made for purposes of the indefinite-lived intangible asset impairment testing performed during our 2020 fiscal year will prove to be accurate predictions of the future. While the Company believes it has made reasonable estimates and assumptions to calculate the fair values of the indefinite-lived intangible assets, it is possible changes could occur. As for the indefinite-lived intangible assets, the most significant assumptions used are the revenue growth rate and the discount rate, a decrease in the revenue growth rate or an increase in the discount rate could result in a future impairment. The Company will continue to monitor its indefinite-lived tradenames for any triggering events or other signs of impairment. The Company may be required to perform additional impairment testing based on changes in the economic environment, disruptions to the Company's business, significant declines in operating results of the Company's reporting units and/or tradenames, further sustained deterioration of the Company's market capitalization, and other factors, which could result in impairment charges in the future. Although management cannot predict when improvements in macroeconomic conditions will occur, if consumer confidence and consumer spending decline significantly in the future or if commercial and industrial economic activity or the market capitalization deteriorates significantly from current levels, it is reasonably likely the Company will be required to record impairment charges in the future.

Long-Lived Assets

Long-lived assets, including tangible and intangible assets with finite lives, are amortized over their respective lives to their estimated residual values and are also reviewed for impairment whenever certain triggering events may indicate impairment. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, an impairment would be recorded for the excess of the carrying value over the fair value, which is determined by discounting future cash flows.

During fiscal 2020, 2019 and 2018, we recorded asset impairment charges of \$0.0, \$27.8 and \$15.6, respectively, primarily relating to the planned disposal of certain manufacturing facilities, and the write-off of machinery and equipment in excess of our needs. These impairment charges are included in Restructuring costs in the Consolidated Statements of Operations. During fiscal 2020, we recorded asset impairment charges of \$16.8 to Property and equipment and \$7.8 to Operating lease right-of-use asset, primarily relating to the abandonment of a retail store and software no longer in use. These impairment charges are primarily recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations.

Business Combinations

We allocate the cost of an acquired business to the assets acquired and liabilities assumed based on their estimated fair values as of the date of acquisition. The excess value of the cost of an acquired business over the estimated fair value of the assets acquired and liabilities assumed is recognized as goodwill. The valuation of the acquired assets and liabilities will impact our future operating results, as we recognize depreciation and amortization expense on long-lived assets. We use a variety of information sources to determine the value of acquired assets and liabilities including: third-party appraisers for the values and lives of property, identifiable intangibles and inventories; and legal counsel or other experts to assess the obligations and liabilities associated with legal, environmental or other claims.

Significant judgment is required in estimating the fair value of intangible assets and in assigning their respective useful lives. The fair value estimates are based on historical information and on future expectations and assumptions deemed reasonable by management, but are inherently uncertain. Determining the useful life of an intangible asset also requires judgment. Certain brand intangibles are expected to have indefinite lives based on their history and our plans to manage the acquired brands. Other intangible assets are expected to have determinable useful lives. Our assessment of intangible assets that have an indefinite life and those that have a determinable life is based on a number of factors including the competitive environment, market share, brand history, underlying product life cycles, operating plans and the macroeconomic environment. The costs of determinable-lived intangible assets are amortized to expense over the estimated useful life.

We generally use the following methodologies for valuing our significant acquired intangibles assets:

- Trademarks (indefinite or finite) - We use a relief from royalty method to value trademarks. The key assumptions for the model are forecasted net revenue, the royalty rate, the effective tax rate and the discount rate.
- Customer relationships and license agreements - We use an excess earnings method to value customer relationships. The key assumptions for the model are forecasted net revenue and earnings before interest, taxes, depreciation and

amortization (“EBITDA”), the estimated allocation of earnings between different classes of assets, the attrition rate, the effective tax rate and the discount rate.

Inventory

Inventories include items which are considered salable or usable in future periods, and are stated at the lower of cost or net realizable value, with cost being based on standard cost which approximates actual cost on a first-in, first-out basis. Costs include direct materials, direct labor and overhead (e.g., indirect labor, rent and utilities, depreciation, purchasing, receiving, inspection and quality control) and in-bound freight costs. We classify inventories into various categories based upon their stage in the product life cycle, future marketing sales plans and the disposition process.

We also record an inventory obsolescence reserve, which represents the excess of the cost of the inventory over its estimated net realizable value, based on various product sales projections. This reserve is calculated using an estimated obsolescence percentage applied to the inventory based on age, historical trends, and requirements to support forecasted sales. In addition, and as necessary, we may establish specific reserves for future known or anticipated events. These estimates could vary significantly, either favorably or unfavorably, from the amounts that we may ultimately realize upon the disposition of inventories if future economic conditions, customer inventory levels, product discontinuances, sales return levels, competitive conditions or other factors differ from our estimates and expectations.

Income Taxes

We are subject to income taxes in the U.S. and various foreign jurisdictions. We account for income taxes under the asset and liability method. Therefore, income tax expense is based on reported income before income taxes, and deferred income taxes reflect the effect of temporary differences between the amounts of assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes. Deferred taxes are recorded at currently enacted statutory tax rates and are adjusted as enacted tax rates change.

A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized based on currently available evidence. We consider how to recognize, measure, present and disclose in financial statements uncertain tax positions taken or expected to be taken on a tax return.

We are subject to tax audits in various jurisdictions. We regularly assess the likely outcomes of such audits in order to determine the appropriateness of liabilities for unrecognized tax benefits. We classify interest and penalties related to unrecognized tax benefits as a component of the provision for income taxes.

For unrecognized tax benefits, we first determine whether it is more-likely-than-not (defined as a likelihood of more than fifty percent) that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. As the determination of liabilities related to unrecognized tax benefits, including associated interest and penalties, requires significant estimates to be made by us, there can be no assurance that we will accurately predict the outcomes of these audits, and thus the eventual outcomes could have a material impact on our operating results or financial condition and cash flows.

Unrecognized tax benefits are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of examinations by tax authorities, developments in case law and closing of statute of limitations. Such adjustments are reflected in the provision for income taxes as appropriate. In addition, we are present in approximately 55 tax jurisdictions and we are subject to the continuous examination of our income tax returns by the Internal Revenue Service (IRS) and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

As a result of the 2017 Tax Act changing the U.S. to a modified territorial tax system, the Company no longer asserts that any of its undistributed foreign earnings are permanently reinvested. We do not expect to incur significant withholding or state taxes on future distributions. To the extent there remains a basis difference between the financial reporting and tax basis of an investment in a foreign subsidiary after the repatriation of the previously taxed income of \$4,600.0, the Company is permanently reinvested.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We have operations both within the U.S. and internationally, and we are exposed to market risks in the ordinary course of our business, including the effect of foreign currency fluctuations, interest rate changes and inflation. Information relating to quantitative and qualitative disclosures about these market risks is set forth in under the captions “Foreign Currency Exchange Risk Management,” “Interest Rate Risk Management,” and “Credit Risk Management” within Item 7, “Management’s

Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and is incorporated in this Item 7A by reference.

Item 8. *Financial Statements and Supplementary Data.*

The information required by this Item appears beginning on page F-1 of this Annual Report on Form 10-K and is incorporated in this Item 8 by reference.

Item 9A. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2020. Based on the evaluation of our disclosure controls and procedures as of June 30, 2020, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

We have included our Management Report over Internal Control over Financial Reporting in “Item 15. Exhibits, Financial Statement Schedules” and is incorporated in this Item 9A by reference.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in management’s evaluation pursuant to Rules 13a-15(f) and 15d-15(f) of the Exchange Act during the fourth fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, believes that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving our objectives and are effective at the reasonable assurance level. However, our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

Directors

Information regarding directors is incorporated by reference to the “Directors” and “Corporate Governance” sections of our proxy statement on Schedule 14A for the 2020 Annual Meeting of Stockholders (the “2020 Proxy Statement”).

Executive Officers

Information regarding executive officers is incorporated by reference to the “Executive Officers” section of our 2020 Proxy Statement.

Section 16(a) Beneficial Ownership Reporting Compliance

This information is incorporated by reference to the “Section 16(a) Beneficial Ownership Reporting Compliance” section of our 2020 Proxy Statement.

Code of Ethics

This information is incorporated by reference to the “Corporate Governance Guidelines and Code of Business Conduct” section of our 2020 Proxy Statement.

Item 11. Executive Compensation.

This information is incorporated by reference to the “Executive Compensation” and “Director Compensation” sections of our 2020 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

This information is incorporated by reference to the “Security Ownership of Certain Beneficial Owners and Management” section of our 2020 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

This information is incorporated by reference to the “Certain Relationships and Transactions of Related Persons” and “Corporate Governance” section of our 2020 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

This information is incorporated by reference to the “Audit Fees and Other Fees” section of our 2020 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

List of documents filed as part of this Report:

- (1) Consolidated Financial Statements and Reports of Independent Registered Public Accounting Firm included herein: See Index on page F-1.
- (2) Financial Statement Schedule: See S-1.
- (3) All other schedules are omitted as they are inapplicable or the required information is furnished in the Company’s Consolidated Financial Statements or the Notes thereto.
- (4) List of Exhibits:

Exhibit Number	Document
2.1	Transaction Agreement dated as of July 8, 2015 among The Procter & Gamble Company, Coty Inc., Galleria Co. and Green Acquisition Sub Inc. (incorporated by reference to Exhibit 2.2 to the Company’s Annual Report on Form 10-K filed on August 17, 2015).*
2.2	Repurchase Letter Agreement dated August 13, 2015 among The Procter & Gamble Company, Coty Inc., Galleria Co. and Green Acquisition Sub Inc. (incorporated by reference to Exhibit 2.3 to the Company’s Annual Report on Form 10-K filed on August 17, 2015).
2.3	Letter Agreement, dated February 19, 2016, by and among The Procter & Gamble Company, the registrant, Galleria Co. and Green Acquisition Sub Inc. (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on February 25, 2016).
2.4	Third Amendment to Transaction Agreement, dated May 25, 2016, by and among The Procter & Gamble Company, Coty Inc., Galleria Co. and Green Acquisition Sub Inc. (incorporated by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed on May 27, 2016).
2.5	Fourth Amendment to Transaction Agreement, dated August 25, 2016, by and among The Procter & Gamble Company, Coty Inc., Galleria Co. and Green Acquisition Sub Inc. (incorporated by reference to Exhibit 2.5 to Amendment No. 4 to the Company’s Registration Statement on Form S-4, filed on August 25, 2016).*
2.6	Side Letter, dated September 13, 2016, between Coty Inc. and The Procter & Gamble Company (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on November 9, 2016).

- [2.7](#) [Assignment and Transfer Agreement, dated as of November 2, 2015, by and between JAB Cosmetics B.V. and Coty Inc., including as an exhibit thereto that certain Shares and Trademarks Sale and Purchase Agreement, dated as of November 2, 2015, by and among JAB Cosmetics B.V., Hypermarcas S.A., Cosmed Indústria de Cosméticos e Medicamentos S.A., and as intervening and consenting parties, Novita Distribuição, Armazenamento e Transportes S.A., and Savoy Indústria de Cosméticos S.A. \(incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on November 3, 2015\).](#)
- [2.8](#) [Sale and Purchase Agreement, dated as of October 17, 2016, by and among Coty Inc., Gloria Coinvest 1 L.P., Lion Capital Fund III L.P., Lion Capital Fund III SBS L.P., Lion Capital Fund III \(USD\) L.P., Lion Capital Fund III SBS \(USD\) L.P., Ghd Nominees Limited \(“GHD”\), the management sellers named therein, and the other individual sellers named therein \(incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on October 17, 2016\).*](#)
- [2.9](#) [Tax Matters Agreement, effective as of October 1, 2016, by and among Coty Inc., The Procter & Gamble Company, Galleria Co. and Green Acquisition Sub Inc. \(incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on October 3, 2016\).](#)
- [2.10](#) [Purchase Agreement, dated as of November 18, 2019, by and among King Kylie Holdings, LLC, KMJ 2018 Irrevocable Trust, Kylie Jenner Inc., King Kylie, LLC, Coty Inc. and solely for the purpose of Section 6.7 and Section 6.13, KKJ 2018 Irrevocable Trust \(incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on February 5, 2020\).](#)
- [2.11](#) [Sale and Purchase Agreement, dated June 1, 2020, by and among Coty Inc., Coty International Holding, B.V. and Rainbow UK Bidco Limited \(incorporated by reference to Exhibit 2.2 to the Company’s Current Report on Form 8-K filed on June 2, 2020\).](#)
- [2.12](#) [Separation Agreement, dated June 1, 2020, by and among Coty Inc., Coty International Holding, B.V., Waves UK Divestco Limited and Rainbow UK Bidco Limited \(incorporated by reference to Exhibit 2.1 to the Company’s Current Report on Form 8-K filed on June 2, 2020\).](#)
- [3.1](#) [Amended and Restated Certificate of Incorporation of Coty Inc. \(incorporated by reference to Exhibit 3.1 to Amendment No. 5 of the Company’s Registration Statement on Form S-1 \(File No. 333-182420\) filed on May 14, 2013\)](#)
- [3.2](#) [Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Coty Inc. \(incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on October 3, 2016\).](#)
- [3.3](#) [Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Coty Inc. \(incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on June 25, 2020\).](#)
- [3.4](#) [Amended and Restated By-Laws \(incorporated by reference to Exhibit 3.2 to Amendment No. 4 to the Company’s Registration Statement on Form S-1 \(File No. 333-182420\) filed on April 24, 2013\).](#)
- [4.1](#) [Specimen Class A Common Stock Certificate of the registrant \(incorporated by reference to Exhibit 4.1 to Amendment No. 6 to the Company’s Registration Statement on Form S-1 \(File No. 333-182420\) filed on May 28, 2013\)](#)
- [4.2](#) [Certificate of Designations of Preferred Stock, Series A, dated April 17, 2015 \(incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 20, 2015\).](#)
- [4.3](#) [Certificate of Designations of Preferred Stock, Series A-1, dated February 4, 2019 \(incorporated by reference to Exhibit 4.3 to the Company’s Quarterly Report on Form 10-Q filed on February 8, 2019\).](#)
- [4.4](#) [Certificate of Designations of Preferred Stock, Series B, dated May 26, 2020 \(incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed on May 26, 2020\).](#)
- [4.5](#) [Indenture, dated as of April 5, 2018, among Coty Inc., the guarantors named therein, Deutsche Bank Trust Company Americas, as Trustee, Registrar and U.S. Paying Agent with respect to the 2026 Dollar Notes, and Deutsche Bank AG, London Branch, as London Paying Agent with respect to the Euro Notes \(incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 10, 2018\).](#)
- [4.6](#) [Form of 2026 Dollar notes \(included in Exhibit 4.4\) \(incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 10, 2018\).](#)
- [4.7](#) [Form of 2023 Euro Notes \(included in Exhibit 4.4\) \(incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 10, 2018\).](#)
- [4.8](#) [Form of 2036 Euro Notes \(included in Exhibit 4.4\) \(incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 10, 2018\).](#)
- [4.9](#) [Stockholders Agreement, dated as of March 17, 2019, by and among JAB Holdings, Parent, Offeror and the Company \(incorporated by reference to Exhibit \(e\)\(17\) to the Company’s Solicitation/Recommendation Statement on Schedule 14D-9/A filed on March 18, 2019\).](#)
- [4.10](#) [Description of Securities.](#)

- [10.1 Credit Agreement, dated as of October 27, 2015, by and among Coty Inc., the other borrowers party thereto from time to time, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents from time to time party thereto \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 30, 2015\).](#)
- [10.2 Pledge and Security Agreement, dated as of October 27, 2015, by and among Coty Inc., its subsidiaries signatory thereto and any other subsidiary who may become a party thereto and JPMorgan Chase Bank, N.A., as collateral agent \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 30, 2015\).](#)
- [10.3 Credit Agreement, dated January 26, 2016, among Galleria Co., as initial borrower, the other borrowers from time to time party thereto, J.P. Morgan Chase Bank, N.A., as administrative agent and collateral agent, and the other agents and lenders party thereto \(incorporated by reference to Exhibit 10.4 of Galleria Co.'s Registration Statement on Form S-4 filed on April 22, 2016\).](#)
- [10.4 Guaranty Agreement, dated as of October 27, 2015, by and among Coty Inc., its subsidiaries signatory thereto and any other subsidiary who may become a party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent \(incorporate by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 30, 2015\).](#)
- [10.5 Incremental Assumption Agreement and Amendment No. 1, dated April 8, 2016 to the Credit Agreement, by and among Coty Inc., Coty B.V., certain subsidiaries of Coty Inc. party thereto, the incremental lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 14, 2016\).](#)
- [10.6 Incremental Assumption Agreement and Refinancing Amendment to Credit Agreement, dated as of October 28, 2016, among Coty Inc., Coty B.V., the other loan parties party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 28, 2016\).](#)
- [10.7 Incremental Facility Activation Notice, dated as of October 28, 2016, among Coty Inc., each incremental term A lender and JPMorgan Chase Bank, N.A. as administrative agent \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 28, 2016\).](#)
- [10.8 Amended and Restated Credit Agreement, dated as of April 5, 2018, by and among Coty Inc., Coty B.V., the other borrowers party thereto from time to time, the lenders and other parties from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on April 10, 2018\).](#)
- [10.9 Amendment No. 1, dated June 27, 2019, to the Amended and Restated Credit Agreement, dated April 5, 2018, by and among Coty Inc., Coty B.V., the other borrowers party thereto from time to time, the lenders and other parties from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 1, 2019\).](#)
- [10.10 Amendment No. 2, dated April 29, 2020, to the Amended and Restated Credit Agreement, dated April 5, 2018, by and among Coty Inc., Coty B.V., the other borrowers party thereto from time to time, the lenders and other parties from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on April 30, 2020\).](#)
- [10.11 Transition Services Agreement, effective as of October 1, 2016, by and between The Procter & Gamble Company and Galleria Co. \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 3, 2016\).](#)
- [10.12 Investment Agreement, dated May 11, 2020, by and between Coty Inc. and KKR Rainbow Aggregator L.P. \(incorporated by reference to Exhibit 10.1 to the Company's 8-K filed on May 12, 2020\).](#)
- [10.13 Amendment No. 1 to the Investment Agreement, dated June 1, 2020, by and among Coty Inc. and KKR Rainbow Aggregator L.P. \(incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed on June 1, 2020\).](#)
- [10.14 Registration Rights Agreement, dated as of May 26, 2020, by and among Coty Inc. and KKR Rainbow Aggregator L.P. \(incorporated by reference to Exhibit 10.1 to the Company's 8-K filed on May 26, 2020\).](#)
- [10.15 Employment Agreement, dated December 10, 2019, between Coty Management B.V. and Pierre-Andre Terisse \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).†](#)
- [10.16 Employment Agreement, dated January 27, 2020, between Coty Management B.V. and Kristin Blazewicz \(incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).†](#)
- [10.17 Employment Agreement, dated June 3, 2020, between Coty Management B.V. and Gordon Von Bretten.†](#)
- [10.18 Offer Letter, dated as of April 1, 2016, between Ayesha Zafar and the Company \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 11, 2016\).†](#)

- [10.19](#) [Employment Agreement, dated October 12, 2015, between Coty Geneva SA Versoix and Sylvie Moreau \(incorporated by reference to Exhibit 10.30 to the Company's Quarterly Report on Form 10-Q filed on February 4, 2016\).](#)†
- [10.20](#) [Employment Agreement, dated November 2, 2015, between Coty S.A.S. and Edgar Huber \(incorporated by reference to Exhibit 10.31 to the Company's Quarterly Report on Form 10-Q filed on February 4, 2016\).](#)†
- [10.21](#) [Offer Letter, dated June 20, 2019, between Coty Inc. and Edgar Huber \(incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.22](#) [Side Letter, dated March 17, 2020, between Coty Inc. and Edgar Huber \(incorporated by reference to Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.23](#) [Employment Agreement, dated October 12, 2016 between HFC Prestige International Operations Switzerland sarl and Anne Jaeckin, and the addendum thereof dated May 18, 2020.](#)†
- [10.24](#) [Employment Agreement, dated October 31, 2019, between Coty Management B.V. and Richard Jones \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on February 5, 2020\).](#)†
- [10.25](#) [Amended Employment Agreement, dated June 20, 2019, between Coty SAS and Simona Cattaneo \(incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.26](#) [Employment Agreement, dated February 27, 2020, between Coty Management B.V. and Fiona Hughes \(incorporated by reference to Exhibit 10.9 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.27](#) [Employment Agreement, dated November 12, 2018, between Coty Services UK Limited and Pierre Laubies \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K on November 14, 2018\).](#)†
- [10.28](#) [Employment Agreement Letter, dated January 9, 2020, between Coty Management B.V. and Pierre Laubies \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.29](#) [Settlement Agreement, dated February 27, 2020, between Coty Management B.V. and Pierre Laubies \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.30](#) [Side Letter to Settlement Agreement, dated May 5, 2020, between Coty Management B.V. and Pierre Laubies \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.31](#) [Series A-1 Preferred Stock Repurchase Agreement, dated as of February 27, 2020, between Coty Inc., Pierre Laubies and Elmfort Invest B.V. \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 11, 2020\).](#)†
- [10.32](#) [Amendment and Settlement Agreement, dated May 31, 2020, between Coty Management B.V. and Pierre Denis.](#)†
- [10.33](#) [Settlement Agreement, dated May 30, 2020, between Coty Management B.V. and Giovanni Pieraccione.](#)†
- [10.34](#) [Separation Agreement, dated May 29, 2020, between Coty Inc. and Daniel Ramos Day.](#)†
- [10.35](#) [Separation Agreement, dated as of February 1, 2019, between Coty Inc. and Laurent Kleitman \(incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed on May 8, 2019\).](#)†
- [10.36](#) [Separation Agreement, dated 5 November, 2019, between Coty Services UK Limited and Greerson McMullen \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2019\).](#)†
- [10.37](#) [Separation and Termination Agreement, dated as of September 9, 2019, by and between HFC Prestige International Operations Switzerland Sarl and Luc Volatier \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 6, 2019\).](#) †
- [10.38](#) [Form of Indemnification Agreement between the registrant and its directors and officers \(incorporated by reference to Exhibit 10.24 to Amendment No. 4 to the Company's Registration Statement on Form S-1 \(File No. 333-182420\) filed on April 24, 2013\).](#)
- [10.39](#) [Amended and Restated Annual Performance Plan, as of February 1, 2017 \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2017\).](#)†
- [10.40](#) [Form of Restricted Stock Unit Award under Coty Inc. 2007 Stock Plan for Directors, as amended on April 8, 2013 \(incorporated by reference to Exhibit 10.41 to Amendment No. 4 to the Company's Registration Statement on Form S-1 \(File No. 333-182420\) filed on April 24, 2013\).](#)†
- [10.41](#) [Amended and Restated Coty Inc. Equity and Long-Term Incentive Plan, as amended and restated on February 1, 2017 \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2017\).](#)†

10.42	Restricted Stock Unit Award Terms and Conditions Under Coty Inc. Equity and Long-Term Incentive Plan, as amended and restated on April 8, 2013 (incorporated by reference to Exhibit 10.44 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-182420) filed on April 24, 2013). †
10.43	Restricted Stock and Restricted Stock Unit Tandem Award Terms and Conditions under the Coty Inc. Equity and Long-Term Incentive Plan, as amended and restated on April 8, 2013 (incorporated by reference to Exhibit 10.45 to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-182420) filed on April 14, 2013). †
10.44	Form of Subscription Agreement for Series A Preferred Stock (incorporated by reference to Exhibit 10.55 to the Company's Annual Report on Form 10-K filed on August 17, 2015). †
10.45	Subscription Agreement, dated as of February 16, 2017, between Coty Inc. and Sébastien Froidefond (incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2017). †
10.46	Subscription Agreement, dated as of March 27, 2017, between Coty Inc. and Lambertus J.H. Becht (incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2017). †
10.47	Amended Form of Elite Subscription and Stock Option Agreement (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed on May 10, 2017). †
10.48	Form of Phantom Unit Award Terms and Conditions (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 5, 2014). †
10.49	Terms and Conditions Performance Stock Options under Coty Inc. Equity and Long-Term Incentive Plan, as amended and restated on October 28, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on February 8, 2018). †
10.50	Form of Subscription Agreement for Series A-1 Preferred Stock (incorporated by reference to Exhibit 45 to the Company's Annual Report on Form 10-K filed on August 28, 2019). †
10.51	Terms and Conditions of 2019 Incentive Stock Options under Coty Inc. Equity and Long-Term Incentive plan (incorporated by reference to Exhibit 46 to the Company's Annual Report on Form 10-K filed on August 28, 2019). †
10.52	Form of Restricted Stock Award Agreement under the Amended and Restated Coty Inc. Equity and Long Term-Incentive Plan †
21.1	List of significant subsidiaries.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney (included in signature page).
31.1	Certification of Chief Executive Officer, pursuant to Rules 13a-14a and 15d-14(a)
31.2	Certification of Chief Financial Officer, pursuant to Rules 13a-14(d) and 15d-14(d)
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S. C. Section 1350
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S. C. Section 1350
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).
*	Schedules and similar attachments have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementary to the Securities and Exchange Commission a copy of any omitted schedule or similar attachment upon request.
†	Exhibit is a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of New York, New York on August 27, 2020.

COTY INC.

By: /s/ Pierre-André Terisse

Name: Pierre-André Terisse

Title: Chief Operating Officer and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kristin Blazewicz, as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming that all said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
<i>/s/Peter Harf</i> (Peter Harf)	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	August 27, 2020
<i>/s/Pierre-André Terisse</i> (Pierre-André Terisse)	Chief Operating Officer/Chief Financial Officer (Principal Financial Officer)	August 27, 2020
<i>/s/Ayesha Zafar</i> (Ayesha Zafar)	Senior Vice President, Group Controller (Principal Accounting Officer)	August 27, 2020
<i>/s/Beatrice Ballini</i> (Beatrice Ballini)	Director	August 27, 2020
<i>/s/Sabine Chalmers</i> (Sabine Chalmers)	Director	August 27, 2020
<i>/s/Joachim Creus</i> (Joachim Creus)	Director	August 27, 2020
<i>/s/Nancy Ford</i> (Nancy Ford)	Director	August 27, 2020
<i>/s/Olivier Goudet</i> (Olivier Goudet)	Director	August 27, 2020
<i>/s/Johannes Huth</i> (Johannes Huth)	Vice Chairman of the Board of Directors	August 27, 2020
<i>/s/Paul Michaels</i> (Paul Michaels)	Director	August 27, 2020
<i>/s/Erhard Schoewel</i> (Erhard Schoewel)	Director	August 27, 2020
<i>/s/Robert Singer</i> (Robert Singer)	Director	August 27, 2020
<i>/s/Isabelle Parize</i> (Isabelle Parize)	Director	August 27, 2020
<i>/s/Justine Tan</i> (Justine Tan)	Director	August 27, 2020

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Coty's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) of the Securities Exchange Act of 1934) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Coty's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coty's management evaluated the effectiveness of internal control over financial reporting as of June 30, 2020 based on the criteria established in "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the evaluation, management has concluded that Coty maintained effective internal control over financial reporting as of June 30, 2020.

The Company's internal control over financial reporting as of June 30, 2020 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their attestation report which appears herein.

/s/ Peter Harf

Peter Harf

Chairman and Chief Executive Officer

/s/ Pierre-André Terisse

Pierre-André Terisse

Chief Operating Officer/Chief Financial Officer

August 27, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Coty Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Coty Inc. and subsidiaries (the “Company”) as of June 30, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements, and financial statement schedule as of and for the year ended June 30, 2020 of the Company and our report dated August 27, 2020 expressed an unqualified opinion on those financial statements and financial statement schedule.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

New York, New York
August 27, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Coty Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Coty Inc. and subsidiaries (the "Company") as of June 30, 2020 and 2019, the related consolidated statements of operations, comprehensive income (loss), equity and cash flows, for each of the three years in the period ended June 30, 2020, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of June 30, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated August 27, 2020, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill and Other Indefinite-lived Intangible Assets – Goodwill for the Americas Reporting Unit and Impairment of Europe, Middle East and Africa “EMEA” Reporting Unit’s Goodwill and certain Trademarks – Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the fair value of each reporting unit to its' carrying value. The Company determines the fair value of its reporting units using a combination of a discounted cash flow model and the market approach, when applicable. The determination of the fair value using the discounted cash flow model requires management to make significant estimates and assumptions related to expected revenue growth rates, expected profit margins, and discount rates. Changes in these assumptions could have a significant impact on either the fair value, the amount of any goodwill impairment charge, or both. Management assesses goodwill at least annually as of May 1 for impairment, or more frequently, if certain events or circumstances warrant. The goodwill balance was \$3,973.9 million as of June 30, 2020, of which \$1,343.5 million and \$1,781.6 million was allocated to the Americas and EMEA reporting units (the "reporting units"), respectively. During fiscal 2020, the Company recognized goodwill impairment charges of \$105.0 million related to the EMEA reporting unit, as the fair value of this reporting unit was lower than its' carrying value. In addition, the fair value of the Americas reporting unit exceeded its' carrying value by approximately 2.4%.

The Company has trademarks that are indefinite-lived intangible assets. The Company's evaluation of the trademarks for impairment involves the comparison of the fair value of each trademark to its' carrying value. Management estimates the fair value of these trademarks annually on its elected assessment date of May 1, or more frequently if certain events occur, based upon the income approach, using the relief from royalty methodology, which is a specific discounted cash flow method. The determination of the fair value requires management to make significant estimates and assumptions related to the trademarks' estimated cash flows, royalty rates and discount rates, especially those related to the CoverGirl, Max Factor and Sally Hansen trademarks (the "trademarks"). Changes in these assumptions could have a significant impact on the fair value of the trademarks, the amount of any impairment charge, or both. As of June 30, 2020, the carrying value of the trademarks was \$995.5 million, of which \$327.4 million, \$169.7 million and \$161.3 million related to the CoverGirl, Max Factor and Sally Hansen trademarks, respectively. During fiscal 2020, the Company recognized trademark impairment charges of \$329.0 million (mainly related to CoverGirl and Max Factor), as the fair values of the trademarks were lower than their carrying values. In addition, the fair value of the Sally Hansen trademark exceeded its' carrying value by approximately 0.6%.

Given the significant judgments made by management to estimate the fair values of the reporting units and the difference between the reporting units fair value and carrying value, performing auditing procedures to evaluate the reasonableness of management's judgments regarding the business and valuation assumptions utilized in the valuation model, particularly the expected revenue growth rates and expected profit margins, and the selection of the discount rate, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists. In addition, given the significant estimates and assumptions made by management to estimate the fair values of the trademarks, the impairment charges recorded during the year for the trademarks, and the difference between fair value and carrying value for the Sally Hansen trademark, performing audit procedures to evaluate the reasonableness of such estimates and assumptions, particularly the trademarks' estimated cash flows, and the selection of the royalty and discount rates, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the expected revenue growth rates and expected profit margins for the reporting units, estimated cash flows for the trademarks, the selection of the royalty rates for the trademarks, and the selection of the discount rates for the reporting units and the trademarks included the following, among others:

- We tested the effectiveness of controls over goodwill, and indefinite-lived intangible assets, including those over the expected revenue growth rates and expected profit margins for the reporting units, estimated cash flows for the trademarks and the selection of the respective discount and royalty rates.
- We evaluated management's ability to accurately forecast by comparing actual results in previous years to management's historical forecasts and by comparing the May and June 2020 forecasts with actual results for those months, for the reporting units and the trademarks, respectively.
- We evaluated the reasonableness of management's expected revenues growth rates and profit margins for the reporting units and estimated cash flows for the trademarks, by comparing management's forecasts with:
 - Historical cash flows and trends;
 - Internal communications to management and the Board of Directors; and
 - Forecasted information included in Company press releases, as well as analyst and industry reports of the Company and selected companies in its peer group.
- We considered the impact of industry and market conditions on management's forecasts for the reporting units and the trademarks, including consideration of the effects related to the COVID-19 Pandemic.
- We evaluated the impact of changes in management's forecasts from the May 1, 2020 annual measurement date to June 30, 2020.
- With the assistance of our fair value specialists, we evaluated the valuation approaches and discount rates for the reporting units and the trademarks, and royalty rates for the trademarks, including testing the underlying source information and the mathematical accuracy of the calculations, and developing a range of independent estimates and comparing those to the respective discount rates and royalty rates selected by management.

/s/ Deloitte & Touche LLP
New York, New York
August 27, 2020

We have served as the Company's auditor since 1995.

COTY INC. & SUBSIDIARIES
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COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Year Ended June 30,		
	2020	2019	2018
Net revenues	\$ 4,717.8	\$ 6,287.9	\$ 6,841.8
Cost of sales	1,991.2	2,498.5	2,718.2
Gross profit	2,726.6	3,789.4	4,123.6
Selling, general and administrative expenses	3,120.0	3,467.9	3,807.1
Amortization expense	233.1	246.7	244.3
Restructuring costs	130.2	34.2	134.9
Acquisition- and divestiture- related costs	157.3	—	64.2
Asset impairment charges	434.0	3,729.0	—
(Gain) loss on divestitures and sale of brand assets	(111.5)	—	28.6
Operating loss	(1,236.5)	(3,688.4)	(155.5)
Interest expense, net	242.7	225.2	200.6
Loss on early extinguishment of debt	—	—	10.7
Other (income) expense, net	(11.6)	31.8	27.7
Loss from continuing operations before income taxes	(1,467.6)	(3,945.4)	(394.5)
Benefit for income taxes on continuing operations	(377.7)	(54.8)	(32.2)
Net loss from continuing operations	(1,089.9)	(3,890.6)	(362.3)
Net income from discontinued operations	87.2	121.0	234.5
Net loss	(1,002.7)	(3,769.6)	(127.8)
Net income attributable to noncontrolling interests	4.7	2.5	2.0
Net (loss) income attributable to redeemable noncontrolling interests	(0.7)	12.1	39.0
Net loss attributable to Coty Inc.	\$ (1,006.7)	\$ (3,784.2)	\$ (168.8)
Amounts attributable to Coty Inc.			
Net loss from continuing operations	\$ (1,093.9)	\$ (3,905.2)	\$ (403.3)
Convertible Series B Preferred Stock dividends	(6.5)	—	—
Net loss from continuing operations attributable to common stockholders	(1,100.4)	(3,905.2)	(403.3)
Net income from discontinued operations	87.2	121.0	234.5
Net loss attributable to common stockholders	\$ (1,013.2)	\$ (3,784.2)	\$ (168.8)
(Loss) Earnings per common share			
(Loss) from continued operations per common share - basic	\$ (1.45)	\$ (5.20)	\$ (0.54)
(Loss) from continued operations per common share - diluted	\$ (1.45)	\$ (5.20)	\$ (0.54)
Earnings from discontinued operations - basic	\$ 0.12	\$ 0.16	\$ 0.31
Earnings from discontinued operations - diluted	\$ 0.12	\$ 0.16	\$ 0.31
(Loss) per common share - basic	\$ (1.33)	\$ (5.04)	\$ (0.23)
(Loss) per common share - diluted	\$ (1.33)	\$ (5.04)	\$ (0.23)
Weighted-average common shares outstanding:			
Basic	759.1	751.2	749.7
Diluted	759.1	751.2	749.7

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)

	Year Ended June 30,		
	2020	2019	2018
Net loss	\$ (1,002.7)	\$ (3,769.6)	\$ (127.8)
Other comprehensive income (loss):			
Foreign currency translation adjustment	(379.2)	(113.2)	115.7
Net unrealized derivative gain (loss) on cash flow hedges, net of taxes of \$9.1, \$14.0 and \$(2.2), respectively	(29.7)	(45.0)	15.2
Pension and other post-employment benefits, net of tax of \$(7.3), \$17.3 and \$1.5, respectively	11.6	(59.3)	17.5
Total other comprehensive (loss) income, net of tax	(397.3)	(217.5)	148.4
Comprehensive (loss) income	(1,400.0)	(3,987.1)	20.6
Comprehensive income attributable to noncontrolling interests:			
Net income	4.7	2.5	2.0
Foreign currency translation adjustment	0.1	0.1	0.5
Total comprehensive income attributable to noncontrolling interests	4.8	2.6	2.5
Comprehensive income attributable to redeemable noncontrolling interests:			
Net (loss) income	(0.7)	12.1	39.0
Comprehensive loss attributable to Coty Inc.	\$ (1,404.1)	\$ (4,001.8)	\$ (20.9)

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	June 30, 2020	June 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 308.3	\$ 340.4
Restricted cash	43.7	40.0
Trade receivables—less allowances of \$57.3 and \$27.5, respectively	440.1	858.9
Inventories	678.2	860.1
Prepaid expenses and other current assets	411.6	398.2
Current assets held for sale	4,613.1	773.2
Total current assets	6,495.0	3,270.8
Property and equipment, net	1,081.6	1,332.7
Goodwill	3,973.9	4,166.8
Other intangible assets, net	4,372.1	4,531.3
Operating lease right-of-use assets (See Note 16)	371.4	—
Deferred income taxes	362.4	110.4
Other noncurrent assets	72.4	102.5
Noncurrent assets held for sale	—	4,195.5
TOTAL ASSETS	\$ 16,728.8	\$ 17,710.0
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,190.3	\$ 1,583.5
Accrued expenses and other current liabilities	1,111.6	1,188.5
Short-term debt and current portion of long-term debt	188.3	193.8
Current operating lease liabilities (See Note 16)	105.0	—
Income and other taxes payable	33.8	52.9
Current liabilities held for sale	956.7	456.5
Total current liabilities	3,585.7	3,475.2
Long-term operating lease liabilities (See Note 16)	317.4	—
Long-term debt, net	7,892.1	7,469.9
Pension and other post-employment benefits	400.3	447.7
Deferred income taxes	175.1	351.3
Other noncurrent liabilities	334.5	398.0
Noncurrent liabilities held for sale	—	522.7
TOTAL LIABILITIES	12,705.1	12,664.8
COMMITMENTS AND CONTINGENCIES (Note 26)		
CONVERTIBLE SERIES B PREFERRED STOCK , \$0.01 par value; 1.0 shares authorized; 0.8 and 0.8 issued and outstanding, at June 30, 2020	715.8	—
REDEEMABLE NONCONTROLLING INTERESTS	79.1	451.8
EQUITY:		
Preferred stock, \$0.01 par value; 20.0 shares authorized; 1.5 and 9.4 issued and outstanding, at June 30, 2020 and 2019, respectively	—	0.1
Class A Common Stock, \$0.01 par value; 1,250.0 and 1,000.0 shares authorized, 830.6 and 819.2 issued and 765.1 and 754.2 outstanding at June 30, 2020 and 2019, respectively	8.3	8.1
Additional paid-in capital	10,447.4	10,620.5
Accumulated deficit	(5,548.6)	(4,541.2)
Accumulated other comprehensive (loss) income	(456.2)	(58.8)
Treasury stock—at cost, shares: 65.5 and 65.0 at June 30, 2020 and 2019, respectively	(1,446.3)	(1,441.8)
Total Coty Inc. stockholders' equity	3,004.6	4,586.9
Noncontrolling interests	224.2	6.5
Total equity	3,228.8	4,593.4
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY	\$ 16,728.8	\$ 17,710.0

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Preferred Stock		Class A Common Stock		Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Coty Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests	Convertible Series B Preferred Stock
	Shares	Amount	Shares	Amount				Shares	Amount					
BALANCE as previously reported—July 1, 2017	4.2	\$ —	812.9	\$ 8.1	\$ 11,203.2	\$ (459.2)	\$ 4.4	65.0	\$ (1,441.8)	\$ 9,314.7	\$ 3.0	\$ 9,317.7	\$ 551.1	\$ —
Adjustment due to the adoption of ASU 2016-09						8.3				8.3		8.3		
Balance as adjusted—July 1, 2017	<u>4.2</u>	<u>\$ —</u>	<u>812.9</u>	<u>\$ 8.1</u>	<u>\$ 11,203.2</u>	<u>\$ (450.9)</u>	<u>\$ 4.4</u>	<u>65.0</u>	<u>\$ (1,441.8)</u>	<u>\$ 9,323.0</u>	<u>\$ 3.0</u>	<u>\$ 9,326.0</u>	<u>\$ 551.1</u>	<u>\$ —</u>
Issuance of Preferred Stock	1.0	—								—		—		
Cancellation of Preferred Stock	(0.2)	—								—		—		
Exercise of employee stock options and restricted stock units and related tax benefits			2.9	—	22.6					22.6		22.6		
Shares withheld for employee taxes					(3.6)					(3.6)		(3.6)		
Share-based compensation expense					31.5					31.5		31.5		
Dividends (\$0.500 per common share)					(377.6)					(377.6)		(377.6)		
Net income (loss)						(168.8)				(168.8)	2.0	(166.8)	39.0	
Other comprehensive income							147.9			147.9	0.5	148.4		
Adjustment due to the adoption of ASU 2018-02						(6.5)	6.5			—		—		
Distribution to noncontrolling interests, net										—		—	(54.3)	
Dilution of redeemable noncontrolling interest due to additional contribution					17.0					17.0		17.0	(17.0)	
Additional redeemable noncontrolling interests due to employee grants					(7.4)					(7.4)		(7.4)	7.4	
Proceeds from redeemable noncontrolling interests										—		—	0.2	
Adjustment of redeemable noncontrolling interests to redemption value					(134.9)					(134.9)		(134.9)	134.9	
BALANCE—June 30, 2018	<u>5.0</u>	<u>\$ —</u>	<u>815.8</u>	<u>\$ 8.1</u>	<u>\$ 10,750.8</u>	<u>\$ (626.2)</u>	<u>\$ 158.8</u>	<u>65.0</u>	<u>\$ (1,441.8)</u>	<u>\$ 8,849.7</u>	<u>\$ 5.5</u>	<u>\$ 8,855.2</u>	<u>\$ 661.3</u>	<u>\$ —</u>

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Preferred Stock		Class A Common Stock		Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Income	Treasury Stock		Total Coty Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests	Convertible Series B Preferred Stock
	Shares	Amount	Shares	Amount				Shares	Amount					
BALANCE as previously reported—July 1, 2018	5.0	\$ —	815.8	\$ 8.1	\$ 10,750.8	\$ (626.2)	\$ 158.8	65.0	\$ (1,441.8)	\$ 8,849.7	\$ 5.5	\$ 8,855.2	\$ 661.3	\$ —
Revised Adjustment due to the adoption of ASU No. 2016-16						(112.6)				(112.6)		(112.6)		
Adjustment due to the adoption of ASC 606						(18.2)				(18.2)		(18.2)		
BALANCE as adjusted—July 1, 2018	5.0	\$ —	815.8	\$ 8.1	\$ 10,750.8	\$ (757.0)	\$ 158.8	65.0	\$ (1,441.8)	\$ 8,718.9	\$ 5.5	\$ 8,724.4	\$ 661.3	\$ —
Issuance of Preferred Stock	7.9	0.1			0.7					0.8		0.8		
Cancellation of Preferred Stock	(3.5)	—								—		—		
Exercise of employee stock options and restricted stock units			1.0	—	5.2					5.2		5.2		
Shares withheld for employee taxes					(1.4)					(1.4)		(1.4)		
Share-based compensation expense					16.9					16.9		16.9		
Dividends declared - Cash and Other (\$0.500 per common share)					(347.5)					(347.5)		(347.5)		
Dividends settled in Shares of Class A Common Stock			2.4	—	30.6					30.6		30.6		
Dividends declared - Stock (\$0.125 per Common Share)					(30.6)					(30.6)		(30.6)		
Net income (loss)						(3,784.2)				(3,784.2)	2.5	(3,781.7)	12.1	
Other comprehensive loss							(217.6)			(217.6)	0.1	(217.5)		
Distribution to noncontrolling interests, net										—	(1.6)	(1.6)	(26.8)	
Additional redeemable noncontrolling interests due to employee grants and other adjustments					(0.6)					(0.6)		(0.6)	1.6	
Adjustment of redeemable noncontrolling interests to redemption value					196.4					196.4		196.4	(196.4)	
BALANCE—June 30, 2019	9.4	\$ 0.1	819.2	\$ 8.1	\$ 10,620.5	\$ (4,541.2)	\$ (58.8)	65.0	\$ (1,441.8)	\$ 4,586.9	\$ 6.5	\$ 4,593.4	\$ 451.8	\$ —

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Preferred Stock		Class A Common Stock		Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive (Loss) Income	Treasury Stock		Total Coty Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests	Convertible Series B Preferred Stock
	Shares	Amount	Shares	Amount				Shares	Amount					
BALANCE as previously reported—July 1, 2019	9.4	\$ 0.1	819.2	\$ 8.1	\$ 10,620.5	\$ (4,541.2)	\$ (58.8)	65.0	\$ (1,441.8)	\$ 4,586.9	\$ 6.5	\$ 4,593.4	\$ 451.8	\$ —
Adjustment due to the adoption of ASC 842 (See Note 2)						(0.7)				(0.7)		(0.7)		
BALANCE as adjusted—July 1, 2019	<u>9.4</u>	<u>0.1</u>	<u>819.2</u>	<u>8.1</u>	<u>\$ 10,620.5</u>	<u>\$ (4,541.9)</u>	<u>\$ (58.8)</u>	<u>65.0</u>	<u>\$ (1,441.8)</u>	<u>\$ 4,586.2</u>	<u>\$ 6.5</u>	<u>\$ 4,592.7</u>	<u>\$ 451.8</u>	<u>\$ —</u>
Issuance of Preferred Stock										—		—		709.3
Cancellation of Preferred Stock	(7.9)	(0.1)			(0.6)					(0.7)		(0.7)		
Purchase of Class A Common Stock								0.5	(4.5)	(4.5)		(4.5)		
Issuance of Restricted Stock			2.0	—						—		—		
Exercise of employee stock options and restricted stock units			1.4	—	2.7					2.7		2.7		
Share-based compensation expense					31.8					31.8		31.8		
Dividends declared - Cash and Other (\$0.375) per common share					(196.3)					(196.3)		(196.3)		
Shares withheld for employee taxes					(5.3)					(5.3)		(5.3)		
Dividends declared - Stock					(88.9)					(88.9)		(88.9)		
Dividends settled in Shares of Class A Common Stock			8.0	0.2	88.9					89.1		89.1		
Dividends accrued - Convertible Series B Preferred Stock					(6.5)					(6.5)		(6.5)		6.5
Net income (loss)						(1,006.7)				(1,006.7)	4.7	(1,002.0)	(0.7)	
Other comprehensive loss							(397.4)			(397.4)	0.1	(397.3)		
Distribution to noncontrolling interests, net										—		—	(16.7)	
Adjustments related to the sale of business					6.2					6.2		6.2	(360.4)	
Noncontrolling interest due to transaction (See Note 4)										—	212.9	212.9		
Adjustment of redeemable noncontrolling interests to redemption value					(5.1)					(5.1)		(5.1)	5.1	
BALANCE—June 30, 2020	<u>1.5</u>	<u>\$ —</u>	<u>830.6</u>	<u>\$ 8.3</u>	<u>\$ 10,447.4</u>	<u>\$ (5,548.6)</u>	<u>\$ (456.2)</u>	<u>65.5</u>	<u>\$ (1,446.3)</u>	<u>\$ 3,004.6</u>	<u>\$ 224.2</u>	<u>\$ 3,228.8</u>	<u>\$ 79.1</u>	<u>\$ 715.8</u>

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended June 30,		
	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,002.7)	\$ (3,769.6)	\$ (127.8)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	716.5	736.0	737.0
Non-cash lease expense	104.5	—	—
Asset impairment charges	434.0	3,851.9	—
Deferred income taxes	(342.7)	(175.7)	(101.7)
Provision for bad debts	55.4	11.6	24.0
Provision for pension and other post-employment benefits	15.9	29.5	32.4
Share-based compensation	29.8	14.8	30.6
(Gain) loss on divestiture and sale of brand assets	(111.5)	—	28.6
Loss on impairment of long-lived assets	24.6	27.8	15.6
Loss on early extinguishment of debt	—	—	10.7
Foreign exchange effects	30.5	(4.2)	(16.8)
Other	39.6	47.3	(0.1)
Change in operating assets and liabilities, net of effects from purchase of acquired companies:			
Trade receivables	424.5	344.9	(79.6)
Inventories	124.4	(21.9)	(60.0)
Prepaid expenses and other current assets	25.9	11.5	(107.6)
Accounts payable	(373.5)	(127.3)	159.5
Accrued expenses and other current liabilities	(36.3)	(378.1)	(22.5)
Operating lease liabilities	(106.6)	—	—
Income and other taxes payable	(46.1)	66.4	(83.2)
Other noncurrent assets	0.8	24.5	(17.9)
Other noncurrent liabilities	(57.9)	(49.8)	(7.5)
Net cash (used in) provided by operating activities	(50.9)	639.6	413.7
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(267.4)	(426.6)	(446.4)
Payment for business combinations and asset acquisitions, net of cash acquired	(592.2)	(40.8)	(278.0)
Proceeds from sale of business, net of cash disposed	25.6	—	—
Proceeds from sale of long term assets, including assets under restructuring programs	0.6	13.4	36.8
Net cash used in investing activities	(833.4)	(454.0)	(687.6)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net (repayments of) proceeds from short-term debt, original maturity less than three months	(4.3)	(21.3)	21.0
Proceeds from revolving loan facilities	4,681.3	2,183.3	3,185.5
Repayments of revolving loan facilities	(4,044.4)	(1,729.1)	(3,643.2)
Proceeds from term loans and other long term debt	—	—	7,467.2
Repayments of term loans and other long term debt	(186.4)	(189.8)	(6,492.6)
Dividend payments	(196.9)	(346.2)	(375.8)
Net proceeds from issuance of Class A Common Stock and Series A Preferred Stock	2.7	5.9	22.6
Payments for purchases of Class A Common Stock held as Treasury Stock	(4.5)	—	—
Proceeds from issuance of Convertible Series B Preferred Stock	724.5	—	—
Net proceeds (payments) for foreign currency contracts	0.2	(0.4)	12.4

Distributions to mandatorily redeemable financial interests, redeemable noncontrolling interests and noncontrolling interests	(24.5)	(38.1)	(66.4)
Purchase of remaining mandatorily redeemable financial interest	(45.0)	—	—
Payment of debt issuance costs	(14.2)	(17.4)	(55.1)
All other	(11.2)	(7.2)	(6.3)
Net cash provided by (used in) financing activities	877.3	(160.3)	69.3
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(21.4)	(7.1)	(3.9)
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(28.4)	18.2	(208.5)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	380.4	362.2	570.7
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 352.0	\$ 380.4	\$ 362.2
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash paid during the year for interest	\$ 280.6	\$ 290.7	\$ 242.8
Cash received during the period for settlement of interest rate swaps	—	43.2	—
Cash paid during the year for income taxes, net of refunds received	123.2	110.3	124.6
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:			
Accrued capital expenditure additions	\$ 76.7	\$ 109.2	\$ 158.8
Non-cash contingent consideration for business combination	—	—	8.3
Non-cash Common Stock dividend	88.9	30.6	—
Non-cash Preferred Stock dividend	6.5	—	—
Accrued fees related to the issuance of Convertible Series B Preferred Stock	15.2	—	—

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

1. DESCRIPTION OF BUSINESS

Coty Inc. and its subsidiaries (collectively, the “Company” or “Coty”) manufacture, market, sell and distribute branded beauty products, including fragrances, color cosmetics, hair care products and skin & body related products throughout the world. Coty is a global beauty company with a rich entrepreneurial history and an iconic portfolio of brands.

The Company operates on a fiscal year basis with a year-end of June 30. Unless otherwise noted, any reference to a year preceded by the word “fiscal” refers to the fiscal year ended June 30 of that year. For example, references to “fiscal 2020” refer to the fiscal year ending June 30, 2020. When used in this Annual Report on Form 10-K, the term “includes” and “including” means, unless the context otherwise indicates, including without limitation.

The Company’s sales generally increase during the second fiscal quarter as a result of increased demand associated with the winter holiday season. Financial performance, working capital requirements, sales, cash flows and borrowings generally experience variability during the three to six months preceding the holiday season. Product innovations, new product launches and the size and timing of orders from the Company’s customers may also result in variability.

During the three months ended March 31, 2020, the Company’s chief operating decision maker (“CODM”) changed the reporting structure used to allocate resources amongst its regional commercial business units, and accordingly, the Company recast its segment results. See Note 5—Segment Reporting for information on the Company’s segments.

On June 1, 2020, the Company entered into a definitive agreement with KKR, regarding a strategic transaction for the sale of Coty’s Professional and retail hair business, including the Wella, Clairol, OPI and ghd brands, together, the “Wella Business”, valuing the businesses at \$4,300.0 on a cash- and debt-free basis. KKR will own 60% of this separately managed entity and Coty will own the remaining 40%. As a result of the above mentioned agreement, the Company’s financial statements present the Wella Business to be sold as discontinued operations and the related assets and liabilities as held for sale. Additionally, the Company recast its segment results due to the discontinued operations presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The accompanying financial statements of the Company are presented on a consolidated basis in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany accounts and transactions have been eliminated in consolidation. Prior year amounts have been reclassified to conform with current year presentation for amounts related to segment reporting (see Note 5); assets and liabilities held for sale; and discontinued operations (see Note 3).

The Company also consolidates majority-owned entities in the United States of America, United Arab Emirates, Kingdom of Saudi Arabia, and South Korea where the Company has the ability to exercise controlling influence. Ownership interests of noncontrolling parties are presented as mandatorily redeemable financial interests, noncontrolling interests or redeemable noncontrolling interests, as applicable.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the period reported. Significant accounting policies that contain subjective management estimates and assumptions include those related to revenue recognition, the market value of inventory, the fair value of acquired assets and liabilities associated with acquisitions, the assessment of goodwill, other intangible assets and long-lived assets for impairment, and income taxes. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from those estimates and assumptions. Significant changes, if any, in those estimates and assumptions resulting from continuing changes in the economic environment will be reflected in the Consolidated Financial Statements in future periods.

Cash Equivalents

Cash equivalents include all highly liquid investments with original maturities of three months or less at the time of purchase.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

Restricted Cash

Restricted cash represents funds that are not readily available for general purpose cash needs due to contractual limitations. Restricted cash is classified as a current or long-term asset based on the timing and nature of when or how the cash is expected to be used or when the restrictions are expected to lapse. As of June 30, 2020 and June 30, 2019, the Company had restricted cash of \$43.7 and \$40.0, respectively, included in Restricted cash in the Consolidated Balance Sheets. The restricted cash balance as of June 30, 2020 primarily provides collateral for certain bank guarantees on rent, customs and duty accounts and also consists of collections on factored receivables that remain unremitted to the factor as of June 30, 2020. Restricted cash is included as a component of Cash, cash equivalents, and restricted cash in the Consolidated Statement of Cash Flows.

Trade Receivables

Trade receivables are stated net of the allowance for doubtful accounts and cash discounts, which is based on the evaluation of the accounts receivable aging, specific exposures, and historical trends. The Company reviews its allowances by assessing factors such as an individual trade receivable aging and customers' liquidity. Trade receivables are written off on a case-by-case basis, net of any amounts that may be collected.

Inventories

Inventories include items which are considered salable or usable in future periods, and are stated at the lower of cost or net realizable value, with cost being based on standard cost which approximates actual cost on a first-in, first-out basis. Costs include direct materials, direct labor and overhead (e.g., indirect labor, rent and utilities, depreciation, purchasing, receiving, inspection and quality control) and in-bound freight costs. The Company classifies inventories into various categories based upon their stage in the product life cycle, future marketing sales plans and the disposition process.

The Company also records an inventory obsolescence reserve, which represents the excess of the cost of the inventory over its net realizable value, based on various product sales projections. This reserve is calculated using an estimated obsolescence percentage applied to the inventory based on age, historical trends, and requirements to support forecasted sales. In addition, and as necessary, the Company may establish specific reserves for future known or anticipated events.

Property and Equipment and Other Long-lived Assets

Property and equipment is stated at cost less accumulated depreciation or amortization. The cost of renewals and betterments is capitalized and depreciated. Expenditures for maintenance and repairs are expensed as incurred. Property and equipment that is disposed of through sale, trade-in, donation, or scrapping is written off, and any gain or loss on the transaction, net of costs to dispose, is recorded in Selling, general and administrative expense. Depreciation and amortization are computed principally using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings	20-40 years
Marketing furniture and fixtures	3-5 years
Machinery and equipment	2-15 years
Computer equipment and software	2-5 years
Property and equipment under finance leases and leasehold improvements	Lesser of lease term or economic life

Intangible assets with finite lives are amortized principally using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
License agreements	2-34 years
Customer relationships	2-28 years
Trademarks	2-30 years
Product formulations and technology	2-28 years

Long-lived assets, including tangible and intangible assets with finite lives, are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When such events or changes in circumstances occur, a recoverability test is performed comparing projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying value. If the projected undiscounted cash flows are less than the carrying value, an impairment charge would be recorded for the excess of the carrying value over the fair value. The Company estimates fair value based on the best information available, including discounted cash flows and/or the use of third-party valuations.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

Goodwill and Other Indefinite-lived Intangible Assets

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of their underlying net assets. Goodwill is allocated and evaluated at the reporting unit level, which are the Company's operating segments. The Company allocates goodwill to one or more reporting units that are expected to benefit from synergies of the business combination.

Goodwill and other intangible assets with indefinite lives are not amortized, but are evaluated for impairment annually as of May 1 or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When testing goodwill for impairment, the Company has the option of first performing a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as the basis to determine if it is necessary to perform a quantitative goodwill impairment test. In performing its qualitative assessment, the Company considers the extent to which unfavorable events or circumstances identified, such as changes in economic conditions, industry and market conditions or company specific events, could affect the comparison of the reporting unit's fair value with its carrying amount. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company is required to perform a quantitative impairment test.

Quantitative impairment testing for goodwill is based upon the fair value of a reporting unit as compared to its carrying value. The Company makes certain judgments and assumptions in allocating assets and liabilities to determine carrying values for its reporting units. To determine fair value of the reporting unit, the Company uses a combination of the income and market approaches, when applicable. Under the income approach, fair value is determined using a discounted cash flow method, projecting future cash flows of each reporting unit, as well as a terminal value, and discounting such cash flows at a rate of return that reflects the relative risk of the cash flows. Under the market approach, when applicable, information from comparable publicly traded companies with similar operating and investment characteristics as the reporting units is utilized to create valuation multiples that are applied to the operating performance of the reporting units being tested, to value the reporting unit. The impairment loss recognized would be the difference between a reporting unit's carrying value and fair value in an amount not to exceed the carrying value of the reporting unit's goodwill.

Indefinite-lived other intangible assets principally consist of trademarks. The fair values of indefinite-lived other intangible assets are estimated and compared to their respective carrying values. The trademarks' fair values are based upon the income approach, utilizing the relief from royalty or excess earnings methodology. This methodology assumes that, in lieu of ownership, a third party would be willing to pay a royalty in order to obtain the rights to use the comparable asset. An impairment loss is recognized when the estimated fair value of the intangible asset is less than its carrying value.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires lease assets and liabilities to be recorded on the balance sheet. The Company adopted this ASU and its related amendments as of July 1, 2019 using the modified retrospective method. Under this approach, prior periods were not restated. Rather, lease balances and other disclosures for prior periods were provided in the notes to the financial statements as previously reported, and the cumulative effect of initially applying the guidance was recognized in the Consolidated Balance Sheets. The adoption resulted in a cumulative-effect adjustment to retained earnings of approximately \$0.7.

The new leasing standard includes several optional practical expedients available that entities may elect to apply upon transition. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allows a lessee to carry forward its population of existing leases, the classification of each lease, as well as the treatment of initial direct costs as of the period of adoption. In addition, the Company elected the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration paid in a contract as a single lease component. Lastly, the Company did not elect the practical expedient related to hindsight analysis which allows a lessee to use hindsight in determining the lease term and in assessing impairment of the entity's right-of-use ("ROU") assets.

The Company has made a policy election to not recognize ROU assets and lease liabilities that arise from leases with an initial term of twelve months or less on the Consolidated Balance Sheets. However, the Company will recognize these lease payments in the Consolidated Statements of Operations on a straight-line basis over the lease term and variable lease payments in the period in which the obligation is incurred. The Company has chosen to apply this accounting policy across all classes of underlying assets. Additionally, upon adoption, the Company utilized a discount rate to determine the present value of the lease payments based on information available as of July 1, 2019.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

On July 1, 2019, the Company recognized a lease liability of \$617.8 and a corresponding ROU asset of \$551.3, including the reclassification of approximately \$66.4 of unamortized lease incentives and lease loss liabilities, upon the adoption of this standard, with minimal impact on the Consolidated Statements of Operations.

Deferred Financing Fees

The Company capitalizes costs related to the issuance of debt instruments, as applicable. Such costs are amortized over the contractual term of the related debt instrument in Interest expense, net using the straight-line method, which approximates the effective interest method, in the Consolidated Statements of Operations.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Interests held by third parties in consolidated majority-owned subsidiaries are presented as noncontrolling interests, which represents the noncontrolling stockholders' interests in the underlying net assets of the Company's consolidated majority-owned subsidiaries. Noncontrolling interests that are not redeemable are reported in the equity section of the Consolidated Balance Sheets.

Noncontrolling interests, where the Company may be required to repurchase the noncontrolling interest under a put option or other contractual redemption requirement, are reported in the Consolidated Balance Sheets between liabilities and equity, as redeemable noncontrolling interests. The Company adjusts the redeemable noncontrolling interests to the higher of the redemption value or the carrying value (the acquisition date fair value adjusted for the noncontrolling interest's share of net income (loss) and dividends) on each balance sheet date with changes recognized as an adjustment to retained earnings, or in the absence of retained earnings, as an adjustment to additional paid-in capital.

Revenue Recognition

On July 1, 2018, the Company adopted ASC 606, Revenue from Contracts with Customers and all related amendments (the "New Revenue Standard") using the modified retrospective method applied to those contracts which were not completed as of July 1, 2018. Results for reporting periods beginning after July 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under ASC 605, Revenue Recognition.

For periods after July 1, 2018, revenue is recognized at a point in time and/or over time when control of the promised goods or services is transferred to the Company's customers, which usually occurs upon delivery. Revenue is recognized in an amount that reflects the consideration we expect to be entitled to in exchange for transferring those goods or services. At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or bundle of goods or services) that is distinct. To identify the performance obligations, the Company considers all of the goods or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices. The Company's revenue contracts principally represent a performance obligation to sell its beauty products to trade customers and are satisfied when control of promised goods and services is transferred to the customers.

Net revenues comprise gross revenues less customer discounts and allowances, actual and expected returns (estimated based on an analysis of historical experience and position in product life cycle) and various trade spending activities. Trade spending activities represent variable consideration promised to the customer and primarily relate to advertising, product promotions and demonstrations, some of which involve cooperative relationships with customers. The costs of trade spend activities are estimated considering all reasonably available information, including contract terms with the customer, the Company's historical experience and its current expectations of the scope of the activities, and is reflected in the transaction price when sales are recorded.

The Company's payment terms vary by the type and location of its customers and the products offered. The term between invoicing and when payment is due is not significant.

The Company's sales return accrual reflects seasonal fluctuations, including those related to revenues for the holiday season in the first half of the fiscal year. This accrual is a subjective critical estimate that has a direct impact on reported net revenues, and is calculated based on history of actual returns, estimated future returns and information provided by retailers regarding their inventory levels. In addition, as necessary, specific accruals may be established for significant future known or anticipated events. The types of known or anticipated events that the Company has considered, and will continue to consider, include the financial condition of our customers, store closings by retailers, changes in the retail environment, and our decision to continue to support new and existing brands. Returns represented 3%, 2% and 2% of gross revenue after customer discounts and allowances in fiscal 2020, 2019 and 2018, respectively. Trade spending activities recorded as a reduction to gross revenue after customer discounts and allowances represented 11%, 9%, and 10% in fiscal 2020, 2019 and 2018, respectively.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

The Company accounts for certain customer store fixtures as other assets. Such fixtures are amortized using the straight-line method over the period of 3 to 5 years as a reduction of revenue.

For the presentation of the Company's revenues disaggregated by segment and product category see Note 5—Segment Reporting.

Cost of Sales

Cost of sales includes all of the costs to manufacture the Company's products. For products manufactured in the Company's own facilities, such costs include raw materials and supplies, direct labor and factory overhead. For products manufactured for the Company by third-party contractors, such costs represent the amounts invoiced by the contractors. Cost of sales also includes royalty expense associated with license agreements. Additionally, shipping costs, freight-in and depreciation and amortization expenses related to manufacturing equipment and facilities are included in Cost of sales in the Consolidated Statements of Operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include advertising and promotional costs and research and development costs. Also included in Selling, general and administrative expenses are share-based compensation, certain warehousing fees, manufacturing fixed costs, personnel and related expenses, rent on operating leases, and professional fees.

Advertising and promotional costs are expensed as incurred and totaled \$1,343.7, \$1,595.5 and \$1,836.5 in fiscal 2020, 2019 and 2018, respectively. Included in advertising and promotional costs are \$127.9, \$120.4, and \$113.0 of depreciation of marketing furniture and fixtures, such as product displays, in fiscal 2020, 2019 and 2018, respectively. Research and development costs are expensed as incurred and totaled \$93.4, \$98.5 and \$108.1 in fiscal 2020, 2019 and 2018, respectively.

Share-Based Compensation

Common Stock

Common shares are available to be awarded for the exercise of phantom units, vested stock options, the settlement of restricted stock units ("RSUs"), and the conversion of Series A and Series A-1 Preferred Stock.

Share-based compensation expense is measured and fixed at the grant date, based on the estimated fair value of the award and is recognized on a straight-line basis, net of estimated forfeitures, over the employee's requisite service period.

The fair value of stock options is determined using the Black-Scholes valuation model using the assumptions discussed in Note 24—Share-Based Compensation Plans. The fair value of RSUs is determined on the date of grant based on the Company's stock price.

Preferred Stock

The Company has issued Series A and Series A-1 Preferred Stock that can be converted into Class A Common Stock or settled in cash. Series A and Series A-1 Preferred Stock are accounted for using liability plan accounting to the extent the award is expected to be settled in cash. Accordingly, share-based compensation expense for the portion that is liability accounted is measured based on the fair value of the award on each reporting date and recognized as an expense to the extent earned. Share-based compensation expense for the portion of the grants that the Company is not required to settle in cash is measured based on the estimated fair value of the award at the time it is known that they are going to be settled in shares and is recognized on a straight-line basis, net of estimated forfeitures, over the employee's requisite service period.

The fair value of Series A and Series A-1 Preferred Stock is determined using the binomial valuation model and the weighted-average assumptions discussed in Note 24—Share-Based Compensation Plans.

Treasury Stock

The Company accounts for treasury stock under the cost method. When shares are reissued or retired from treasury stock they are accounted for at an average price. When treasury stock is re-issued at a price higher than its cost, the difference is recorded as a component of Additional paid-in-capital in the Company's Consolidated Balance Sheets. When treasury stock is re-issued at a price lower than its cost, the difference is recorded as a reduction of Additional paid-in-capital to the extent that there are treasury stock gains to offset the losses. If there are no treasury stock gains in Additional paid-in-capital, the losses upon re-issuance of treasury stock are recorded as a reduction of Retained earnings in the Company's Consolidated Balance Sheets.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

Income Taxes

The Company is subject to income taxes in the U.S. and various foreign jurisdictions. The Company accounts for income taxes under the asset and liability method. Therefore, income tax expense is based on reported (Loss) income before income taxes, and deferred income taxes reflect the effect of temporary differences between the carrying amounts of assets and liabilities that are recognized for financial reporting purposes and the carrying amounts that are recognized for income tax purposes. A valuation allowance is established, when necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized based on currently available evidence. The Company considers how to recognize, measure, present and disclose in financial statements uncertain tax positions taken or expected to be taken on a tax return.

The Company is subject to tax audits in various jurisdictions. The Company regularly assesses the likely outcomes of such audits in order to determine the appropriateness of liabilities for unrecognized tax benefits ("UTBs"). The Company classifies interest and penalties related to UTBs as a component of the provision for income taxes.

For UTBs, the Company first determines whether it is more-likely-than-not (defined as a likelihood of more than fifty percent) that a tax position will be sustained based on its technical merits as of the reporting date, assuming that taxing authorities will examine the position and have full knowledge of all relevant information. A tax position that meets this more-likely-than-not threshold is then measured and recognized at the largest amount of benefit that is greater than fifty percent likely to be realized upon effective settlement with a taxing authority. As the determination of liabilities related to UTBs and associated interest and penalties requires significant estimates to be made by the Company, there can be no assurance that the Company will accurately predict the outcomes of these audits, and thus the eventual outcomes could have a material impact on the Company's operating results or financial condition and cash flows.

As a result of the 2017 Tax Act changing the U.S. to a modified territorial tax system, the Company no longer asserts that any of its undistributed foreign earnings are permanently reinvested. We do not expect to incur significant withholding or state taxes on future distributions. To the extent there remains a basis difference between the financial reporting and tax basis of an investment in a foreign subsidiary after the repatriation of the previously taxed income of \$4,600.0, the Company is permanently reinvested.

The Tax Act requires a U.S. shareholder of a foreign corporation to include in income its global intangible low-taxed income ("GILTI"). In general, GILTI is described as the excess of a U.S. shareholder's total net foreign income over a deemed return on tangible assets. As a result of recently released Financial Accounting Standards Board ("FASB") guidance, an entity may choose to recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or an entity can elect to treat GILTI as a period cost and include it in the tax expense of the year it is incurred. As such, the Company has elected to treat the tax on GILTI as a tax expense in the year it is incurred rather than recognizing deferred taxes.

Restructuring Costs

Charges incurred in connection with plans to restructure and integrate acquired businesses or in connection with cost-reduction initiatives that are initiated from time to time are included in Restructuring costs in the Consolidated Statements of Operations if such costs are directly associated with an exit or disposal activity, a reorganization, or with integrating an acquired business. These costs can include employee separations, contract and lease terminations, and other direct exit costs. Employee severance and other termination benefits are primarily determined based on established benefit arrangements, local statutory requirements or historical practices. The Company recognizes these benefits when payment is probable and estimable. Additional elements of severance and termination benefits associated with non-recurring benefits are recognized ratably over each employee's required future service period.

Costs for real estate consolidation are recognized based on the type of cost, and the expected future use of the facility. For locations where the Company does not expect to sub-lease the property, the amortization of any right-of-use asset is accelerated from the decision date to the cease use date. For locations where the Company expects to sub-lease the properties subsequent to its vacating the property, the right-of-use asset is reviewed for potential impairment at the earlier of the cease use date or the date a sub-lease is signed. To determine the amount of impairment, the fair value of the right-of-use asset is determined based on the present value of the estimated net cash flows related to the property. Contractual costs outside of the right-of-use asset are recognized based on the net present value of expected future cash outflows for which the Company will not receive any benefit. Such amounts are reliant on estimates of future sub-lease income to be received and future contractual costs to be incurred.

Other business realignment costs represent the incremental cost directly related to the restructuring activities which can include accelerated depreciation, professional or consulting fees and other internal costs including compensation related costs for dedicated internal resources. Other business realignment costs are generally recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

Charges for accelerated depreciation are recognized on long-lived assets that will be taken out of service before the end of their normal service life, in which case depreciation estimates are revised to reflect the use of the asset over its shortened useful life. All other costs are recognized as incurred.

Business Combinations

The Company accounts for business combinations using the acquisition method of accounting. The acquisition method of accounting requires that purchase price, including the fair value of contingent consideration, of the acquisition be allocated to the assets acquired and liabilities assumed using the fair values determined by management as of the acquisition date.

The Company remeasures the fair value of contingent consideration at each reporting period using a probability-adjusted discounted cash flow method based on significant inputs not observable in the market and any change in the fair value from either the passage of time or events occurring after the acquisition date, is recorded in earnings. Contingent consideration payments that exceed the acquisition date fair value of the contingent consideration are reflected as an operating activity in the Consolidated Statements of Cash Flows. Payments made for contingent consideration recorded as part of an acquisition's purchase price are reflected as financing activities in the Company's Consolidated Statements of Cash Flows, if paid more than three months after the acquisition date. If paid within three months of the acquisition date, these payments are reflected as investing activities in the Company's Consolidated Statements of Cash Flows.

The Company generally uses the following methodologies for valuing our significant acquired intangibles assets:

- Trademarks (indefinite or finite) - The Company uses a relief from royalty method to value trademarks. The key assumptions for the model are forecasted net revenue, the royalty rate, the effective tax rate and the discount rate.
- Customer relationships and license agreements - The Company uses an excess earnings method to value customer relationships and license agreements. The key assumptions for the model are forecasted net revenue, earnings before interest, taxes, depreciation and amortization ("EBITDA"), the estimated allocation of earnings between different classes of assets, the attrition rate, the effective tax rate and the discount rate.

Fair Value Measurements

The following fair value hierarchy is used in selecting inputs for those assets and liabilities measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's assumptions (unobservable inputs). The Company evaluates these inputs and recognizes transfers between levels, if any, at the end of each reporting period. The hierarchy consists of three levels:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities;

Level 2 - Valuation based on inputs other than Level 1 inputs that are observable for the assets or liabilities either directly or indirectly;

Level 3 - Valuation based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and supported by little or no observable market activity.

The Company has not elected the fair value measurement option for any financial instruments or other assets not required to be measured at fair value on a recurring basis.

Derivative Instruments and Hedging Activities

Refer to Note 20—Derivative Instruments for the Company's policies for Derivative Instruments and Hedging Activities.

Foreign Currency

Exchange gains or losses incurred on non-financing foreign exchange currency transactions conducted by one of the Company's operations in a currency other than the operation's functional currency are reflected in Cost of sales or operating expenses. Net losses of \$18.0, \$2.7 and \$5.2 in fiscal 2020, 2019 and 2018, respectively resulting from non-financing foreign exchange currency transactions are included in the Consolidated Statements of Operations.

Assets and liabilities of foreign operations are translated into U.S. dollars at the rates of exchange in effect at the end of the reporting period. Income and expense items are translated at the average exchange rates prevailing during each reporting period presented. Translation gains or losses are reported as cumulative adjustments in Accumulated other comprehensive income (loss) ("AOCI/(L)").

Net (losses)/gains of \$(14.8), \$7.6 and \$8.5 in fiscal 2020, 2019 and 2018, respectively, resulting from financing foreign exchange currency transactions are included in Interest expense, net in the Consolidated Statements of Operations.

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Recently Adopted Accounting Pronouncements

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*, which provided guidance for improvements to accounting for hedging activities under ASC 815. The amendments better align an entity’s risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The Company adopted the standard in the first quarter of fiscal 2020 on a prospective basis. The adoption of this guidance did not have a material impact on the Company’s Consolidated Financial Statements.

In October 2018, the FASB issued ASU No. 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes*, which permitted the use of the OIS rate based on SOFR as a benchmark interest rate for hedge accounting purposes. The Company adopted the standard concurrently with the adoption of ASU No. 2017-12 in the first quarter of fiscal 2020 on a prospective basis. The adoption of this guidance did not have a material impact on the Company’s Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the balance sheet. On July 1, 2019, we adopted *Topic 842*, as amended, which supersedes the lease accounting guidance under Topic 840, and generally requires lessees to recognize operating and financing lease liabilities and corresponding ROU assets on the balance sheet and to provide enhanced disclosures surrounding the amount, timing and uncertainty of cash flows arising from leasing arrangements. We adopted the new guidance using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application and not restating comparative periods. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while our accounting for finance leases remained substantially unchanged. For information regarding the impact of *Topic 842* adoption, see *Significant Accounting Policies - Leases* above and Note 16 - Leases.

See Note 16 for further information related to Leases.

Recently Issued and Not Yet Adopted Accounting Pronouncements

Accounting Standard Update(s)	Topic	Effective Period	Summary
2018-13	Disclosure Framework— Changes to the Disclosure Requirements for Fair Value Measurement	Fiscal 2021 with early adoption permitted.	The FASB issued authoritative guidance that modifies the disclosure requirements by removing, modifying and adding disclosures related to fair value measurements. Adoption of this guidance will impact disclosures only and will not have an impact on the Company’s financial position or results of operations.
2018-14	Disclosure Framework— Changes to the Disclosure Requirements for Defined Benefit Plans	Fiscal 2021 with early adoption permitted.	The FASB issued authoritative guidance that modifies the disclosure requirements by removing, modifying and clarifying disclosures related to defined benefit plans. Adoption of this guidance will impact disclosures only and will not have an impact on the Company’s financial position or results of operations.
2016-13 2018-19	Measurement of Credit Losses on Financial Instruments	Fiscal 2021 with early adoption permitted.	The FASB issued authoritative guidance, which requires that a financial asset (or a group of financial assets) measured at an amortized cost basis be presented at the net amount expected to be collected. This approach to estimating credit losses applies to most financial assets measured at amortized cost and certain other instruments, including but not limited to, trade and other receivables. The adoption of this standard will not have a material impact on the Company’s financial position or results of operations.
2019-12	Income Taxes	Fiscal 2022	In December 2019, the FASB issued ASU No. 2019-12, <i>Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes (“ASU No. 2019-12”)</i> , which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improves the consistency in the application of GAAP for areas of Topic 740 by clarifying and amending existing guidance. The amendment will be effective for the Company in fiscal 2022 with early adoption permitted. The Company is evaluating the impact this guidance will have on the Company’s Consolidated Financial Statements and related disclosures.

3. DISCONTINUED OPERATIONS

On June 1, 2020, the Company entered into a definitive agreement with KKR Bidco, regarding a strategic transaction for the sale of Coty's Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands (together, the "Wella Business"), valuing the businesses at \$4,300.0 on a cash- and debt-free basis. KKR will own 60% of this separately managed business and Coty will own the remaining 40%. The transaction is expected to close during the first half of fiscal 2021.

On June 1, 2020, the Company and KKR Bidco also entered into a Separation Agreement, which sets forth the terms and conditions on which the Wella Business will be separated from the Company.

In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Wella transaction are presented as discontinued operations and, as such, have been excluded from both continuing operations and segment results for all periods presented. Additionally, the Wella Business assets and liabilities which will be included in the sale are presented as assets and liabilities held for sale in the Consolidated Balance Sheets. The Professional business historically comprised the Professional Beauty reportable segment and the Retail Hair business was historically included in the Americas, EMEA and Asia Pacific reportable segments.

The following table has selected financial information included in Net income from discontinued operations for the Wella Business.

	Year Ended June 30,		
	2020	2019	2018
Net revenues	\$ 2,020.1	\$ 2,360.6	\$ 2,556.1
Cost of sales	689.7	808.0	889.7
Gross profit	1,330.4	1,552.6	1,666.4
Selling, general and administrative expenses	1,009.2	1,096.0	1,211.0
Amortization expense	95.5	106.8	108.5
Restructuring costs	7.5	10.0	38.3
Asset impairment charges	—	122.9	—
Operating income	218.2	216.9	308.6
Interest expense, net ^(a)	49.7	50.6	64.4
Other (income) expense, net	(0.9)	(1.0)	2.2
Income from discontinued operations before income taxes	169.4	167.3	242.0
Income tax on discontinued operations	82.2	46.3	7.5
Net income from discontinued operations	\$ 87.2	\$ 121.0	\$ 234.5

^(a) Interest expense was allocated to the discontinued operations due to a requirement in our Credit Agreement that cash generated from the divestiture of any businesses during the next nine months will be utilized to reduce our debt, other than a maximum of \$500.0 that will be used to fund operations.

The following is selected financial information included in cash flows from discontinued operations for the Wella Business held for sale:

	Year Ended June 30,		
	2020	2019	2018
NON-CASH OPERATING ITEMS			
Depreciation and amortization	\$ 131.8	\$ 157.5	\$ 161.5
Goodwill and intangible asset impairment charges	—	123.0	—
CASH FLOW FROM INVESTING ACTIVITIES			
Capital Expenditures	\$ 24.7	\$ 44.1	\$ 68.8

The major components of assets and liabilities of the Wella Business held for sale are provided below. The assets and liabilities held for sale will evolve up to the closing date for normal operational changes as well as contractual adjustments

including the finalization of local implementation agreements impacting the separation of the Wella Business in various countries.

	Year Ended June 30,	
	2020 ^(a)	2019
ASSETS		
Trade receivables	\$ 168.0	\$ 302.3
Inventories	269.2	293.2
Prepaid expenses and other current assets	134.9	177.7
Property and equipment, net	241.3	268.0 ^(b)
Goodwill	874.8	907.1 ^(b)
Other intangible assets, net	2,770.4	2,891.0 ^(b)
Operating lease right of use asset	73.4	— ^(b)
Deferred income taxes	25.5	82.3 ^(b)
Other noncurrent assets	55.6	47.1 ^(b)
Total current assets held for sale	4,613.1	773.2
Total noncurrent assets held for sale	—	4,195.5
TOTAL ASSETS HELD FOR SALE	\$ 4,613.1	\$ 4,968.7
LIABILITIES		
Accounts payable	\$ 128.3	\$ 149.2
Accrued expenses and other current liabilities	236.4	295.3
Current operating lease liabilities	17.2	—
Income and other taxes payable	15.8	12.0
Long-term operating lease liabilities	65.9	—
Noncurrent deferred tax liabilities	324.8	347.6 ^(b)
Pension and other post-employment benefits	140.8	145.8 ^(b)
Other noncurrent liabilities	27.5	29.3 ^(b)
Total current liabilities held for sale	956.7	456.5
Total noncurrent liabilities held for sale	—	522.7
TOTAL LIABILITIES HELD FOR SALE	\$ 956.7	\$ 979.2

^(a) The Company expects that the transaction will close in the first half of fiscal 2021. As such, for the period ended June 30, 2020, all assets and liabilities held for sale are reported as current assets and liabilities held for sale on the Consolidated Balance Sheets.

^(b) Amounts as of June 30, 2019, are reflected as part of the noncurrent assets and liabilities held for sale.

4. BUSINESS COMBINATIONS, ASSET ACQUISITIONS AND DIVESTITURES

King Kylie Transaction

On November 18, 2019, the Company entered into a purchase agreement (the “Purchase Agreement”) with King Kylie, LLC (“King Kylie”), a Delaware limited liability company, and the other parties listed as signatories to the Purchase Agreement (the “Seller Group Parties”), to build and further expand King Kylie’s brands globally. Pursuant to the Purchase Agreement, on January 6, 2020, the Company acquired 51% of the equity interests in King Kylie from the applicable Seller Group Parties for a base purchase price of \$600.0 in cash. In addition, as contemplated by the Purchase Agreement, the Company entered into a Collaboration Agreement, pursuant to which, in exchange for a marketing fee and a license fee, it received the right and license to manufacture, advertise, promote, distribute and sell certain products of King Kylie and use certain intellectual property owned by or licensed to King Kylie in connection with the development, manufacture, labelling, packaging, advertising, display, distribution and sale of such products.

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The Company estimated the preliminary fair value of acquired assets, liabilities and noncontrolling interest as of the date of acquisition based on information currently available. The preliminary fair values are substantially complete, with the exception of primarily accrued expenses and goodwill. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments are recognized.

The following table summarizes the estimated allocation of the purchase price to the net assets as of the January 6, 2020 acquisition date:

	Estimated fair value ^(a)	Measurement period adjustments ^(b)	Estimated fair value as adjusted	Estimated useful life (in years)
Cash and cash equivalents	\$ 7.8	\$ —	\$ 7.8	
Receivables	2.2	(1.2)	1.0	
Inventories	2.5	—	2.5	
Property, plant and equipment	3.6	—	3.6	
Collaboration agreement	369.0	—	369.0	20
License agreement	280.0	—	280.0	20
Customer relationships	27.0	—	27.0	1.5
Goodwill	127.4	1.2	128.6	Indefinite
Net other liabilities	(6.6)	—	(6.6)	
Total value	\$ 812.9	\$ —	\$ 812.9	
Noncontrolling interest	212.9		212.9	
Total purchase price	\$ 600.0		\$ 600.0	

^(a) As previously reported in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020.

^(b) The Company recorded measurement period adjustments in the fourth quarter of fiscal 2020 to certain working capital accounts as a result of obtaining new facts and circumstances that existed at the acquisition date.

Goodwill is not expected to be deductible for tax purposes. The goodwill is attributable to expected synergies resulting from integrating King Kylie's products into the Company's existing manufacturing and sales channels.

The fair value of the noncontrolling interest was estimated using the income approach applied to the projected cash flows of King Kylie. As King Kylie is a private company, the fair value measurement was based on significant inputs that are not observable in the market and thus, represent a Level 3 measurement.

For the fiscal year ended June 30, 2020, net revenues and net loss of King Kylie included in the Company's Consolidated Statements of Operations were \$52.0 and \$11.7, respectively. Net income for the fiscal year ended June 30, 2020 was impacted by the amortization of certain asset values based on the estimated fair values of the acquired assets as determined during the initial purchase accounting, such as the amortization of finite-lived intangibles. This amortization impacted the net income for the fiscal year ended June 30, 2020 by \$24.4.

Burberry Beauty Business Acquisition

On October 2, 2017, the Company acquired the exclusive global license rights and other related assets for the Burberry Limited ("Burberry") prestige fragrances, cosmetics and skincare business (the "Burberry Beauty Business"). The Burberry Beauty Business acquisition further strengthens the Company's position in the global prestige beauty industry. Total purchase consideration, after post-closing adjustments, was £191.7, the equivalent of \$256.3, at the time of closing. Included in the purchase price was cash consideration of £183.3, the equivalent of \$245.1, at the time of closing, in addition to £8.4, the equivalent of \$11.2, of estimated contingent consideration, at the time of closing.

From the date of acquisition through the end of fiscal 2020, the Company made all contingent payments and has no further contractual obligation to make future payments.

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The Company has finalized the valuation of assets acquired and liabilities assumed for the Burberry Beauty Business acquisition. The Company recognized certain measurement period adjustments as disclosed below during the three months ended September 30, 2018. The measurement period for the Burberry Beauty Business acquisition closed on October 1, 2018.

The following table summarizes the estimated allocation of the purchase price to the net assets of the Burberry Beauty Business as of the October 2, 2017 acquisition date:

	Estimated fair value as previously reported ^(a)	Measurement period adjustments ^(b)	Estimated fair value as adjusted	Estimated useful life (in years)
Inventories	\$ 47.9	\$ —	\$ 47.9	
Property, plant and equipment	5.8	—	5.8	1 - 3
License and distribution rights	177.8	6.7	184.5	3 - 15
Goodwill	34.9	(9.4)	25.5	Indefinite
Net other liabilities	(10.1)	2.7	(7.4)	
Total purchase price	<u>\$ 256.3</u>	<u>\$ —</u>	<u>\$ 256.3</u>	

^(a) As previously reported in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

^(b) The Company recorded measurement period adjustments in the first quarter of fiscal 2019. The measurement period adjustments related to an increase in the value of the License and distribution rights due to changes in assumptions that were used at the date of acquisition for valuation purposes. The measurement period adjustment related to the decrease in net other liabilities acquired was a result of obtaining new facts and circumstances about acquired accrued expenses that existed as of the acquisition date. All measurement period adjustments were offset against Goodwill.

Goodwill is expected to be deductible for tax purposes. The goodwill is attributable to expected synergies resulting from integrating the Burberry Beauty Business products into the Company's existing sales channels. Goodwill of \$6.2, \$9.2, and \$3.9 is allocated to the Americas, EMEA, and Asia Pacific segments, respectively. Goodwill includes amounts related to discontinued operations of \$6.2. The allocation of goodwill to the segments were due to the reduction in corporate and regional overhead allocated to these segments due to the addition of the Burberry Beauty Business acquisition.

The business combinations mentioned above were not significant to our operating results individually or in aggregate, and thus pro forma results are not presented.

Business Divestitures

Younique

On August 27, 2019, the Company entered into a Contribution and Redemption Agreement to transfer all of its membership interest in Foundation, which held the net assets of Younique, to an existing noncontrolling interest holder. On September 16, 2019 (the "Closing Date"), the Company completed the sale of all of its membership interest in Foundation. Consideration received at the Closing Date consisted of \$50.0 cash and a secured promissory note with a face value of \$27.9. During the fiscal year June 30, 2020, the Company recorded a final pre-tax gain of \$111.5 resulting from the sale. The final pre-tax gain is included in (Gain) loss on divestitures and sale of brand assets in the Consolidated Statements of Operations for the fiscal year ended June 30, 2020.

Younique's operations are included within Other and its results of operations through the Closing Date are included in the Consolidated Statements of Operations for the fiscal year ended June 30, 2020.

5. SEGMENT REPORTING

Operating and reportable segments (referred to as "segments") reflect the way the Company is managed and for which separate financial information is available and evaluated regularly by the Company's CODM in deciding how to allocate resources and assess performance. The Company has designated its Chief Executive Officer as the CODM.

During the three months ended March 31, 2020, the Company's CODM changed the reporting structure used to allocate resources from the previous category focused organizational structure that included three operating and reportable segments: Luxury, Consumer Beauty and Professional Beauty, to a structure based on regional commercial business units.

Due to discontinued operations presentation, the Company's three remaining segments for its continuing operations are: Americas, EMEA, and Asia Pacific, excluding the discontinued retail hair operations in each segment. The change in

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profitability of each of the remaining segments is due to the reallocation of certain shared costs, which were previously allocated to the Professional Beauty division and the discontinued retail hair operations, to the remaining segments comprising continuing operations. Americas, EMEA, and Asia Pacific include the businesses focused on prestige fragrances, prestige skin care, prestige cosmetics, mass color cosmetics, mass fragrance, mass skin care and body care, and are supported by central marketing teams.

Certain income and shared costs and the results of corporate initiatives are managed by Corporate. Corporate primarily includes restructuring and realignment costs, costs related to acquisition and divestiture activities and impairments of long lived assets, goodwill and intangibles that are not attributable to ongoing operating activities of the segments. The results of Younique, LLC ("Younique") are included in "Other." See Note 4—Business Combinations, Asset Acquisitions and Divestitures for information on Younique and the divestiture, which was completed on September 16, 2019. Corporate costs are not used by the CODM to measure the underlying performance of the segments.

With the exception of goodwill, the Company does not identify or monitor assets by segment. The Company does not present assets by reportable segment since various assets are shared between reportable segments. The allocation of goodwill by segment is presented in Note 12—Goodwill and Other Intangible Assets, net.

SEGMENT DATA	Year Ended June 30,		
	2020	2019	2018
Net revenues:			
Americas	\$ 1,771.0	\$ 2,248.9	\$ 2,399.3
EMEA	2,308.6	2,909.7	3,250.7
Asia Pacific	582.7	771.1	758.7
Other	55.5	358.2	433.1
Total	<u>\$ 4,717.8</u>	<u>\$ 6,287.9</u>	<u>\$ 6,841.8</u>
Depreciation and amortization:			
Americas	\$ 227.4	\$ 188.4	\$ 192.6
EMEA	276.0	272.0	271.0
Asia Pacific	69.5	63.3	56.3
Other	11.8	54.8	55.5
Total	<u>\$ 584.7</u>	<u>\$ 578.5</u>	<u>\$ 575.4</u>
Operating (loss) income from continuing operations			
Americas	\$ (164.8)	\$ (1,474.5)	\$ 45.6
EMEA	(248.4)	(1,344.1)	131.4
Asia Pacific	(74.0)	(253.1)	52.7
Other	(10.9)	(18.6)	70.1
Corporate	(738.4)	(598.1)	(455.3)
Total	<u>\$ (1,236.5)</u>	<u>\$ (3,688.4)</u>	<u>\$ (155.5)</u>
Reconciliation:			
Operating (loss) income from continuing operations	\$ (1,236.5)	\$ (3,688.4)	\$ (155.5)
Interest expense, net	242.7	225.2	200.6
Loss on early extinguishment of debt	—	—	10.7
Other (income) expense, net	(11.6)	31.8	27.7
Loss from continuing operations before income taxes	<u>\$ (1,467.6)</u>	<u>\$ (3,945.4)</u>	<u>\$ (394.5)</u>

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	As of June 30,	
	2020	2019
Long-lived assets:		
U.S.	\$ 3,340.5	\$ 2,897.7
Switzerland	3,690.9	4,379.4
Brazil	494.0	712.4
All other	1,902.2	2,041.3
Total	\$ 9,427.6	\$ 10,030.8

For Net revenues, a major country is defined as a group of subsidiaries in a country with combined revenues greater than 10% of consolidated net revenues or as otherwise deemed significant. The United States is the only country that accounts for more than 10% of total net revenues for fiscal years 2020, 2019 and 2018. The United States had net revenues of \$1,159.3, \$1,470.5 and \$1,595.4 in fiscal 2020, 2019 and 2018, respectively.

For Long-lived assets, a major country is defined as a group of subsidiaries within a country with combined long-lived assets greater than 10% of consolidated long-lived assets or as otherwise deemed significant. Long-lived assets include property and equipment, goodwill and other intangible assets.

No customer or group of affiliated customers accounted for more than 10% of the Company's Net revenues in fiscal 2020, 2019 and 2018 or are otherwise deemed significant.

Presented below are the net revenues associated with Company's product categories as a percentage of total net revenues for continuing operations:

PRODUCT CATEGORY	Year Ended June 30,		
	2020	2019	2018
Fragrances	55.5 %	54.4 %	50.6 %
Color Cosmetics	31.1 %	32.2 %	35.3 %
Skin & Body Care	13.0 %	13.0 %	13.8 %
Hair Care	0.4 %	0.4 %	0.3 %
Total	100.0 %	100.0 %	100.0 %

6. ACQUISITION- AND DIVESTITURE-RELATED COSTS

Acquisition-related costs, which are expensed as incurred, represent non-restructuring costs directly related to acquiring and integrating an entity, for both completed and contemplated acquisitions and can include finder's fees, legal, accounting, valuation, other professional or consulting fees, and other internal costs which can include compensation related expenses for dedicated internal resources. The Company recognized acquisition-related costs of \$19.7, nil and \$64.2 for the fiscal years ended 2020, 2019 and 2018, respectively, which have been recorded in Acquisition- and divestiture-related costs in the Consolidated Statements of Operations. Acquisition-related costs incurred during the fiscal year ended 2020 were primarily related to the King Kylie Transaction and the pending transaction with Kim Kardashian West. Acquisition-related costs incurred during the fiscal year ended 2018 were primarily related to the P&G Beauty Business acquisition.

Divestiture-related costs, which are expensed as incurred, represent non-restructuring costs directly related to divesting and selling an entity, for both completed and contemplated divestitures. These costs can include legal, accounting, information technology, other professional or consulting fees and other internal costs. Internal costs can include compensation related expenses for dedicated internal resources. Additionally, for divestitures, we include write-offs of assets that are no longer recoverable and contract related costs due to the divestiture. The Company recognized divestiture-related costs of \$137.6, nil and nil for the fiscal 2020, 2019 and 2018, respectively. Divestiture-related costs incurred during the fiscal 2020 were primarily related to the definitive agreement with KKR regarding the strategic transaction for the sale of the Wella Business. See Note 1—Description of Business for information on the strategic transaction.

These costs have been recorded in Acquisition and divestiture-related costs in the Consolidated Statements of Operations.

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7. RESTRUCTURING COSTS

Restructuring costs for the fiscal years ended June 30, 2020, 2019 and 2018 are presented below:

	Year Ended June 30,		
	2020	2019	2018
Turnaround Plan	\$ 165.2	\$ —	\$ —
Global Integration Activities	(23.9)	28.5	106.5
2018 Restructuring Actions	(3.0)	16.8	68.4
Other Restructuring	(0.6)	(1.1)	(1.7)
Total	137.7	44.2	173.2
Expense reclassified to discontinued operations	(7.5)	(10.0)	(38.3)
Total Restructuring Expense	\$ 130.2	\$ 34.2	\$ 134.9

Turnaround/Transformation Plan

In connection with the four-year plan announced on July 1, 2019 to drive substantial improvement in and optimization in the Company's businesses (the "Turnaround Plan"), the Company has and expects to continue to incur restructuring and related costs. On May 11, 2020, the Company announced an expansion of the Turnaround Plan to further reduce fixed costs, (the "Transformation Plan"). Over the next 3 fiscal years, the Company expects to incur approximately \$170.0 of additional restructuring charges pertaining to the approved actions, primarily related to employee termination benefits, contract terminations and other exit-related costs.

Of the expected costs, the Company has incurred cumulative restructuring charges of \$165.2 related to approved initiatives through June 30, 2020, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Fixed Asset Write- offs	Other Exit Costs	Total
Fiscal 2020	\$ 159.8	\$ (1.1)	\$ 6.5	\$ 165.2

The related liability balance and activity of restructuring costs for the Turnaround Plan are presented below:

	Severance and Employee Benefits	Fixed Asset Write- offs	Other Exit Costs ^(a)	Total Program Costs
Balance—July 1, 2019	\$ —	\$ —	\$ —	\$ —
Restructuring charges	181.4	(1.1)	6.5	186.8
Payments	(28.4)	—	(4.3)	(32.7)
Changes in estimates	(21.6)	—	—	(21.6)
Non-cash utilization	—	1.1	—	1.1
ASC 842 adoption adjustment	—	—	(1.5)	(1.5)
Effect of exchange rates	1.7	—	—	1.7
Balance—June 30, 2020	133.1	—	0.7	133.8
Liability reclassified to held for sale	(1.2)	—	—	(1.2)
Balance—June 30, 2020	\$ 131.9	\$ —	\$ 0.7	\$ 132.6

The Company currently estimates that the total remaining accrual of \$132.6 will result in cash expenditures of approximately \$110.1, \$22.1 and \$0.4 in fiscal 2021, 2022 and thereafter, respectively.

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Global Integration Activities

In connection with the acquisition of the P&G Beauty Business, the Company has, and anticipates, that it will continue to incur restructuring and related costs aimed at integrating and optimizing the combined organization (“Global Integration Activities”).

Of the expected costs, the Company has incurred cumulative restructuring charges of \$476.1 related to approved initiatives through the fiscal year ended June 30, 2020, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total ^(a)
Fiscal 2017	\$ 333.9	\$ 22.4	\$ 4.6	\$ 4.1	\$ 365.0
Fiscal 2018	67.5	19.3	14.3	5.4	106.5
Fiscal 2019	(6.0)	4.5	27.8	2.2	28.5
Fiscal 2020	(18.3)	(5.5)	—	(0.1)	(23.9)
Cumulative through June 30, 2020	<u>\$ 377.1</u>	<u>\$ 40.7</u>	<u>\$ 46.7</u>	<u>\$ 11.6</u>	<u>\$ 476.1</u>

The related liability balance and activity for the Global Integration Activities restructuring costs are presented below:

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2019	\$ 53.7	\$ 11.7	\$ 1.6	\$ 67.0
ASC 842 adoption adjustment	—	—	(1.5)	(1.5)
Payments	(25.2)	(3.4)	—	(28.6)
Change in estimates	(18.3)	(5.5)	(0.1)	(23.9)
Effect of exchange rates	(0.3)	—	—	(0.3)
Balance—June 30, 2020	<u>9.9</u>	<u>2.8</u>	<u>—</u>	<u>12.7</u>
Liability reclassified as held for sale	(0.8)	(1.5)	—	(2.3)
Balance—June 30, 2020	<u>\$ 9.1</u>	<u>\$ 1.3</u>	<u>\$ —</u>	<u>\$ 10.4</u>

The Company currently estimates that the total remaining accrual of \$10.4 will result in cash expenditures of approximately \$7.7, \$0.5 and \$2.2 in fiscal 2021, 2022 and thereafter, respectively.

2018 Restructuring Actions

During fiscal 2018, the Company began evaluating initiatives to reduce fixed costs and enable further investment in the business (“the 2018 Restructuring Actions”).

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Of the expected costs, the Company incurred cumulative restructuring charges of \$82.2 related to approved initiatives through the fiscal year ended June 30, 2020, primarily related to role eliminations in Europe and North America, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total
Fiscal 2018	\$ 63.5	\$ 0.2	\$ 1.3	\$ 3.4	\$ 68.4
Fiscal 2019	15.4	(0.1)	—	1.5	16.8
Fiscal 2020	(3.0)	—	—	—	(3.0)
Cumulative through June 30, 2020	\$ 75.9	\$ 0.1	\$ 1.3	\$ 4.9	\$ 82.2

The related liability balance and activity of restructuring costs for the 2018 Restructuring Actions are presented below:

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2019	\$ 15.5	\$ 0.1	\$ 1.5	\$ 17.1
ASC 842 adoption adjustment	—	—	(1.2)	(1.2)
Payments	(9.3)	(0.1)	(0.1)	(9.5)
Changes in estimates	(3.0)	—	—	(3.0)
Effect of exchange rates	(0.6)	—	—	(0.6)
Balance—June 30, 2020	2.6	—	0.2	2.8
Liability reclassified as held for sale	(1.4)	—	—	(1.4)
Balance—June 30, 2020	\$ 1.2	\$ —	\$ 0.2	\$ 1.4

The Company currently estimates that the total remaining accrual of \$1.4 will result in cash expenditures of approximately \$0.6 and \$0.8 in fiscal 2021 and 2022, respectively. There are no more anticipated expenditures for these activities.

Other Restructuring

The Company executed a number of other restructuring activities in prior years, which are substantially completed. The Company recognized (income) expenses of \$(0.6), \$(1.1) and \$(1.7) in fiscal 2020, 2019 and 2018, respectively, which have been recorded in Corporate. The related liability balances were \$2.7 and \$9.0 at June 30, 2020 and June 30, 2019, respectively.

8. TRADE RECEIVABLES—FACTORING

The Company factors a portion of its trade receivables with unrelated third-party factoring companies on both a recourse and non-recourse basis. The Company maximizes its use of the factoring facility, by factoring additional invoices to replace invoices paid early. The net amount utilized under the factoring facilities was \$123.1 and \$118.3 as of June 30, 2020 and 2019, respectively. The aggregate amount of trade receivable invoices on a worldwide basis amounted to \$839.8 and \$547.9 in fiscal 2020 and 2019, respectively. Remaining balances due from factors amounted to \$6.2 and \$8.6 as of June 30, 2020 and 2019, respectively, and are included in Trade receivables, net in the Consolidated Balance Sheets. Factoring fees paid under these arrangements were \$1.8, \$2.4 and \$0.6 in fiscal 2020, 2019 and 2018, respectively, which were recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations. Cash received from the selling of receivables under the Receivables Purchase Agreement are presented as a change in trade receivables within the operating activities section of the Consolidated Statements of Cash Flows.

U.S. Receivables Purchase Agreement

On March 19, 2019, the Company entered into an Uncommitted Receivables Purchase Agreement (the “Receivables Purchase Agreement”) with a financial institution, with an aggregate facility limit of \$150.0. Eligible trade receivables are purchased by the financial institution for cash at net invoice value less a factoring fee. Pursuant to Receivables Purchase Agreement, the Company acts as collections agent for the financial institution and is responsible for the collection, and remittance to the financial institution, of all customer payments related to trade receivables factored under this arrangement. For certain customer receivables factored, the Company will retain a recourse obligation of up to 10 percent of the respective invoice’s net invoice value, payable to the financial institution if the customer’s payment is not received by the contractual due

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date. The Company accounts for trade receivable transfers under the Receivables Purchase Agreement as sales and derecognizes the sold receivables from the Consolidated Balance Sheets. The fair value of sold receivables approximated their book value due to their short-term nature. The Company estimated that the fair value of its servicing responsibilities was not material. Cash received from the selling of receivables under the Receivables Purchase Agreement are presented as a change in trade receivables within the operating activities section of the Consolidated Statements of Cash Flows.

European Receivables Purchase Agreement

In September, 2019, the Company entered into a factoring agreement with a financial institution, which allows for the transfer of receivables from certain of our European subsidiaries, in exchange for cash (the “European Receivables Purchase Agreement”). The total outstanding amount permitted among such subsidiaries is €93.0. Factoring of such receivables under the European Receivables Purchase Agreement is executed on a non-recourse basis.

9. INVENTORIES

Inventories as of June 30, 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Raw materials	\$ 148.6	\$ 206.3
Work-in-process	11.1	18.0
Finished goods	518.5	635.8
Total inventories	<u>\$ 678.2</u>	<u>\$ 860.1</u>

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of June 30, 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Expected income tax refunds, credits and prepaid income taxes	\$ 134.4	\$ 97.2
Prepaid marketing, copyright and agency fees	91.1	98.5
Value added tax, sales and other non-income tax assets	83.1	114.8
Non-trade receivables	53.4	13.2
Prepaid rent, leases, maintenance and insurance	15.6	16.3
Other	34.0	58.2
Total prepaid expenses and other current assets	<u>\$ 411.6</u>	<u>\$ 398.2</u>

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11. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of June 30, 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Land, buildings and leasehold improvements	\$ 475.0	\$ 530.2
Machinery and equipment	706.6	748.6
Marketing furniture and fixtures	548.8	551.1
Computer equipment and software	706.3	776.4
Construction in progress	108.6	114.4
Property and equipment, gross	2,545.3	2,720.7
Accumulated depreciation and amortization	(1,463.7)	(1,388.0)
Property and equipment, net	\$ 1,081.6	\$ 1,332.7

Depreciation expense of property and equipment totaled \$351.7, \$331.8 and \$331.1 in fiscal 2020, 2019 and 2018, respectively. Depreciation expense is recorded in Cost of sales and Selling, general and administrative expenses in the Consolidated Statements of Operations.

During fiscal 2020, 2019 and 2018 the Company recorded asset impairment charges of \$16.8, \$27.8 and \$15.6 respectively. The fiscal 2020 impairment charge is recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations and primarily relate to the abandonment of a retail store and software no longer in use. The fiscal 2019 and 2018 impairment charges are included in Restructuring costs in the Consolidated Statements of Operations and primarily relate to the disposal of certain manufacturing facilities, and the write-off of machinery and equipment in excess of the Company's needs.

12. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Assessment for Impairments

The Company tests goodwill and indefinite-lived other intangible assets for impairment at least annually as of May 1, or more frequently, if certain events or circumstances warrant. There were no impairments of goodwill at the Company's reporting units or of indefinite-lived other intangible assets in fiscal 2018. During fiscal 2019, the Company recorded total goodwill impairments of \$3,307.5 and total impairments on indefinite-lived other intangible assets of \$389.8. Additionally, the Company recorded impairments of \$19.7 on finite-lived other intangible assets during fiscal 2019.

During fiscal 2020, the Company recorded total goodwill impairments of \$105.0 and total impairments on indefinite-lived other intangible assets of \$329.0. The asset impairment charges were a result of the following impairment tests:

During the third quarter of fiscal 2020, the Company was adversely impacted by the COVID-19 global pandemic. This drove a decrease in net revenue, impacting all product categories across the Company, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. Management concluded that this adverse factor represented an indicator of impairment that warranted an interim impairment test for goodwill and certain other intangible assets. As a result, in the three and nine months ended March 31, 2020, the Company recognized asset impairment charges of \$40.4, relating to indefinite-lived other intangible assets (related to the CoverGirl, Max Factor and Bourjois trademarks).

In the fourth quarter of fiscal 2020, as a result of the May 1, 2020 annual impairment test, the Company recorded asset impairment charges of \$288.6 related to indefinite-lived other intangible assets (mainly CoverGirl, Max Factor, Philosophy and Bourjois trademarks) that are all considered corporate assets. There were no goodwill impairment charges recorded as a result of the annual impairment test performed on May 1, 2020.

On June 1, 2020, the Company entered into a definitive agreement with KKR, regarding a strategic transaction for the sale of Coty's Wella Business. A goodwill impairment test should be performed immediately before and after a Company reorganizes its reporting structure if the reorganization would affect the composition of one or more of its reporting units. As a result, the Company determined that goodwill should be tested for potential impairment after considering the sale of the Wella Business. As a result of the June 1, 2020 impairment test, the Company recorded impairment charges of \$105.0 related to goodwill of the EMEA reporting unit.

The Company considered several factors that developed during the fourth quarter of fiscal 2020 that led to the conclusion that the fair values of the EMEA reporting unit and certain indefinite-lived other intangible assets were below their carrying amounts. The continuing impacts of the COVID-19 pandemic was the principle driver of additional impairments. This drove a

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decrease in net revenue, impacting all product categories across the Company, due to the slow economic recovery that arose as a result of the pandemic. The fair value of the EMEA reporting unit was also adversely impacted due to a loss of synergies from the sale of the Wella Business. Additionally the fair values of the trademarks were adversely affected by a 165 and 190 basis point increase in the discount rate compared to the May 1, 2019 and March 31, 2020 test, respectively.

The Company estimated the fair values of its reporting units based on discounted cash flow methodology reflecting the latest projections which included, among other things, the impact of COVID-19 pandemic for the Company's impairment testing performed during the fourth quarter of our 2020 fiscal year. These projections assumed a gradual recovery from the COVID-19 pandemic beginning in early fiscal 2021 through the third quarter of fiscal 2021. These projections also considered the targeted reduction in the Company's fixed cost structure in line with the announced Transformation Plan. These cost reductions will be achieved through a combination of further consolidating its supply network, headcount restructuring, and substantial reduction in its non-people costs.

Goodwill

Goodwill as of June 30, 2020, 2019 and 2018 is presented below:

	Americas	EMEA	APAC	Total
Gross balance at June 30, 2018	\$ 3,117.4	\$ 3,793.4	\$ 1,312.4	\$ 8,223.2
Accumulated impairments	(206.1)	(297.0)	(124.5)	(627.6)
Net balance at June 30, 2018	<u>\$ 2,911.3</u>	<u>\$ 3,496.4</u>	<u>\$ 1,187.9</u>	<u>\$ 7,595.6</u>
Changes during the year ended June 30, 2019				
Impairment charges	(1,562.6)	(1,455.3)	(289.6)	(3,307.5)
Measurement period adjustments ^(a)	(2.2)	(4.8)	(2.7)	(9.7)
Foreign currency translation	(45.8)	(50.7)	(15.1)	(111.6)
Gross balance at June 30, 2019	\$ 3,069.4	\$ 3,737.9	\$ 1,294.6	\$ 8,101.9
Accumulated impairments	(1,768.7)	(1,752.3)	(414.1)	(3,935.1)
Net balance at June 30, 2019	<u>\$ 1,300.7</u>	<u>\$ 1,985.6</u>	<u>\$ 880.5</u>	<u>\$ 4,166.8</u>
Changes during the year ended June 30, 2020				
Acquisitions ^(b)	128.6	—	—	128.6
Dispositions	(10.8)	(10.1)	(2.0)	(22.9)
Foreign currency translation	(75.0)	(88.9)	(29.7)	(193.6)
Impairment charges	—	(105.0)	—	(105.0)
Gross balance at June 30, 2020	\$ 3,112.2	\$ 3,638.9	\$ 1,262.9	\$ 8,014.0
Accumulated impairments	(1,768.7)	(1,857.3)	(414.1)	(4,040.1)
Net balance at June 30, 2020	<u>\$ 1,343.5</u>	<u>\$ 1,781.6</u>	<u>\$ 848.8</u>	<u>\$ 3,973.9</u>

^(a) Includes measurement period adjustments during the year ended June 30, 2019 in connection with the Burberry Beauty Business acquisition (Refer to Note 4—Business Combinations, Asset Acquisitions and Divestitures).

^(b) Includes goodwill resulting from the King Kylie Transaction on January 6, 2020 (Refer to Note 4—Business Combinations, Asset Acquisitions and Divestitures).

As described in Note 5 — Segment Reporting, the Company changed its segments during the third quarter ended March 31, 2020. As a result, the Company allocated goodwill to the new segments using a relative fair value approach. In addition, the Company completed an assessment of any potential goodwill impairment for all reporting units immediately prior to the reallocation and determined that no impairment existed. Further, the Company recast the goodwill and indefinite-lived intangible asset tables for the new segments.

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As a result of the definitive agreement signed with KKR for the Wella Business (see Note 3 — Discontinued Operations), the results of the Wella Business are presented as discontinued operations. The Professional Beauty business has historically been reported as the Company's Professional Beauty reportable segment, and the Retail Hair business has been included within EMEA, Americas and Asia Pacific reportable segments. The goodwill attributable to the Wella Business as of June 30, 2020, 2019 and 2018 is excluded from the preceding table and is reported as held for sale in the Consolidated Balance Sheets.

Other Intangible Assets, net

Other intangible assets, net as of June 30, 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Indefinite-lived other intangible assets	\$ 995.5	\$ 1,329.5
Finite-lived other intangible assets, net	3,376.6	3,201.8
Total Other intangible assets, net	\$ 4,372.1	\$ 4,531.3

The changes in the carrying amount of indefinite-lived other intangible assets are presented below:

	Trademarks	Total
Gross balance at June 30, 2018	\$ 1,932.7	\$ 1,932.7
Accumulated impairments	(194.7)	(194.7)
Net balance at June 30, 2018	\$ 1,738.0	\$ 1,738.0
Changes during the year ended June 30, 2019		
Impairment charges	(389.8)	(389.8)
Foreign currency translation	(18.7)	(18.7)
Gross balance at June 30, 2019	\$ 1,914.0	\$ 1,914.0
Accumulated impairments	(584.5)	(584.5)
Net balance at June 30, 2019	\$ 1,329.5	\$ 1,329.5
Changes during the year ended June 30, 2020		
Impairment charges	(329.0)	(329.0)
Foreign currency translation	(5.0)	(5.0)
Gross balance at June 30, 2020	\$ 1,909.0	\$ 1,909.0
Accumulated impairments	(913.5)	(913.5)
Net balance at June 30, 2020	\$ 995.5	\$ 995.5

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Intangible assets subject to amortization are presented below:

	Cost	Accumulated Amortization	Accumulated Impairment	Net
June 30, 2019				
License and collaboration agreements	\$ 3,240.2	\$ (873.1)	\$ (19.6)	\$ 2,347.5
Customer relationships	978.6	(450.2)	(5.5)	522.9
Trademarks	451.2	(157.8)	(0.5)	292.9
Product formulations and technology	100.4	(61.9)	—	38.5
Total	<u>\$ 4,770.4</u>	<u>\$ (1,543.0)</u>	<u>\$ (25.6)</u>	<u>\$ 3,201.8</u>
June 30, 2020				
License and collaboration agreements ^(a)	\$ 3,861.2	\$ (1,021.1)	\$ (19.6)	\$ 2,820.5
Customer relationships ^(a)	786.1	(427.3)	(5.5)	353.3
Trademarks	325.7	(154.0)	(0.5)	171.2
Product formulations and technology	86.2	(54.6)	—	31.6
Total	<u>\$ 5,059.2</u>	<u>\$ (1,657.0)</u>	<u>\$ (25.6)</u>	<u>\$ 3,376.6</u>

^(a)Includes License agreements and Customer relationships of \$649.0 and \$27.0, respectively resulting from the King Kylie acquisition on January 6, 2020 (Refer to Note 4—Business Combinations, Asset Acquisitions and Divestitures).

Due to the divestiture of the Wella Business, intangible assets specific to this business as of June 30, 2020 are excluded from the preceding tables and reported as Held for sale assets.

In September 2019, the Company divested all of its membership interest in Foundation, which held the net assets of Younique (including goodwill of \$22.9 and other intangible assets of \$228.6). (Refer to Note 4—Business Combinations, Asset Acquisitions and Divestitures).

In July 2018, the Company acquired a trademark associated with a preexisting license. As a result of the acquisition, the preexisting license was effectively terminated, and accordingly the Company recorded \$12.6 of Asset impairment charges in the Consolidated Statement of Operations related to the license agreement.

Amortization expense totaled \$233.1, \$246.7 and \$244.3 for the fiscal years ended June 30, 2020, 2019 and 2018, respectively.

Intangible assets subject to amortization are amortized principally using the straight-line method and have the following weighted-average remaining lives:

Description

License and collaboration agreements	22.5 years
Customer relationships	15.6 years
Trademarks	16.9 years
Product formulations and technology	20.0 years

As of June 30, 2020, the remaining weighted-average life of all intangible assets subject to amortization is 21.6 years.

The estimated aggregate amortization expense for each of the following fiscal years ending June 30 is presented below:

2021	\$ 228.4
2022	186.7
2023	179.9
2024	178.1
2025	173.6

License Agreements

The Company records assets for license agreements (“licenses”) acquired in transactions accounted for as business combinations. These licenses provide the Company with the exclusive right to manufacture and market on a worldwide and/or

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regional basis, certain of the Company's products which comprise a significant portion of the Company's revenues. These licenses have initial terms covering various periods. Certain brand licenses provide for automatic extensions ranging from 2 to 10 year terms, at the Company's discretion.

13. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of June 30, 2020 and 2019 consist of the following:

	June 30, 2020	June 30, 2019
Advertising, marketing and licensing	\$ 268.3	\$ 343.1
Compensation and other compensation related benefits	183.0	256.7
Customer returns, discounts, allowances and bonuses	166.1	180.8
Restructuring costs	120.5	55.2
Value added, sales and other non-income taxes	97.0	87.8
Auditing, consulting, legal and litigation accruals	61.9	40.4
Interest rate swap liability	44.6	17.9
Interest	22.8	29.7
Factoring - due to counterparty	13.2	14.4
Cross currency swap liability	12.5	—
Unfavorable contract liability	10.9	11.0
Deferred income	10.0	13.5
Mandatorily redeemable financial interest liability (See Note 21)	1.9	51.8
Other	98.9	86.2
Total accrued expenses and other current liabilities	\$ 1,111.6	\$ 1,188.5

14. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities as of June 30, 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Noncurrent income tax liabilities	\$ 170.7	\$ 170.6
Unfavorable contract liabilities	78.7	90.5
Restructuring costs	26.6	24.9
Interest rate swap liability	25.0	24.1
Mandatorily redeemable financial interest liability (See Note 21)	6.9	6.1
Deferred income	6.7	10.5
Deferred rent	—	45.6
Other	19.9	25.7
Total other noncurrent liabilities	\$ 334.5	\$ 398.0

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15. DEBT

	June 30, 2020	June 30, 2019
Short-term debt	\$ —	\$ 4.2
2018 Coty Credit Agreement		
2018 Coty Revolving Credit Facility due April 2023	1,438.8	792.1
2018 Coty Term A Facility due April 2023	2,959.0	3,147.0
2018 Coty Term B Facility due April 2025	2,308.5	2,342.3
Senior Unsecured Notes		
2026 Dollar Notes due April 2026	550.0	550.0
2023 Euro Notes due April 2023	618.3	625.0
2026 Euro Notes due April 2026	281.1	284.1
Other long-term debt and capital lease obligations	0.6	1.1
Total debt	8,156.3	7,745.8
Less: Short-term debt and current portion of long-term debt	(188.3)	(193.8)
Total Long-term debt	7,968.0	7,552.0
Less: Unamortized debt issuance costs	(66.9)	(71.3)
Less: Discount on Long-term debt	(9.0)	(10.8)
Total Long-term debt, net	\$ 7,892.1	\$ 7,469.9

Short-Term Debt

The Company maintains short-term lines of credit with financial institutions around the world. Total available lines of credit were \$87.8 and \$113.5, of which nil and \$2.3 were outstanding at June 30, 2020 and 2019, respectively. Interest rates on these short-term lines of credit vary depending on market rates for borrowings within the respective geographic locations plus applicable spreads. Interest rates plus applicable spreads on these lines ranged from 0.8% to 7.3% and from 0.4% to 7.3% as of June 30, 2020 and 2019, respectively. The weighted-average interest rate on short-term debt outstanding was 0.0% and 3.3% as of June 30, 2020 and 2019, respectively. In addition, the Company had undrawn letters of credit of \$6.0 and \$6.3 and bank guarantees of \$45.7 and \$97.1 as of June 30, 2020 and 2019, respectively.

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Long-Term Debt

The Company's long-term debt facilities consisted of the following as of June 30, 2020 and 2019:

Facility	Maturity Date	Borrowing Capacity (in millions)	Interest Rate Terms	Applicable Interest Rate Spread as of June 30, 2020	Debt Discount	Repayment Schedule
2018 Coty Revolving Credit Facility	April 2023	\$2,750.0		1.75%	N/A ^(b)	Payable in full at maturity date
2018 Coty Term A Facility - USD Portion	April 2023	\$1,000.0	LIBOR ^(a) plus a margin ranging from 1.00% to 2.00% per annum or a base rate plus a margin ranging from 0.00% to 1.00% per annum, based on the Company's total net leverage ratio ^{(c)(d)(e)}	1.75%	N/A ^(b)	Quarterly repayments beginning September 30, 2018 at 1.25% of original principal amount
2018 Coty Term A Facility - EUR Portion	April 2023	€2,035.0		1.75%	N/A ^(b)	
2018 Coty Term B Facility - USD Portion	April 2025	\$1,400.0	LIBOR ^(a) plus a margin of 2.25% per annum or a base rate plus a margin of 1.25% per annum ^(d)	2.25%	0.25%	Quarterly repayments beginning September 30, 2018 at 0.25% of original principal amount
2018 Coty Term B Facility - EUR Portion	April 2025	€850.0	LIBOR ^(a) plus a margin of 2.50% per annum ^(d)	2.50%	0.25%	
2026 Dollar Notes	April 2026	\$550.0	6.5% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2018	N/A ^(b)	N/A ^(b)	Payable in full at maturity date
2023 Euro Notes	April 2023	€550.0	4.0% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2018	N/A ^(b)	N/A ^(b)	
2026 Euro Notes	April 2026	€250.0	4.75% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2018	N/A ^(b)	N/A ^(b)	

^(a) As defined in the *Interest* section below.

^(b) N/A - Not Applicable.

^(c) As defined per the 2018 Coty Credit Agreement.

^(d) The selection of the applicable one, two, three, six or twelve month interest rate for the period is at the discretion of the Company.

^(e) The Company will pay to the Revolving Credit Facility lenders an unused commitment fee calculated at a rate ranging from 0.10% to 0.35% per annum, based on the Company's total net leverage ratio^(d). As of June 30, 2020 and 2019, the applicable rate on the unused commitment fee was 0.30% and 0.30%, respectively.

Offering of Senior Unsecured Notes

On April 5, 2018 the Company issued, at par, \$550.0 of 6.50% senior unsecured notes due 2026 (the "2026 Dollar Notes"), €550.0 of 4.00% senior unsecured notes due 2023 (the "2023 Euro Notes") and €250.0 of 4.75% senior unsecured notes due 2026 (the "2026 Euro Notes" and, together with the 2023 Euro Notes, the "Euro Notes," and the Euro Notes together with the 2026 Dollar Notes, the "Senior Unsecured Notes") in a private offering.

The Senior Unsecured Notes are senior unsecured debt obligations of the Company and will be *pari passu* in right of payment with all of the Company's existing and future senior indebtedness (including the 2018 Coty Credit Facilities described below). The Senior Unsecured Notes are guaranteed, jointly and severally, on a senior basis by the Guarantors (as later defined under "2018 Coty Credit Agreement"). The Senior Unsecured Notes are senior unsecured obligations of the Company and are effectively junior to all existing and future secured indebtedness of the Company to the extent of the value of the collateral securing such secured indebtedness. The related guarantees are senior unsecured obligations of each Guarantor and are effectively junior to all existing and future secured indebtedness of such Guarantor to the extent of the value of the collateral securing such indebtedness.

The 2026 Dollar Notes will mature on April 15, 2026. The 2026 Dollar Notes will bear interest at a rate of 6.50% per annum. Interest on the 2026 Dollar Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

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The 2023 Euro Notes will mature on April 15, 2023 and the 2026 Euro Notes will mature on April 15, 2026. The 2023 Euro Notes will bear interest at a rate of 4.00% per annum, and the 2026 Euro Notes will bear interest at a rate of 4.75% per annum. Interest on the Euro Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

Upon the occurrence of certain change of control triggering events with respect to a series of Senior Unsecured Notes, the Company will be required to offer to repurchase all or part of the Senior Unsecured Notes of such series at 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date applicable to such Senior Unsecured Notes.

The Senior Unsecured Notes contain customary covenants that place restrictions in certain circumstances on, among other things, incurrence of liens, entry into sale or leaseback transactions, sales of all or substantially all of the Company's assets and certain merger or consolidation transactions. The Senior Unsecured Notes also provide for customary events of default.

Optional Redemption

Applicable Premium

The indenture governing the Senior Unsecured Notes (the "Indenture") specifies the Applicable Premium (as defined in the Indenture) to be paid upon early redemption of some or all of the 2026 Dollar Notes or 2026 Euro Notes.

The Applicable Premium related to the 2026 Dollar Notes and 2026 Euro Notes on any redemption date and as calculated by the Company is the greater of:

- (1) 1.0% of the then outstanding principal amount of the respective 2026 Dollar Notes and 2026 Euro Notes; and
- (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of such 2026 Dollar Notes or 2026 Euro Notes that would apply if such 2026 Dollar Notes or 2026 Euro Notes were redeemed on April 15, 2021 or April 15, 2021, respectively (such redemption price is expressed as a percentage of the principal amount being set forth in the table appearing in the Redemption Pricing section below), plus (ii) all remaining scheduled payments of interest due on the 2026 Dollar Notes or 2026 Euro Notes to and including April 15, 2021 and April 15, 2021, respectively (excluding accrued but unpaid interest, if any, to, but excluding, the redemption date), with respect to each of subclause (i) and (ii), computed using a discount rate equal to the Treasury Rate in the case of the 2026 Dollar Notes or Bund Rate in the case of the 2026 Euro Notes (both Treasury Rate and Bund Rate as defined in the Indenture) as of such redemption date plus 50 basis points; over (b) the principal amount of the respective 2026 Dollar Notes or 2026 Euro Notes.

Redemption Pricing

At any time and from time to time prior to April 15, 2021 and April 15, 2021, the Company may redeem some or all of the 2026 Dollar Notes, and 2026 Euro Notes, respectively, at redemption prices equal to 100% of the respective principal amounts being redeemed plus the Applicable Premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption dates.

At any time on or after April 15, 2021, April 15, 2020 and April 15, 2021, the Company may redeem some or all of the 2026 Dollar Notes, 2023 Euro Notes and 2026 Euro Notes, respectively, at the redemption prices (expressed in percentage of principal amount) set forth below, plus accrued and unpaid interest, if any, to, but excluding, the redemption dates, if redeemed during the twelve-month period beginning on April 15 of each of the years indicated below:

Year	Price		
	2026 Dollar Notes	2023 Euro Notes	2026 Euro Notes
2021	104.8750%	101.0000%	103.5625%
2022	103.2500%	100.0000%	102.3750%
2023	101.6250%	100.0000%	101.1875%
2024 and thereafter	100.0000%	N/A	100.0000%

In addition, at any time prior to April 15, 2021 and April 15, 2021, the Company may redeem up to 35% of the aggregate principal amounts of the outstanding 2026 Dollar Notes and 2026 Euro Notes, respectively, using the net cash proceeds from certain equity offerings at redemption prices (expressed as a percentage of the principal amount) of 106.50% and 104.75%, respectively, plus accrued and unpaid interest, if any, to, but excluding, the redemption dates; *provided* that (i) at least 65% of the aggregate principal amount of 2026 Dollar Notes and 2026 Euro Notes, respectively, originally issued on the date of the Indenture remain outstanding after each such redemption, and (ii) notice of any such redemption is delivered to the Trustee within 90 days of the closing of each such equity offering.

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2018 Coty Credit Agreement

On April 5, 2018, the Company entered into a new credit agreement (the “2018 Coty Credit Agreement”), which amended and restated the previously existing 2015 Coty Credit Agreement. The incurrence by the Company of (1) a senior secured term A facility in an aggregate principal amount of (i) \$1,000.0 denominated in U.S. dollars and (ii) €2,035.0 denominated in euros (the “2018 Coty Term A Facility”) and (2) a senior secured term B facility in an aggregate principal amount of (i) \$1,400.0 denominated in U.S. dollars and (ii) €850.0 denominated in euros (the “2018 Coty Term B Facility”) and (b) the incurrence by the Company and Coty B.V., a Dutch subsidiary of the Company (the “Dutch Borrower” and, together with the Company, the “Borrowers”), of a senior secured revolving facility in an aggregate principal amount of \$3,250.0 denominated in U.S. dollars, specified alternative currencies or other currencies freely convertible into U.S. dollars and readily available in the London interbank market (the “2018 Coty Revolving Credit Facility”) (the 2018 Coty Term A Facility, together with the 2018 Coty Term B Facility and the 2018 Coty Revolving Credit Facility, the “2018 Coty Credit Facilities”). Initial borrowings under the 2018 Coty Term Loan B Facility were issued at a 0.250% discount.

The 2018 Coty Credit Agreement provides that with respect to the 2018 Coty Revolving Credit Facility, up to \$150.0 is available for letters of credit and up to \$150.0 is available for swing line loans. The 2018 Coty Credit Agreement also permits, subject to certain terms and conditions, the incurrence of incremental facilities thereunder in an aggregate amount of (i) \$1,700.0 plus (ii) an unlimited amount if the First Lien Net Leverage Ratio (as defined in the 2018 Coty Credit Agreement), at the time of incurrence of such incremental facilities and after giving effect thereto on a pro forma basis, is less than or equal to 3.00 to 1.00.

The obligations of the Company under the 2018 Coty Credit Agreement are guaranteed by the material wholly-owned subsidiaries of the Company organized in the U.S., subject to certain exceptions (the “Guarantors”) and the obligations of the Company and the Guarantors under the 2018 Coty Credit Agreement are secured by a perfected first priority lien (subject to permitted liens) on substantially all of the assets of the Company and the Guarantors, subject to certain exceptions. The Dutch Borrower does not guarantee the obligations of the Company under the 2018 Coty Credit Agreement or grant any liens on its assets to secure any obligations under the 2018 Coty Credit Agreement.

On June 27, 2019, the Company entered into an amendment (“2019 Amendment”) to the 2018 Coty Credit Agreement. The 2019 Amendment modified the 2018 Coty Credit Agreement by amending the financial covenants to (i) delay until March 31, 2022 the total net leverage ratio step down from 5.25 to 5.0 (as further described in the *Covenants* section below), (ii) extend the applicable window for certain cost savings add-backs in the calculation of Adjusted EBITDA for purpose of determining the total net leverage ratio, and (iii) amend the determination of the exchange rate to be used for purposes of calculating “Total Indebtedness” (as defined in the 2018 Coty Credit Agreement) for purposes of the total net leverage ratio, and decreasing the total commitments under the revolving credit facility by \$500.0 to \$2,750.0. In connection with the 2019 Amendment, the Company wrote off \$3.8 of unamortized deferred financing fees, which were recorded as Other expense, net in the Consolidated Statement of Operations.

On April 29, 2020, the Company amended its existing credit agreement. The amendment (i) provides a net debt to EBITDA financial covenant “holiday” through March 31, 2021; (ii) establishes a minimum liquidity covenant through March 31, 2021 of \$350.0; and (iii) effectively places certain limitations on the ability to make certain investments and restricted payments (including limiting our ability to pay dividends in cash through March 31, 2021) and on incurring additional secured indebtedness. The amendment does not modify the applicable funding costs during the period through March 31, 2021.

Deferred Issuance Costs

For the fiscal years ended June 30, 2020, 2019 and 2018, the Company capitalized deferred financing fees of \$13.4, \$5.9, and \$37.8, respectively. The Company incurred \$0.8 and \$0.8 in third-party debt issuance costs during the fiscal years ended June 30, 2020 and 2019, respectively, which were recorded as Other expense, net in the Consolidated Statement of Operations.

Loss on Early Extinguishment of Debt

During the fiscal years ended June 30, 2020, 2019 and 2018, the Company wrote off \$0.0, \$0.0 and \$8.7 of unamortized deferred financing fees related to extinguishments of substantially different debt. Also during the fiscal years ended June 30, 2020, 2019 and 2018, the Company wrote-off \$0.0, \$0.0 and \$2.0 of unamortized original issue debt discounts. The write-offs of these unamortized deferred financing fees and unamortized original issue debt discounts are included in Loss on early extinguishment of debt in the Consolidated Statements of Operations.

Interest

The 2018 Coty Credit Agreement facilities will bear interest at rates equal to, at the Company’s option, either:

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- LIBOR of the applicable qualified currency, of which the Company can elect the applicable one, two, three, six or twelve month rate, plus the applicable margin; or
- ABR plus the applicable margin.

In the case of the 2018 Coty Revolving Credit Facility and the 2018 Coty Term A Facility, the applicable margin means the lesser of a percentage per annum to be determined in accordance with the leverage-based pricing grid and the debt rating-based grid below:

Pricing Tier	Total Net Leverage Ratio:	LIBOR plus:	Alternative Base Rate Margin:
1.0	Greater than or equal to 4.75:1	2.000%	1.000%
2.0	Less than 4.75:1 but greater than or equal to 4.00:1	1.750%	0.750%
3.0	Less than 4.00:1 but greater than or equal to 2.75:1	1.500%	0.500%
4.0	Less than 2.75:1 but greater than or equal to 2.00:1	1.250%	0.250%
5.0	Less than 2.00:1 but greater than or equal to 1.50:1	1.125%	0.125%
6.0	Less than 1.50:1	1.000%	—%

Pricing Tier	Debt Ratings S&P/Moody's:	LIBOR plus:	Alternative Base Rate Margin:
5.0	Less than BB+/Ba1	2.000%	1.000%
4.0	BB+/Ba1	1.750%	0.750%
3.0	BBB-/Baa3	1.500%	0.500%
2.0	BBB/Baa2	1.250%	0.250%
1.0	BBB+/Baa1 or higher	1.125%	0.125%

In the case of the USD portion of the 2018 Coty Term B Facility, the applicable margin means 2.25% per annum, in the case of LIBOR loans, and 1.25% per annum, in the case of ABR loans. In the case of the Euro portion of the 2018 Coty Term B Facility, the applicable margin means 2.50% per annum, in the case of EURIBOR loans. In no event will LIBOR be deemed to be less than 0.00% per annum.

Fair Value of Debt

	June 30, 2020		June 30, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2018 Coty Credit Agreement	\$ 6,706.3	\$ 5,962.3	\$ 6,281.4	\$ 6,058.9
Senior Unsecured Notes	1,449.4	1,270.3	1,459.1	1,439.6

The Company uses the market approach to value the 2018 Coty Credit Agreement and the Senior Unsecured Notes. The Company obtains fair values from independent pricing services to determine the fair value of these debt instruments. Based on the assumptions used to value these liabilities at fair value, these debt instruments are categorized a Level 2 in the fair value hierarchy.

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Debt Maturities Schedule

Aggregate maturities of all long-term debt, including current portion of long-term debt and excluding capital lease obligations as of June 30, 2020, are presented below:

Fiscal Year Ending June 30,		
2021	\$	187.9
2022		187.9
2023		4,711.0
2024		23.6
2025		2,214.2
Thereafter		831.1
Total	\$	8,155.7

Covenants

The 2018 Coty Credit Agreement contains affirmative and negative covenants. The negative covenants include, among other things, limitations on debt, liens, dispositions, investments, fundamental changes, restricted payments and affiliate transactions. With certain exceptions as described below, the 2018 Coty Credit Agreement, as amended, includes a financial covenant that requires us to maintain a Total Net Leverage Ratio (as defined below), equal to or less than the ratios shown below for each respective test period.

Quarterly Test Period Ending	Total Net Leverage Ratio (as amended April 29, 2020)^(a)
June 30, 2020 through March 31, 2021	N/A (not tested)
June 30, 2021 through December 31, 2021	5.25 to 1.00
3/31/2022	5.00 to 1.00
6/30/2022	4.75 to 1.00
9/30/2022	4.50 to 1.00
12/31/2022	4.25 to 1.00
March 31, 2023 through June 30, 2023	4.00 to 1.00

^(a) Total Net Leverage Ratio means, as of any date of determination, the ratio of: (a) (i) Total Indebtedness minus (ii) unrestricted and Cash Equivalents of the Parent Borrower and its Restricted Subsidiaries as determined in accordance with GAAP to (b) Adjusted EBITDA for the most recently ended Test Period (each of the defined terms, including Adjusted EBITDA, used within the definition of Total Net Leverage Ratio have the meanings ascribed to them within the 2018 Coty Credit Agreement, as amended). Adjusted EBITDA, as defined in the 2018 Coty Credit Agreement, as amended, includes certain add backs related to cost savings, operating expense reductions and future unrealized synergies subject to certain limits and conditions as specified in the 2018 Coty Credit Agreement, as amended.

The 2018 Coty Credit Agreement, as amended, establishes a quarterly minimum liquidity covenant for this period of \$350.0. As of June 30, 2020, the current immediate liquidity was \$1,618.1.

In the four fiscal quarters following the closing of any Material Acquisition (as defined in the 2018 Coty Credit Agreement, as amended), including the fiscal quarter in which such Material Acquisition occurs, the maximum Total Net Leverage Ratio shall be the lesser of (i) 5.95 to 1.00 and (ii) 1.00 higher than the otherwise applicable maximum Total Net Leverage Ratio for such quarter (as set forth in the table above). Immediately after any such four fiscal quarter period, there shall be at least two consecutive fiscal quarters during which our Total Net Leverage Ratio is no greater than the maximum Total Net Leverage Ratio that would otherwise have been required in the absence of such Material Acquisition, regardless of whether any additional Material Acquisitions are consummated during such period. On January 6, 2020, the Company entered into a purchase agreement for the King Kylie Transaction, which constituted a Material Acquisition.

As of June 30, 2020, the Company was in compliance with all covenants contained within the 2018 Coty Credit Agreement, as amended.

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16. LEASES

A lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Company determines if an arrangement is a lease at lease inception. For operating leases entered into prior to July 1, 2019, the ROU assets and operating lease liabilities are recognized in the balance sheet based on the present value of the remaining future minimum payments over the lease term from the implementation date of the standard, July 1, 2019. For leases entered into subsequent to July 1, 2019, the operating lease ROU assets and operating lease liabilities are based on the present value of minimum payments over the lease term at the commencement date of the lease.

The Company uses discount rates to determine the present value of future lease payments. The Company uses its secured incremental borrowing rate, based on the information available for leases, including the lease term and interest rate environment in the country in which the lease exists. The lease terms used to calculate the ROU assets and lease liabilities may include options to extend or terminate when it is reasonably certain that the Company will exercise that option.

The Company leases office facilities under non-cancelable operating leases with terms generally ranging between 10 and 25 years. The Company utilizes these leased office facilities for use by its employees in countries in which the Company conducts its business. Leases are negotiated with third parties and, in some instances contain renewal, expansion and termination options. The Company also subleases certain office facilities to third parties when the Company no longer intends to utilize the space. None of the Company's leases restricts the payment of dividends or the incurrence of debt or additional lease obligations, or contain significant purchase options. A portion of our real estate lease portfolio contains base rents subject to annual changes in the Consumer Price Index ("CPI") as well as charges for operating expenses which are reimbursable to the landlord based on actual usage. Changes to the CPI and payments for such reimbursable operating expenses that are not defined with a minimum rate increase are considered variable and are recognized as variable lease costs in the period in which the obligation for those payments was incurred.

As a practical expedient, the Company has elected an accounting policy not to separate non-lease components from lease components and instead, account for these components as a single lease component. The Company has made an accounting policy election not to recognize ROU assets and lease liabilities for leases that, at the commencement date, are for 12 months or less. All of the Company's material leases are operating leases. These are primarily real estate properties, including corporate offices, retail stores and facilities to support the Company's manufacturing, research and development and distribution operations.

Due to the divestiture of the Wella Business, lease assets, liabilities and expenses specific to this business for the fiscal year ended June 30, 2020 are excluded from the subsequent tables and reported as held for sale.

The following chart provides additional information about the Company's operating leases for the fiscal year ended June 30, 2020.

Lease Cost:	Year Ended June 30, 2020
Operating lease cost	\$ 97.0
Short-term lease cost	2.3
Variable lease cost	53.4
Sublease income	(4.8)
Net lease cost	\$ 147.9
Other information:	
Operating cash outflows from operating leases	(100.9)
Right-of-use assets obtained in exchange for lease obligations	6.3
Weighted-average remaining lease term - real estate	6.9 years
Weighted-average discount rate - real estate leases	3.09 %

The Company incurred net rent expense of \$197.7 and \$208.2 relating to operating leases under ASC 840 in fiscal years 2019 and 2018, respectively. The Company collected payments from sub-lessors relating to facilities no longer in use by the Company of \$9.4 and \$6.2 for fiscal years 2019 and 2018, respectively. The fiscal years ended 2019 and 2018 rent expense and sub-lessor payments include amounts related to discontinued operations.

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During fiscal 2020, 2019 and 2018, we recorded asset impairment charges of \$7.8, \$0.0 and \$0.0. The fiscal 2020 impairment charges are recorded in selling, general and administrative expenses in the Consolidated Statements of Operations and primarily relate to abandonment of a retail store no longer in use.

Future minimum lease payments for the Company's operating leases as of June 30, 2020 are as follows:

	Year Ended June 30, 2020
2021	\$ 115.1
2022	85.3
2023	60.3
2024	47.8
2025	37.6
Thereafter	119.5
Total future lease payments	465.6
Less: imputed interest	(43.2)
Total present value of lease liabilities	\$ 422.4
Current operating lease liabilities	105.0
Long-term operating lease liabilities	317.4
Total operating lease liabilities	\$ 422.4

Table excludes obligations for leases with original terms of 12 months or less which have not been recognized as ROU assets or liabilities in the Consolidated Balance Sheets.

At June 30, 2019, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements are disclosed below. The table below includes amounts related to discontinued operations.

Fiscal Year Ending June 30,	Leases	
2020	\$	122.2
2021		111.2
2022		91.3
2023		76.7
2024		67.8
Thereafter		252.3
Total		721.5
Less: sublease income		(20.1)
Total payments	\$	701.4

17. INCOME TAXES

(Loss) income before income taxes from continuing operations in fiscal 2020, 2019 and 2018 is presented below:

	Year Ended June 30,		
	2020	2019	2018
United States	\$ (960.3)	\$ (2,003.5)	\$ (379.3)
Foreign	(507.3)	(1,941.9)	(15.2)
Total	\$ (1,467.6)	\$ (3,945.4)	\$ (394.5)

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The components of the Company's total (benefit) provision for income taxes from continuing operations during fiscal 2020, 2019 and 2018 are presented below:

	Year Ended June 30,		
	2020	2019	2018
(Benefit) provision for income taxes from continuing operations:			
Current:			
Federal	\$ —	\$ 0.8	\$ 0.2
State and local	(0.3)	8.2	9.8
Foreign	90.7	129.4	(33.9)
Total	90.4	138.4	(23.9)
Deferred:			
Federal	(286.7)	(116.1)	87.7
State and local	(50.6)	(49.9)	1.3
Foreign	(130.8)	(27.2)	(97.3)
Total	(468.1)	(193.2)	(8.3)
Benefit for income taxes from continued operations	\$ (377.7)	\$ (54.8)	\$ (32.2)

During fiscal 2020, the Company recorded a benefit of \$105.7 for the capital loss generated as a result of the disposition of its investment in Younique.

During fiscal 2019, the Company recorded goodwill impairment that is not tax-deductible.

During fiscal 2018, the Company incurred an expense of \$123.0 as a result of the Tax Act.

The reconciliation of the U.S. Federal statutory tax rate to the Company's effective income tax rate during fiscal 2020, 2019 and 2018 is presented below:

	Year Ended June 30,		
	2020	2019	2018
Income (loss) from continuing operations before income taxes	\$ (1,467.6)	\$ (3,945.4)	\$ (394.5)
Benefit for income taxes at statutory rate	(308.2)	(828.5)	(110.7)
State and local taxes—net of federal benefit	(28.0)	(28.5)	6.8
Foreign tax differentials	7.2	43.0	(22.7)
Change in valuation allowances	7.4	(0.8)	3.8
Change in unrecognized tax benefit	21.3	43.3	(26.7)
Tax Act	—	—	123.0
Permanent differences—net	14.3	5.0	(9.3)
Amortization on intercompany sale	—	—	1.9
Goodwill impairment	26.1	675.6	—
Gain on sale of business adjustment	(132.1)	—	—
Other	14.3	36.1	1.7
Benefit for income taxes from continuing operations	\$ (377.7)	\$ (54.8)	\$ (32.2)
Effective income tax rate	25.7 %	1.4 %	8.2 %

Significant components of deferred income tax assets and liabilities as of June 30, 2020 and 2019 are presented below:

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	June 30, 2020	June 30, 2019
Deferred income tax assets:		
Inventories	\$ 14.2	\$ 21.2
Accruals and allowances	66.9	50.5
Sales returns	12.9	16.0
Share-based compensation	10.1	11.1
Employee benefits	81.7	102.6
Net operating loss carry forwards and tax credits	446.5	268.4
Capital loss carry forwards	105.7	—
Interest expense limitation carry forward	122.1	52.3
Lease liability	22.6	8.0
Other	54.3	32.2
Less: valuation allowances	(40.0)	(59.2)
Net deferred income tax assets	897.0	503.1
Deferred income tax liabilities:		
Intangible assets	635.2	637.9
Property, plant and equipment	6.4	18.3
Unrealized gain	—	0.5
Licensing rights	20.9	23.7
Right of use asset	32.0	—
Other	15.2	63.6
Deferred income tax liabilities	709.7	744.0
Net deferred income tax asset (liability)	\$ 187.3	\$ (240.9)

The expirations of tax loss carry forwards, amounting to \$2,075.5 as of June 30, 2020, in each of the fiscal years ending June 30, are presented below:

Fiscal Year Ending June 30,	United States	Western Europe	Rest of World	Total
2021	\$ —	\$ —	\$ 11.1	\$ 11.1
2022	—	—	3.5	3.5
2023	—	—	5.6	5.6
2024	—	0.1	7.0	7.1
2025 and thereafter	645.5	1,246.8	155.9	2,048.2
Total	\$ 645.5	\$ 1,246.9	\$ 183.1	\$ 2,075.5

The total valuation allowances recorded are \$40.0 and \$59.2 as of June 30, 2020 and 2019, respectively. In fiscal 2020, the change in the valuation allowance was due primarily to valuation allowances released as a result of the underlying net operating losses either expiring or being written off due to the entity being liquidated.

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A reconciliation of the beginning and ending amount of UTBs is presented below:

	Year Ended June 30,		
	2020	2019	2018
UTBs—July 1	\$ 263.6	\$ 235.7	\$ 256.7
Additions based on tax positions related to the current year	15.9	43.9	43.6
Additions for tax positions of prior years	42.9	8.3	29.6
Reductions for tax positions of prior years	(27.6)	(9.6)	(39.9)
Settlements	(0.1)	(2.7)	(42.3)
Lapses in statutes of limitations	(12.7)	(9.0)	(10.4)
Foreign currency translation	(4.1)	(3.0)	(1.6)
UTBs—June 30	<u>\$ 277.9</u>	<u>\$ 263.6</u>	<u>\$ 235.7</u>

As of June 30, 2020, the Company had \$277.9 of UTBs of which \$150.1 represents the amount that, if recognized, would impact the effective income tax rate in future periods. As of June 30, 2020 and 2019, the liability associated with UTBs, including accrued interest and penalties, is \$170.7 and \$170.6, respectively, which is recorded in Income and other taxes payable and Other non-current liabilities in the Consolidated Balance Sheets.

During fiscal 2020, the Company accrued interest of \$3.2, while in fiscal 2019 and 2018 the Company accrued interest of \$4.3 and \$1.5, respectively. During fiscal 2020, the Company accrued penalties of \$0.0, while in fiscal 2019 and 2018 the Company accrued penalties of \$0.0 and \$0.4, respectively. The total gross accrued interest and penalties recorded in the Other noncurrent liabilities in the Consolidated Balance Sheets related to UTBs as of June 30, 2020 and 2019 is \$19.3 and \$16.7, respectively.

The Company is present in approximately 55 tax jurisdictions, and at any point in time is subject to several audits at various stages of completion. As a result, the Company evaluates tax positions and establishes liabilities for UTBs that may be challenged by local authorities and may not be fully sustained, despite a belief that the underlying tax positions are fully supportable. UTBs are reviewed on an ongoing basis and are adjusted in light of changing facts and circumstances, including progress of tax audits, developments in case law, and closing of statute of limitations. Such adjustments are reflected in the provision for income taxes as appropriate. In fiscal 2020 and 2019, the Company recognized a tax benefit of \$12.8 and \$11.7 respectively associated with the settlement of tax audits in multiple jurisdictions and the expiration of foreign and state statutes of limitation. The Company has open tax years ranging from 2009 and forward.

On the basis of information available at June 30, 2020, it is reasonably possible that a decrease of up to \$33.2 in UTBs related to U.S. and foreign exposures may be necessary within the coming year. It is also possible the ongoing audits by tax authorities may result in increases or decreases to the balance of UTBs. Since it is common practice to extend audits beyond the Statute of Limitations, the Company is unable to predict the timing or conclusion of these audits and, accordingly, the Company is unable to estimate the amount of changes to the balance of UTBs that are reasonably possible at this time. However, the Company believes it has adequately provided for its UTBs for all open tax years in each tax jurisdiction.

On December 22, 2017, “H.R.1”, formerly known as the “Tax Cuts and Jobs Act” (“Tax Act”) was enacted. The Tax Act significantly revises the U.S. corporate income tax system by, amongst other things, reducing the federal tax rate on U.S. earnings to 21%, implementing a modified territorial tax system and imposing a one-time deemed repatriation tax on historical earnings generated by foreign subsidiaries that have not been repatriated to the U.S.

As a result of the 2017 Tax Act changing the U.S. to a modified territorial tax system, the Company no longer asserts that any of its undistributed foreign earnings are permanently reinvested. We do not expect to incur significant withholding or state taxes on future distributions. To the extent there remains a basis difference between the financial reporting and tax basis of an investment in a foreign subsidiary after the repatriation of the previously taxed income of \$4,600.0, the Company is permanently reinvested.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”) which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the enactment date of the Tax Act for companies to complete the accounting under ASC 740. The Company recorded its initial estimate of the impact of the Tax Act in fiscal 2018. This estimate was a charge of approximately \$123.0 as a result of utilizing tax attributes (e.g., net operating losses and foreign tax credits) to fully offset the cash impact of the one-time deemed repatriation tax. During fiscal 2019, the Company finalized its estimate of the impact of the Tax Act and no additional adjustments were required.

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18. INTEREST EXPENSE, NET

Interest expense, net for the years ended June 30, 2020, 2019 and 2018 is presented below:

	Year Ended June 30,		
	2020	2019	2018
Interest expense	\$ 233.3	\$ 252.0	\$ 222.7
Foreign exchange (gain) losses, net of derivative contracts ^(a)	14.8	(7.6)	(8.5)
Interest income	(5.4)	(19.2)	(13.6)
Total interest expense, net	<u>\$ 242.7</u>	<u>\$ 225.2</u>	<u>\$ 200.6</u>

^(a) In the year ended June 30, 2018, the Company recorded gains of \$1.4 related to short-term forward contracts to exchange euros for U.S. dollars to facilitate the repayment of U.S. dollar denominated debt. Fluctuations in exchange rates between the dates the short-term forward contracts were entered into and the settlement date resulted in a gain upon settlement of \$1.4 included within total Interest expense, net for the fiscal year ended June 30, 2018 in the Company's Consolidated Statements of Operations.

19. EMPLOYEE BENEFIT PLANS

Savings and Retirement Plans - The Company's Savings and Retirement Plans include a U.S. defined contribution plan for employees primarily in the U.S. and international savings plans for employees in certain other countries. In the U.S., hourly and salary based employees are eligible to participate in the plan after 90 days of service and the Company matches 100% of employee contributions up to 6.0% of employee compensation. In addition, the Company makes contributions to the plan on behalf of employees determined by their age and compensation.

During fiscal 2020, 2019 and 2018, the defined contribution expense for Coty Inc. for the U.S. defined contribution plan was \$20.5, \$20.4 and \$22.0, respectively, and the defined contribution expense for the international savings plans was \$14.1, \$12.9 and \$18.3, respectively. Defined contribution expense includes amounts related to discontinued operations, which are not material for any period.

Pension Plans - The Company sponsors contributory and noncontributory defined benefit pension plans covering certain U.S. and international employees primarily in France, Germany and Switzerland. Participants in the U.S. defined benefit pension plan no longer accrue benefits. The Company measures defined benefit plan assets and obligations as of the date of the Company's fiscal year-end. The Company's defined benefit pension plans are funded primarily through contributions from the Company after consideration of recommendations from the pension plans' independent actuaries and are funded at levels sufficient to comply with local requirements.

Settlements and Curtailments for Pension Plans

As part of the Turnaround Plan, the Company concluded that restructuring actions resulted in a significant reduction of future services of active employees in certain of our non-U.S. pension plans. As a result, the Company recognized curtailment gains of \$14.1 during the year ended June 30, 2020. The impact of settlement and curtailment activity on the current and prior comparative periods is included in Other expense, net in the Consolidated Statements of Operations.

During fiscal 2019, as part of Global Integration Activities, the Company concluded that restructuring actions resulted in a significant reduction of future services of active employees in certain of our non-U.S. pension plans. As a result, the Company recognized curtailment gains of \$5.1 during the year ended June 30, 2019.

Plan Amendments for Pension Plans - There were no Plan amendments as of June 30, 2020.

Other Post-Employment Benefit Plans ("OPEB") - The Company provides certain post-employment health and life insurance benefits for certain employees and spouses principally in the U.S. and France if certain age and service requirements are met. Estimated benefits to be paid by the Company are expensed over the service period of each employee based on calculations performed by an independent actuary. In addition, the Company has a supplemental retirement plan and a termination benefit plan for selected salaried employees.

Settlements and Curtailments for OPEB Plans

As part of the Turnaround Plan, the Company concluded that restructuring actions resulted in a significant reduction of future services of active employees in certain of our US OPEB Plans. As a result, the Company recognized curtailment gains of

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\$0.8 during the year ended June 30, 2020. The impact of settlement and curtailment activity on the current and prior comparative periods is included in Other expense, net in the Consolidated Statements of Operations.

The Company amended a non-U.S. postretirement healthcare plan during fiscal 2018, which significantly reduced the expected years of future service for employees participating in the plan. The amendment triggered a curtailment gain of \$10.4, which is included in Other expense, net in the Consolidated Statement of Operations for the year ended June 30, 2018.

All of the disclosures below include amounts related to discontinued operations, except when otherwise noted.

The aggregate reconciliation of the projected benefit obligations, plan assets, funded status and amounts recognized in the Company's Consolidated Financial Statements related to the Company's pension plans and other post-employment benefit plans is presented below:

	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International		2020	2019	2020	2019
	2020	2019	2020	2019				
Change in benefit obligation								
Benefit obligation—July 1	\$ 17.7	\$ 17.5	\$ 790.1	\$ 732.6	\$ 57.8	\$ 53.2	\$ 865.6	\$ 803.3
Service cost	—	—	33.1	33.3	1.1	1.2	34.2	34.5
Interest cost	0.6	0.7	9.1	12.8	1.7	2.1	11.4	15.6
Plan participants' contributions	—	—	6.1	7.0	0.3	0.2	6.4	7.2
Plan amendments	—	—	—	(10.3)	—	—	—	(10.3)
Benefits paid	(1.4)	(1.3)	(16.8)	(16.9)	(2.1)	(1.8)	(20.3)	(20.0)
New employees transfers in	—	—	18.7	16.2	—	—	18.7	16.2
Premiums paid	—	—	(2.3)	(2.5)	—	—	(2.3)	(2.5)
Pension curtailment	—	—	(11.2)	(5.4)	(0.8)	—	(12.0)	(5.4)
Pension settlement	—	—	(39.0)	(37.4)	—	—	(39.0)	(37.4)
Actuarial loss (gain)	1.6	0.8	(30.6)	69.9	(4.2)	4.1	(33.2)	74.8
Effect of exchange rates	—	—	(4.0)	(10.8)	(0.1)	(0.1)	(4.1)	(10.9)
Other	—	—	—	1.6	—	(1.1)	—	0.5
Benefit obligation—June 30	\$ 18.5	\$ 17.7	\$ 753.2	\$ 790.1	\$ 53.7	\$ 57.8	\$ 825.4	\$ 865.6
Change in plan assets								
Fair value of plan assets—July 1	\$ —	\$ —	\$ 268.5	\$ 261.8	\$ 0.4	\$ 0.4	\$ 268.9	\$ 262.2
Actual return on plan assets	—	—	3.4	3.5	—	—	3.4	3.5
Employer contributions	1.3	1.3	33.2	36.4	1.9	1.6	36.4	39.3
Plan participants' contributions	—	—	6.1	7.0	0.3	0.2	6.4	7.2
Benefits paid	(1.3)	(1.3)	(16.5)	(16.9)	(2.1)	(1.8)	(19.9)	(20.0)
New employees transfers in	—	—	18.7	16.2	—	—	18.7	16.2
Premiums paid	—	—	(2.2)	(2.5)	—	—	(2.2)	(2.5)
Plan settlements	—	—	(39.0)	(37.4)	—	—	(39.0)	(37.4)
Effect of exchange rates	—	—	1.9	(0.1)	—	—	1.9	(0.1)
Other	—	—	—	0.5	—	—	—	0.5
Fair value of plan assets—June 30	—	—	274.1	268.5	0.5	0.4	274.6	268.9
Reclassification of net obligation to held for sale liabilities	—	—	140.8	145.8	—	—	140.8	145.8
Funded status—June 30	\$ (18.5)	\$ (17.7)	\$ (338.3)	\$ (375.8)	\$ (53.2)	\$ (57.4)	\$ (410.0)	\$ (450.9)

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With respect to the Company's pension plans and other post-employment benefit plans, amounts recognized in the Company's Consolidated Balance Sheets as of June 30, 2020 and 2019, are presented below (this table excludes discontinued operations):

	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International				Total	
	2020	2019	2020	2019			2020	2019
Noncurrent assets	\$ —	\$ —	\$ 1.5	\$ 1.5	\$ —	\$ —	\$ 1.5	\$ 1.5
Current liabilities	(1.3)	(1.4)	(6.9)	(0.8)	(3.0)	(2.5)	(11.2)	(4.7)
Noncurrent liabilities	(17.2)	(16.3)	(332.9)	(376.5)	(50.2)	(54.9)	(400.3)	(447.7)
Funded status	(18.5)	(17.7)	(338.3)	(375.8)	(53.2)	(57.4)	(410.0)	(450.9)
AOC(L)/I	(0.7)	0.2	1.1	(20.3)	8.3	10.0	8.7	(10.1)
Net amount recognized	\$ (19.2)	\$ (17.5)	\$ (337.2)	\$ (396.1)	\$ (44.9)	\$ (47.4)	\$ (401.3)	\$ (461.0)

The accumulated benefit obligation for the U.S. defined benefit pension plans was \$18.5 and \$17.7 as of June 30, 2020 and 2019, respectively. The accumulated benefit obligation for international defined benefit pension plans was \$712.1 and \$733.7 as of June 30, 2020 and 2019, respectively.

Pension plans with accumulated benefit obligations in excess of plan assets and projected benefit obligations in excess of plan assets are presented below:

	Pension plans with accumulated benefit obligations in excess of plan assets				Pension plans with projected benefit obligations in excess of plan assets			
	U.S.		International		U.S.		International	
	2020	2019	2020	2019	2020	2019	2020	2019
Projected benefit obligation	\$ 18.5	\$ 17.7	\$ 730.7	\$ 767.5	\$ 18.5	\$ 17.7	\$ 739.1	\$ 775.9
Accumulated benefit obligation	18.5	17.7	694.9	716.3	18.5	17.7	712.1	733.7
Fair value of plan assets	—	—	254.4	248.2	—	—	261.0	254.9

Net Periodic Benefit Cost

The components of net periodic benefit cost for pension plans and other post-employment benefit plans recognized in the Consolidated Statements of Operations are presented below:

	Year Ended June 30,											
	Pension Plans						Other Post-Employment Benefits			Total		
	U.S.		International							Total		
2020	2019	2020	2019	2018	2020	2019				2018	2020	2019
Service cost	\$ —	\$ —	\$ —	\$ 33.1	\$ 33.3	\$ 38.8	\$ 1.1	\$ 1.2	\$ 1.4	\$ 34.2	\$ 34.5	\$ 40.2
Interest cost	0.6	0.7	0.7	9.1	12.8	12.6	1.7	2.1	2.0	11.4	15.6	15.3
Expected return on plan assets	—	—	—	(8.4)	(8.2)	(7.5)	—	—	—	(8.4)	(8.2)	(7.5)
Amortization of prior service (credit) cost	—	—	—	(0.8)	0.2	0.2	(5.9)	(5.9)	(5.9)	(6.7)	(5.7)	(5.7)
Amortization of net (gain) loss	0.7	(0.7)	(0.7)	(0.1)	0.3	1.2	(0.1)	(0.1)	(0.1)	0.5	(0.5)	0.4
Settlements (gain) loss recognized	—	—	—	(0.2)	(0.8)	—	—	—	—	(0.2)	(0.8)	—
Curtailment (gain) loss recognized	—	—	—	(14.1)	(5.4)	0.1	(0.8)	—	(10.4)	(14.9)	(5.4)	(10.3)
Net periodic benefit cost	\$ 1.3	\$ —	\$ —	\$ 18.6	\$ 32.2	\$ 45.4	\$ (4.0)	\$ (2.7)	\$ (13.0)	\$ 15.9	\$ 29.5	\$ 32.4

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Net periodic benefit costs include amounts related to discontinued operations of \$14.4, \$12.2 and \$14.9 for the years ended June 30, 2020, 2019, and 2018, respectively.

Pre-tax amounts recognized in AOC(L)/I, which have not yet been recognized as a component of net periodic benefit cost are presented below:

	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International					
	2020	2019	2020	2019				
Net actuarial (loss) gain	\$ (0.7)	\$ 0.2	\$ (2.8)	\$ (29.0)	\$ 4.2	\$ (0.4)	\$ 0.7	\$ (29.2)
Prior service credit (cost)	—	—	3.9	8.7	4.1	10.4	8.0	19.1
Total recognized in AOC(L)/I	<u>\$ (0.7)</u>	<u>\$ 0.2</u>	<u>\$ 1.1</u>	<u>\$ (20.3)</u>	<u>\$ 8.3</u>	<u>\$ 10.0</u>	<u>\$ 8.7</u>	<u>\$ (10.1)</u>

Changes in plan assets and benefit obligations recognized in OCI(L) during the fiscal year are presented below:

	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International					
	2020	2019	2020	2019				
Net actuarial (loss) gain	\$ (1.6)	\$ (0.8)	\$ 25.6	\$ (74.6)	\$ 5.2	\$ (4.1)	\$ 29.2	\$ (79.5)
Amortization of prior service (credit) cost	—	—	(0.8)	0.2	(5.9)	(5.9)	(6.7)	(5.7)
Curtailed recognition of prior service credit (cost)	—	—	(2.9)	—	(0.4)	—	(3.3)	—
Recognized net actuarial (gain) loss	0.7	(0.7)	(0.6)	(0.5)	(0.6)	(0.1)	(0.5)	(1.3)
Prior service credit (cost)	—	—	—	10.3	—	—	—	10.3
Effect of exchange rates	—	—	0.2	(0.4)	—	—	0.2	(0.4)
Total recognized in OCI(L)	<u>\$ (0.9)</u>	<u>\$ (1.5)</u>	<u>\$ 21.5</u>	<u>\$ (65.0)</u>	<u>\$ (1.7)</u>	<u>\$ (10.1)</u>	<u>\$ 18.9</u>	<u>\$ (76.6)</u>

Amounts in AOCI(L) expected to be amortized as components of net periodic benefit cost during fiscal 2021 are presented below:

	Pension Plans		Other Post-Employment Benefits		Total
	U.S.	International	U.S.	International	
Prior service credit (cost)	\$ —	\$ 0.6	\$ 3.3	\$ 3.9	
Net gain (loss)	(1.5)	0.1	0.1	(1.3)	
Total	<u>\$ (1.5)</u>	<u>\$ 0.7</u>	<u>\$ 3.4</u>	<u>\$ 2.6</u>	

Pension and Other Post-Employment Benefit Assumptions

The weighted-average assumptions used to determine the Company's projected benefit obligation above are presented below:

	Pension Plans				Other Post-Employment Benefits	
	U.S.		International			
	2020	2019	2020	2019		
Discount rates	2.5%-2.8%	3.2%-3.6%	0.4%-6.7%	0.4%-8.4%	1.7%-2.8%	1.7%-3.5%
Future compensation growth rates	N/A	N/A	1.0%-5.8%	1.0%-5.8%	N/A	N/A

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The weighted-average assumptions used to determine the Company's net periodic benefit cost in fiscal 2020, 2019 and 2018 are presented below:

	Pension Plans						Other Post-Employment Benefits		
	U.S.			International			2020	2019	2018
	2020	2019	2018	2020	2019	2018			
Discount rates	3.2%-3.6%	4%	3.6%	0.4%-8.4%	0.6%-8.0%	0.4%-7.5%	1.7%-3.5%	2.3%-4.2%	1.9%-7.6%
Future compensation growth rates	N/A	N/A	N/A	1.0%-5.8%	1.5%-5.7%	1.5%-6.0%	N/A	N/A	N/A
Expected long-term rates of return on plan assets	N/A	N/A	N/A	1.4%-8.9%	2.0%-8.4%	1.8%-8.2%	N/A	N/A	N/A

The health care cost trend rate assumptions have a significant effect on the amounts reported.

	Year Ended June 30,		
	2020	2019	2018
Health care cost trend rate assumed for next year	6.8%-7.6%	7.1%-8.0%	7.4%-8.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5%	5%	5%
Year that the rate reaches the ultimate trend rate	2026	2026	2026

A one-percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
	\$	\$
Effect on total service cost and interest cost	6.1	(5.3)
Effect on post-employment benefit obligation	0.3	(0.3)

Pension Plan Investment Policy

The Company's investment policies and strategies for plan assets are to achieve the greatest return consistent with the fiduciary character of the plan and to maintain a level of liquidity that is sufficient to meet the need for timely payment of benefits. The goals of the investment managers include minimizing risk and achieving growth in principal value so that the purchasing power of such value is maintained with respect to the rate of inflation.

The pension plan's return on assets is based on management's expectations of long-term average rates of return to be achieved by the underlying investment portfolios. In establishing this assumption, management considers historical and expected returns for the assets in which the plan is invested, as well as current economic and market conditions.

The asset allocation decision includes consideration of future retirements, lump-sum elections, growth in the number of participants, the Company's contributions and cash flow. These actual characteristics of the plan place certain demands upon the level, risk and required growth of trust assets. Actual asset allocation is regularly reviewed and periodically rebalanced to the strategic allocation when considered appropriate.

The target asset allocations for the Company's pension plans as of June 30, 2020 and 2019, by asset category are presented below:

	Target	% of Plan Assets at Year Ended	
		2020	2019
Equity securities	40%	35%	41%
Fixed income securities	50%	38%	42%
Cash and other investments	10%	27%	17%

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Fair Value of Plan Assets

The international pension plan assets that the Company measures at fair value on a recurring basis, based on the fair value hierarchy as described in Note 2—Summary of Significant Accounting Policies, as of June 30, 2020 and 2019 are presented below:

	Level 1		Level 2		Level 3		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Equity securities	\$ 67.5	\$ 66.8	\$ —	\$ —	\$ —	\$ —	\$ 67.5	\$ 66.8
Fixed income securities:								
Corporate securities	58.6	57.9	—	—	—	—	58.6	57.9
Other:								
Cash and cash equivalents	0.5	1.0	—	—	—	—	0.5	1.0
Insurance contracts and other	—	—	—	—	148.0	143.2	148.0	143.2
Total pension plan assets	<u>\$ 126.6</u>	<u>\$ 125.7</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 148.0</u>	<u>\$ 143.2</u>	<u>\$ 274.6</u>	<u>\$ 268.9</u>

The following is a description of the valuation methodologies used for plan assets measured at fair value:

Equity securities-The fair values reflect the closing price reported on a major market where the individual securities are traded. These investments are classified within Level 1 of the valuation hierarchy.

Corporate securities-The fair values are based on a compilation of primarily observable market information or a broker quote in a non-active market. These investments are classified within Level 1 of the valuation hierarchy.

Cash and cash equivalents-The carrying amount approximates fair value, primarily because of the short maturity of cash equivalent instruments. These investments are classified within Level 1 of the valuation hierarchy.

Insurance contracts and other- Includes contracts issued by insurance companies and other investments that are not publicly traded. These investments are generally classified as Level 3 as there are neither quoted prices nor other observable inputs for pricing. Insurance contracts are valued at cash surrender value, which approximates the contract fair value. Other Level 3 plan assets include real estate and other alternative investment funds requiring inputs that cannot be readily derived from observable market data due to the infrequency with which the underlying assets trade.

The Company sponsors a qualified defined benefit pension plan for all eligible Swiss employees. Retirement benefits are provided based on employees' years of service and earnings, or in accordance with applicable employee regulations. Consistent with typical Swiss practice, the pension plan is funded through a guaranteed insurance contract with an insurance company ("IC"). The IC is responsible for the investment strategy of the insurance premiums that the Company submits and does not hold individual assets per participating employer. Assets are invested in accordance with the IC's own strategies and risk assessments. Under the terms of the contract, the interest rate as well as the capital value is guaranteed for each participant, with the IC assuming any risk to the value of the underlying assets. The IC is a member of a security fund, whose purpose is to cover any shortfall in the event they are not able to fulfill its contractual agreements. The plan assets of the Swiss plan are included in the Level 3 valuation.

The Company also sponsors qualified defined benefit pension plans for certain eligible German employees. The Company's German pension plans are partially funded with plan assets held in a Contractual Trust Arrangement, under which Company assets have been irrevocably transferred to a registered association for the exclusive purpose of securing and funding pension obligations in Germany. The association invests primarily in publicly tradable equity and fixed income securities, using a funding strategy that is reviewed on a regular basis.

Plan assets are also held in the Company's other non-U.S. defined benefit pension plans. The other non-U.S. defined benefit pension plans provide benefits primarily based on earnings and years of service and are funded in compliance with local laws and practices. The plan assets are invested in various asset classes that are expected to produce a sufficient level of diversification and investment return over the long term at an acceptable level of risk.

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The reconciliations of Level 3 plan assets measured at fair value in fiscal 2020 and 2019 are presented below:

	June 30, 2020	June 30, 2019
Insurance contracts:		
Fair value—July 1	\$ 143.2	\$ 143.7
Return on plan assets	4.3	(0.2)
Purchases, sales and settlements, net	(2.8)	(2.5)
Effect of exchange rates	3.3	2.2
Fair value—June 30	<u>\$ 148.0</u>	<u>\$ 143.2</u>

Contributions

The Company plans to contribute approximately \$1.3 to its remaining U.S. pension plan and expects to contribute approximately \$33.6 and \$2.9 to its international pension and other post-employment benefit plans, respectively, during fiscal 2021.

Estimated Future Benefit Payments

Expected benefit payments, which reflect expected future service, as appropriate, are presented below:

Fiscal Year Ending June 30,	Pension Plans		Other Post-Employment Benefits	Total
	U.S.	International		
2021	\$ 1.3	\$ 79.0	\$ 2.9	\$ 83.2
2022	1.3	25.3	3.0	29.6
2023	1.3	26.3	3.0	30.6
2024	1.3	26.1	3.0	30.4
2025	1.2	26.7	3.1	31.0
2026 - 2030	5.7	159.8	16.0	181.5

20. DERIVATIVE INSTRUMENTS

Foreign Exchange Risk Management

The Company is exposed to foreign currency exchange fluctuations through its global operations. The Company may reduce its exposure to fluctuations in the cash flows associated with changes in foreign exchange rates by creating offsetting positions through the use of derivative instruments and also by designating foreign currency denominated borrowings and cross-currency swaps as hedges of net investments in foreign subsidiaries. The Company expects that through hedging, any gain or loss on the derivative instruments would generally offset the expected increase or decrease in the value of the underlying forecasted transactions. The Company entered into foreign exchange forward contracts for which hedge accounting treatment has been applied, which the Company anticipates realizing in the Consolidated Statements of Operations through fiscal 2021. In addition, in September 2019, the Company entered into cross-currency swap contracts in the notional amount of \$550.0 and designated these cross-currency swaps as hedges of its net investment in certain foreign subsidiaries. These cross-currency swaps allow for the exchange of fixed interest payments on the agreed upon notional amounts, between the Company and the related counterparties, effectively converting the Company's fixed rate U.S. dollar denominated debt to euro denominated debt with more favorable fixed rate interest payments over the contracts' term. Cross-currency swaps designated as net investment hedges are marked-to-market using the current spot exchange rate as of the end of each reporting period, with gains and losses included in the foreign currency translation component of accumulated other comprehensive income (loss) ("AOCI/(L)") until the sale or substantial liquidation of the underlying net investments.

The Company enters into foreign exchange forward contracts to hedge anticipated transactions for periods consistent with the Company's identified exposures to minimize the effect of foreign exchange rate movements on revenues, costs and on the cash flows that the Company receives from foreign subsidiaries and third parties where there is a high probability that anticipated exposures will materialize. The foreign exchange forward contracts used to hedge anticipated transactions have been designated as foreign exchange cash-flow hedges. Hedge effectiveness of foreign exchange forward contracts is based on the forward-to-forward hypothetical derivative methodology and includes all changes in value.

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The Company also continued to use certain derivatives as economic hedges of foreign currency exposure on firm commitments and forecasted transactions, which do not qualify for hedge accounting. Although these derivatives were not designated for hedge accounting, the overall objective of mitigating foreign currency exposure is the same for all derivative instruments. The Company does not enter into derivative financial instruments for trading or speculative purposes, nor is the Company a party to leveraged derivatives. For derivatives not designated as hedging instruments, changes in fair value are recorded in the line item in the Consolidated Statements of Operations to which the derivative relates.

Interest Rate Risk

The Company is exposed to interest rate fluctuations related to its variable rate debt instruments. The Company may reduce its exposure to fluctuations in the cash flows associated with changes in the variable interest rates by entering into offsetting positions through the use of derivative instruments, such as interest rate swap contracts. The interest rate swap contracts result in recognizing a fixed interest rate for the portion of the Company's variable rate debt that was hedged. This will reduce the negative impact of increases in the variable rates over the term of the contracts. Hedge effectiveness of interest rate swap contracts is based on a long-haul hypothetical derivative methodology and includes all changes in value.

During August 2018, the Company extended the maturity of the interest rate swap portfolio through fiscal 2021 by replacing its original swap contracts with swap contracts having longer maturities to manage the medium term exposure to interest rate increases. The Company received \$43.2 for settlement of the original swap contracts. As the forecasted interest expense under the original swap agreements is still probable, the related AOCI/(L) will be amortized in line with the timing of the forecasted transactions. During September 2019, the Company entered into incremental interest rate swap contracts in the notional amount of \$1,000.0, which extended the maturity of the interest rate swap portfolio from 2021 through 2023. These interest rate swaps are designated and qualify as cash flow hedges. As of June 30, 2020 and 2019, the Company had interest rate swap contracts designated as effective hedges in the notional amount of \$3,000.0 and \$2,000.0, respectively.

Hedge Accounting

Derivative financial instruments are recorded as either assets or liabilities on the Consolidated Balance Sheets and are measured at fair value.

For derivatives accounted for as hedging instruments, the Company formally designates and documents, at inception, the financial instrument as a hedge of specific underlying forecasted transactions, the risk management objective and the strategy for undertaking the hedge transaction. In addition, the Company formally assesses both at inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Additionally, all of the master agreements governing the Company's derivative contracts contain standard provisions that could trigger early termination of the contracts in certain circumstances which would require the Company to discontinue hedge accounting, including if the Company were to merge with another entity and the creditworthiness of the surviving entity were to be "materially weaker" than that of the Company prior to the merger.

For derivatives designated as cash flow hedges, changes in the fair value are recorded in AOCI/(L). Gains and losses deferred in AOCI/(L) are then recognized in Net income (loss) in a manner that matches the timing of the actual income or expense related to the hedging instruments with the hedged transaction. The gains and losses related to designated hedging instruments are also recorded in the line item in the Consolidated Statements of Operations to which the derivative relates. Cash flows from derivative instruments designated as cash flow hedges are recorded in the same category as the cash flows from the items being hedged in the Consolidated Statements of Cash Flows.

The ineffective portion of foreign exchange forward and interest rate swap contracts are recorded in current-period earnings. For hedge contracts that are no longer deemed highly effective, hedge accounting is discontinued and gains and losses accumulated in Other comprehensive income (loss) ("OCI") are reclassified to earnings when the underlying forecasted transaction occurs. If it is no longer probable that the forecasted transaction will occur, then any gains or losses in AOCI/(L) are reclassified to current-period earnings. For fiscal 2020, all of the Company's foreign exchange forward and interest rate swap contracts designated as hedges were highly effective.

The Company also attempts to minimize credit exposure to counterparties by entering into derivative contracts with counterparties that are major financial institutions and utilizing master netting arrangements. Exposure to credit risk in the event of nonperformance by any of the counterparties with respect to the Company's foreign exchange forward contracts is limited to the fair value of contracts in net asset positions under master netting arrangements. Exposure to credit risk in the event of nonperformance by any of the counterparties with respect to the Company's interest rate swap contracts is limited to the fair value of contracts in net asset positions. Accordingly, management of the Company believes risk of material loss under these hedging contracts is remote.

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Net Investment Hedge

Foreign currency gains and losses on borrowings designated as a net investment hedge, except ineffective portions, are reported in the cumulative translation adjustment (“CTA”) component of AOCI/(L), along with the foreign currency translation adjustments on those investments. Foreign currency denominated borrowings designated as net investment hedges had nominal exposures of €3,591.0 and €3,699.3 as of June 30, 2020 and 2019, respectively.

Net investment hedge effectiveness is assessed based on the change in the spot rate of the foreign currency denominated loans payable. The critical terms (underlying notional and currency) of the loans payable match the portion of the net investments designated as being hedged. The net investment hedges were equal to the designated portions of the international subsidiaries’ investment balances as of June 30, 2020. As such, the net investment hedges were considered to be effective, and, as a result, the changes in the fair value were recorded within CTA on the Company’s Consolidated Balance Sheets.

Derivative and non-derivative financial instruments which are designated as hedging instruments:

The accumulated gain on foreign currency borrowings classified as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$261.9 and \$214.8 as of June 30, 2020 and 2019, respectively.

The accumulated loss on derivative instruments classified as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$(12.5) and \$0.0 as of June 30, 2020 and 2019, respectively.

The amount of gains and losses recognized in OCI in the Consolidated Balance Sheets related to the Company’s derivative and non-derivative financial instruments which are designated as hedging instruments is presented below:

Gain (Loss) Recognized in OCI	Fiscal Year Ended June 30,		
	2020	2019	2018
Foreign exchange forward contracts	\$ 1.3	\$ 0.9	\$ (0.3)
Interest rate swap contracts	(50.3)	(47.4)	27.0
Cross-currency swap contracts	(12.5)	—	—
Net investment hedges	47.1	99.8	138.7

The accumulated (loss) gain on derivative instruments classified as cash flow hedges in AOCI/(L), net of tax, was \$(43.0) and \$(13.3) as of June 30, 2020 and 2019, respectively. The estimated net loss related to these effective hedges that is expected to be reclassified from AOCI/(L) into earnings, net of tax, within the next twelve months is \$(25.5). As of June 30, 2020, all of the Company’s remaining foreign currency forward contracts designated as hedges were highly effective.

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The amount of gains and losses reclassified from AOCI/(L) to the Consolidated Statements of Operations related to the Company's derivative financial instruments which are designated as hedging instruments is presented below:

**Location and Amount of Gain (Loss) Recognized in Income on
Cash Flow Hedging Relationships**

	Fiscal Year Ended June 30,						
	2020		2019		2018		
	Net Revenues	Interest expense, net	Cost of sales	Interest expense, net	Net Revenues	Cost of sales	Interest expense, net
Foreign exchange forward contracts:							
Amount of gain (loss) reclassified from AOCI into income	\$ 0.6	\$ —	\$ 0.1	\$ —	\$ (0.8)	\$ (0.7)	\$ —
Interest rate swap contracts:							
Amount of gain (loss) reclassified from AOCI into income	—	(10.8)	—	12.4	—	—	6.9

Derivatives not designated as hedging instruments:

The amount of gains and losses related to the Company's derivative financial instruments not designated as hedging instruments is presented below:

**Consolidated Statements of Operations
Classification of Gain (Loss) Recognized in Operations**

		Fiscal Year Ended June 30,		
		2020	2019	2018
Foreign exchange contracts	Selling, general and administrative expenses	\$ (0.8)	\$ —	\$ (0.8)
Foreign exchange contracts	Interest income (expense), net	(3.1)	0.1	17.5
Foreign exchange contracts	Other income (expense), net	0.4	—	0.2

21. MANDATORILY REDEEMABLE FINANCIAL INTEREST

United Arab Emirates subsidiary

The Company is required under a shareholders agreement to purchase all of the shares held by the noncontrolling interest holder equal to 25% of the outstanding shares of a certain subsidiary in the United Arab Emirates (the "U.A.E. subsidiary") at the termination of the agreement. The Company has determined such shares to be a mandatorily redeemable financial interest ("MRFI") that is recorded as a liability. The liability is calculated based upon a pre-determined formula in accordance with the related U.A.E. Shareholders Agreement. As of June 30, 2020 and 2019, the liability amounted to \$8.8 and \$7.5, respectively, of which \$6.9 and \$6.1, respectively, was recorded in Other noncurrent liabilities and \$1.9 and \$1.4, respectively, was recorded in Accrued expenses and other current liabilities.

The assets of the U.A.E. subsidiary are restricted in that they are not available for general business use outside the context of the U.A.E. subsidiary and creditors (or beneficial interest holders) do not have recourse to the Company or to its other assets. The U.A.E. subsidiary has total assets and total liabilities of \$25.8 and \$15.1 as of June 30, 2020, and \$37.2 and \$26.7 as of June 30, 2019, respectively.

Southeast Asian subsidiary

On May 23, 2017, the Company entered into the Sale of Shares and Termination Deed, as amended (the "Termination Agreement") to purchase the remaining 49% noncontrolling interest from the noncontrolling interest holder of a certain Southeast Asian subsidiary for a purchase price of \$45.0.

In July 2019, the Company purchased the remaining 49% noncontrolling interest of a certain Southeast Asian subsidiary from the noncontrolling interest holder for \$45.0, pursuant to a Sale of Shares and Termination Deed, as amended. The termination was effective on June 30, 2019 and immediately prior to the cash purchase of the remaining noncontrolling interest, the noncontrolling interest balance was recorded as a MRFI liability.

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22. REDEEMABLE NONCONTROLLING INTERESTS

As of June 30, 2020, the redeemable noncontrolling interests (“RNCI”) consist of interests in a consolidated subsidiary in the Middle East.

Younique

On September 16, 2019, the Company completed the sale of all of its membership interest in Foundation, which held the net assets of Younique. On the date of this transaction, the Younique membership holders had a 40.7% membership interest in Foundation. See Note 4—Business Combinations, Asset Acquisitions and Divestitures. As a result of the Company’s sale of its membership interest in Foundation, RNCI of \$360.4 was derecognized as of the date of sale.

The Company accounted for the 40.7% noncontrolling interest portion of Foundation as RNCI due to the noncontrolling interest holder’s right to put their shares to the Company in certain circumstances. Foundation was a majority-owned consolidated subsidiary through September 16, 2019 and the Company recorded income tax expense based on the Company’s 59.3% membership interest in Foundation due to its treatment as a partnership for U.S. income tax purposes. Accordingly, Foundation’s net income attributable to RNCI is equal to the 40.7% noncontrolling interest of Foundation’s net income excluding a provision for income taxes. The Company recognized \$365.3 as the RNCI balance as of June 30, 2019.

Subsidiary in the Middle East

As of June 30, 2020, the noncontrolling interest holder in the Company’s subsidiary in the Middle East (“Middle East Subsidiary”) had a 25% ownership share. The Company has the ability to exercise the Call right for the remaining noncontrolling interest of 25% on December 31, 2028, with such transaction to close on December 31, 2029. In addition to the Call right feature, the noncontrolling interest holder has the right to sell the noncontrolling interest to the Company on December 31, 2028, with such transaction to close on December 31, 2029 (a “Put right”). The amount at which the Put right and Call right can be exercised is based on a formula prescribed by the amended shareholders’ agreement as summarized in the table below, multiplied by the noncontrolling interest holder’s percentage interest in the Middle East Subsidiary. Given the provision of the Put right, the entire noncontrolling interest is redeemable outside of the Company’s control and is recorded in the Consolidated Balance Sheets at the estimated redemption value. The Company adjusts the redeemable noncontrolling interest to the redemption values at the end of each reporting period with changes recognized as adjustments to APIC. The Company recognized \$79.1 and \$86.5 as the redeemable noncontrolling interest balances as of June 30, 2020 and 2019, respectively.

	Middle East
Percentage of redeemable noncontrolling interest ^(a)	25%
Earliest exercise date(s) ^(b)	December 2028
Formula of redemption value ^(c)	3-year average of EBIT * 6

^(a) The parties are entitled to call or put the remaining interest in July 2028. The Put right and Call right will be exercised in respect of the noncontrolling interest holder’s percentage of shares of the Middle East subsidiary at the time of the exercise.

^(b) The parties are entitled to call or put the noncontrolling interest holder’s percentage of shares of the subsidiary in December 2028.

^(c) EBIT is defined in the amended shareholders’ agreement as the consolidated net earnings before interest and income tax.

23. EQUITY AND CONVERTIBLE PREFERRED STOCK

Common Stock

As of June 30, 2020, the Company’s common stock consisted of Class A Common Stock with a par value of \$0.01 per share. The holders of Class A Common Stock are entitled to one vote per share. As of June 30, 2020, total authorized shares of Class A Common Stock was 1,250.0 million and total outstanding shares of Class A Common Stock was 765.1.

In the fiscal years ended June 30, 2020, 2019, and 2018, the Company issued 1.4, 1.0, and 2.9 million shares of its Class A Common Stock, respectively, and received \$2.7, \$5.2, and \$22.6, in cash, respectively, in connection with the exercise of employee stock options and settlement of RSUs and special incentive awards. During the fiscal year ended June 30, 2020, the Company granted 2.3 million restricted stock awards to employees. Of the 2.3 million, 0.3 million were withheld for employee taxes and 2.0 million shares of Class A Common Stock were issued. Of the 2.0 million shares, 0.6 million shares vested immediately but are restricted from trading for one year and 1.4 million shares will vest in equal installments over the next three fiscal years.

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During the fiscal years ended June 30, 2020, 2019 and 2018, Cottage Holdco B.V. (“Cottage”), a wholly-owned subsidiary of JAB Cosmetics B.V. (“JABC”), and JABC acquired 10.6, 10.8 and 14.9 shares, respectively, of Class A Common Stock in the open market. During the year ended June 30, 2020, JABC acquired 3.3 million shares of Class A Common Stock from the Company’s former CEO and elected to receive 7.3 million shares of Class A Common Stock, under the Company’s dividend reinvestment program. The Company did not receive any proceeds from these stock purchases conducted by Cottage or JABC.

On April 30, 2019, Cottage completed a tender offer transaction (the “Offer”), acquiring 150.0 million of outstanding Class A shares of the Company at a price of \$11.65 per share and as a result, became the Company’s majority stockholder. Immediately after completion of this tender offer transaction, Cottage indirectly controlled approximately 60% of Coty’s Class A shares and the Company became a majority-owned subsidiary of Cottage. Both Cottage and the shares of the Company held by JABC are indirectly controlled by Lucesca SE, Agnaten SE and JAB Holdings B.V. (“JAB”). The Company did not receive any proceeds from these stock purchases conducted by Cottage.

Series A and A-1 Preferred Stock

The Series A Preferred Stock, with a par value of \$0.01, are not entitled to receive any dividends and have no voting rights except as required by law. As of June 30, 2020, total authorized shares of preferred stock are 20.0 million.

On May 18, 2018, the Company reduced the total authorized number of shares of Series A Preferred Stock from 6.5 million to 6.3 million.

On January 15, 2019, the Company cancelled 3.0 million shares of its Series A Preferred Stock that were forfeited during the six months ended December 31, 2018, reducing the total authorized number of shares of Series A Preferred Stock from 6.3 million to 3.3 million.

On February 4, 2019, the Company authorized, designated and issued 6.9 million shares of Series A-1 Preferred Stock.

On June 14, 2019, the Company authorized, designated and issued 1.0 million shares of Series A-1 Preferred Stock, increasing the total authorized number of shares of Series A-1 Preferred Stock from 6.9 million to 7.9 million.

On June 18, 2019, the Company cancelled 0.4 million shares of its Series A Preferred Stock that were forfeited during the three months ended March 31, 2019, reducing the total authorized number of shares of Series A Preferred Stock from 3.3 million to 2.9 million.

On March 27, 2020, the Company reacquired, retired and cancelled 7.9 million shares of its Series A-1 Preferred Stock, reducing the total authorized number of shares of Series A-1 Preferred Stock from 7.9 million to zero shares.

The Series A and Series A-1 Preferred Stock were issued to executive officers and directors under subscription agreements. Generally, the subscription agreements entitle the holder of the vested Series A or Series A-1 Preferred Stock to exchange the Series A or Series A-1 Preferred Stock into either cash or shares of Class A Common Stock, at the election of the Company, at the exchange value. The exchange value is generally equal to the difference between the 10-day trailing average closing price of a share of Class A Common Stock on the date of exchange and a predetermined hurdle price. The Series A Preferred Stock generally vests on the fifth anniversary of issuance, subject to continued employment with the Company and investment by the holder in shares of Class A Common Stock throughout the vesting period. The Series A-1 Preferred Stock generally vests on graded vesting terms where 60% of the award granted vests after three years, 20% of the award granted vests after four years and 20% of the award granted vests after five years, subject to continued employment with the Company and investment by the holder in shares of Class A Common Stock throughout the vesting period. To the extent the Company controls whether such shares will be settled in cash or equity and intends to settle the grant in equity, the grant is treated as an equity grant, otherwise the grant is treated as a liability grant.

The following table summarizes the key terms of each outstanding issuance of Series A Preferred Stock:

Issuance Date	Type	Number of Shares Awarded at Grant Date (millions of shares)	Number of Shares Outstanding (millions of shares)	Hurdle Price per Share
February 16, 2017 ^(a)	Series A	0.5	0.3	\$ 22.66
March 27, 2017 ^{(a) (b)}	Series A	1.0	1.0	\$ 22.39
November 16, 2017 ^(a)	Series A	1.0	0.2	\$ 19.85

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^(a) If the holder does not exchange the vested Series A Preferred Stock by a specified expiration date, the Company must automatically exchange the Series A Preferred Stock into cash or shares, at election of the Company.

^(b) This grant was sold to Lambertus J.H. Becht (“Mr. Becht”), the Company’s former Chairman of the Board. Under the terms provided in the subscription agreement, the Series A Preferred Stock immediately vested on the grant date and the holder may exchange the vested shares after the fifth anniversary of the date of issuance. The Company requires shareholder approval in order to settle the exchange in shares of Class A Common Stock. Therefore, the award is classified as a liability as of June 30, 2020. Income of \$1.9 and \$0.1 and \$1.7 was recorded during fiscal 2020, 2019 and 2018, respectively, and has been included in Selling, general and administrative expense on the Consolidated Statements of Operations.

As of June 30, 2020, total issued and outstanding shares of Series A and Series A-1 Preferred Stock are 1.5 million and nil, respectively. Of the 1.5 million outstanding shares of Series A Preferred Stock, 1.0 million shares vested on March 27, 2017, 0.3 million shares vest on February 16, 2022 and 0.2 million shares vest on November 16, 2022. As of June 30, 2020, the Company classified nil Series A and Series A-1 Preferred Stock as equity and \$0.1 as a liability, inclusive of the related cash bonuses, recorded in Other noncurrent liabilities in the Consolidated Balance Sheet.

Convertible Series B Preferred Stock

On May 11, 2020, the Company entered into an Investment Agreement with KKR Aggregator (the “Investor”), relating to the issuance and sale by the Company to the Investor of up to 1,000,000 shares of the Company’s new Convertible Series B Preferred Stock, par value \$0.01 per share (the “Series B Preferred Stock”), for an aggregate purchase price of up to \$1,000.0, or \$1,000 per share (the “Issuance”). The Issuance was proposed to be issued in two tranches: (i) an initial issuance of 750,000 shares of Series B Preferred Stock (the “Initial Issuance”) and (ii) a subsequent issuance of 250,000 shares of Series B Preferred Stock (the “Second Issuance”), which was subject to the execution and delivery of a definitive purchase agreement between the Company and the Investor or certain of its affiliates in respect of the Wella Business.

On May 26, 2020 (the “Closing Date”), the Company and the Investor completed the issuance and sale of 750,000 shares of the Company’s Series B Preferred Stock for an aggregate purchase price of \$750.0. In connection with the issuance of the Series B Preferred Stock, the Company incurred direct and incremental expenses of \$40.7, comprised of transaction fees, and financial advisory and legal expenses, which reduced the carrying value of the Series B Preferred Stock. Cumulative preferred dividends accrue daily on the Series B Preferred Stock at a rate of 9.0% per year. The Series B Preferred Stock had accrued unpaid dividends of \$6.5 as of June 30, 2020. There were no dividends paid in relation to the Series B Preferred Stock in the year ended June 30, 2020.

On July 31, 2020, the Company completed the previously announced issuance and sale of 250,000 shares of the Company’s Series B Preferred Stock to the Investor for an aggregate purchase price of \$250.0.

Dividend Rights and Liquidation Preferences. The Series B Preferred Stock rank senior to our common stock with respect to dividend rights and rights on the distribution of assets on any liquidation, dissolution or winding up of the affairs of the Company. The Series B Preferred Stock has a liquidation preference of \$1,000 per share, representing an aggregate liquidation preference of \$1,000.0 upon issuance. Holders of the Series B Preferred Stock are entitled to the dividend at the rate of 9% per annum, accruing daily and payable quarterly in arrears. The dividend rate will increase by a 1% on the seven-year anniversary of the Closing Date and shall increase by an additional 1% on each subsequent anniversary up to a total of 12%. If the Company does not declare and pay a dividend on the Series B Preferred Stock on any dividend payment date, the dividend rate will increase by 1% per annum until all accrued but unpaid dividends have been paid in full. Dividends will be payable in cash, by increasing the amount of accrued dividends with respect to a share of Series B Preferred Stock, or any combination thereof, at the sole discretion of the Company. Accrued and unpaid dividends are not payable in shares unless the Series B Preferred Stock is converted to Common Stock.

Conversion Features. The Series B Preferred Stock is convertible at the option of the holders at any time into shares of Common Stock at an initial conversion price of \$6.24 per share of Series B Preferred Stock and an initial conversion rate of 160.2564 shares of Common Stock per share of Series B Preferred Stock. At any time after the third anniversary of the closing date, if the volume weighted average price of the Common Stock exceeds \$12.48 per share for at least 20 trading dates in any period of 30 consecutive trading days, at the election of the Company, all or any portion of the Series B Preferred Stock will be convertible into the relevant number of shares of Common Stock. As of June 30, 2020, Series B Preferred Stock and Accrued Dividends were convertible into 121,233,944 shares of Common Stock.

Redemption Features. At any time following the fifth anniversary of the Closing Date, the Company may redeem some or all of the Series B Preferred Stock for a per share amount in cash equal to (i) the sum of (x) 100% of the liquidation preference plus (y) all accrued and unpaid dividends, multiplied by (ii) (A) 107% if the redemption occurs at any time after the fifth anniversary of the Closing Date and prior to the sixth anniversary of the Closing Date, (B) 105% if the redemption occurs at

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any time after the sixth anniversary of the Closing Date and prior to the seventh anniversary of the Closing Date, and (C) 100% if the redemption occurs at any time after the seventh anniversary of the Closing Date.

Voting rights. Holders of Series B Preferred Stock are entitled to vote with holders of Common Stock on an as-converted basis, subject to the Ownership Limitation as defined in the Investment Agreement. Holders of the Series B Preferred Stock are entitled to a separate class vote with respect to, among other things, amendments to the Company's organizational documents that have an adverse effect on the Series B Preferred Stock, authorizations or issuances by the Company of securities that are senior to, or equal in priority with, the Series B Preferred Stock, increases or decreases in the number of authorized shares of Series B Preferred Stock, and issuances of shares of the Series B Preferred Stock.

Change of Control Put. Upon certain change of control events involving the Company holders of Series B Preferred Stock may, at the holder's election (i) convert their shares of Series B Preferred Stock into Common Stock at the then-current conversion price or (ii) cause the Company to redeem their shares of Series B Preferred Stock in an amount in cash equal to (x) if the change of control occurs on or before the fifth anniversary of the Closing Date, 110% of the sum of the liquidation preference thereof plus any accrued and unpaid dividends and (y) if the change of control occurs on or after the fifth anniversary of the Closing Date, 100% of the Redemption Price, provided that in the case of either clause (i) or (ii) above, if such change of control occurs on or before the fifth anniversary of the Closing Date, the Company will also be required to pay the holders of the Series B Preferred Stock a "make-whole" premium.

Participation and Other Pertinent Rights. Pursuant to the Investment Agreement, the Company increased the size of its board of directors (the "Board") in order to elect two individuals designated by the Investor (the "Designees") to the Board.

Dividends

On April 29, 2020, the Board of Directors suspended the payment of dividends, in keeping with the 2018 Coty Credit Agreement, as amended, which is expected to last through April 21, 2021 or until such later date that a Net debt to Adjusted EBITDA of 4x is reached.

During fiscal 2020, prior to the Board's decision to suspend the payment of dividends, the Company maintained a Stock Dividend Reinvestment Program and had registered a total of 19.3 million shares of Class A Common Stock for purchase under the program. All holders of records of Class A Common Stock had the opportunity to participate in the program; if a holder elected to participate in the program, fifty percent (50%) of their cash dividends were reinvested in additional shares of Class A Common Stock.

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The following dividends were declared during fiscal years 2020, 2019 and 2018:

Declaration Date	Dividend Type	Dividend Per Share	Holders of Record Date	Dividend Value	Dividend Payment Date	Dividends Settled in Cash	Dividends Settled in Stock ^(a)	Dividends Payable ^(b)
<i>Fiscal 2020</i>								
August 28, 2019	Quarterly	\$ 0.125	September 9, 2019	\$ 95.3	September 30, 2019	\$ 63.3	\$ 30.9	\$ 1.1
November 6, 2019	Quarterly	0.125	November 18, 2019	96.1	December 27, 2019	65.5	29.3	1.3
February 5, 2020	Quarterly	0.125	February 18, 2020	96.3	March 27, 2020	66.4	28.7	1.2
Fiscal 2020		\$ 0.375		\$ 287.7		\$ 195.2	\$ 88.9	\$ 3.6
<i>Fiscal 2019</i>								
August 21, 2018	Quarterly	\$ 0.125	August 31, 2018	\$ 94.6	September 14, 2018	\$ 93.8	N/A	\$ 0.8
November 7, 2018	Quarterly	0.125	November 30, 2018	95.1	December 14, 2018	93.9	N/A	1.2
February 8, 2019	Quarterly	0.125	February 28, 2019	95.1	March 15, 2019	93.9	N/A	1.2
May 8, 2019	Quarterly	0.125	June 6, 2019	95.1	June 28, 2019	63.4	30.6	1.1
Fiscal 2019		\$ 0.500		\$ 379.9		\$ 345.0	\$ 30.6	\$ 4.3
<i>Fiscal 2018</i>								
August 22, 2017	Quarterly	\$ 0.125	September 1, 2017	\$ 94.4	September 14, 2017	\$ 93.6	N/A	\$ 0.8
November 9, 2017	Quarterly	0.125	November 30, 2017	94.6	December 14, 2017	93.7	N/A	0.9
February 8, 2018	Quarterly	0.125	February 28, 2018	94.6	March 15, 2018	93.8	N/A	0.8
May 9, 2018	Quarterly	0.125	May 31, 2018	94.6	June 14, 2018	93.8	N/A	0.8
Fiscal 2018		\$ 0.500		\$ 378.2		\$ 374.9	N/A	\$ 3.3

^(a) The June 28, 2019, September 30, 2019, December 27, 2019 and March 27, 2020 stock dividend payments of \$30.6, \$30.9, \$29.3 and \$28.7 resulted in the issuances of 2.4 million, 3.2 million, 2.4 million and 2.4 million shares of Class A Common Stock, respectively.

^(b) The dividend payable is the value of the remaining dividends payable upon settlement of the RSUs and phantom units outstanding as of the Holders of Record Date. Dividends payable are recorded as Accrued expense and other current liabilities and Other noncurrent liabilities in the Consolidated Balance Sheet.

Total dividends in cash and other recorded to additional paid-in capital ("APIC") in the Consolidated Balance Sheet as of June 30, 2020 was \$196.3, consisting of \$195.2 dividends settled in cash, \$3.6 dividends payable, offset by \$2.5 of dividends no longer expected to vest as a result of forfeitures of outstanding RSUs.

In addition to the activity noted above, the Company made a payment of \$1.7 for the previously accrued dividends on RSUs that vested during the twelve months ended June 30, 2020. Thus, total dividends settled in cash during the twelve months ended June 30, 2020 was \$196.9.

Total accrued dividends on unvested RSUs and phantom units of \$2.0 and \$4.7, \$2.2 and \$5.2 and \$0.8 and \$5.2 are included in Accrued expense and other current liabilities and Other noncurrent liabilities, respectively, in the Consolidated Balance Sheet as of June 30, 2020, 2019 and 2018, respectively.

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Accumulated Other Comprehensive Income (Loss)

	(Losses) Gains on Cash Flow Hedges	Foreign Currency Translation Adjustments		Pension and Other Post-Employment Benefit Plans	Total
		(Losses) Gains on Net Investment Hedge	Foreign Currency Translation Adjustments		
Beginning balance at July 1, 2018	\$ 31.7	\$ 115.0	\$ (44.3)	\$ 56.4	\$ 158.8
Other comprehensive income before reclassifications	(35.5)	99.8	(213.1)	(53.8)	(202.6)
Net amounts reclassified from AOCI/(L) ^(a)	(9.5)	—	—	(5.5)	(15.0)
Net current-period other comprehensive income	(45.0)	99.8	(213.1)	(59.3)	(217.6)
Ending balance at June 30, 2019	\$ (13.3)	\$ 214.8	\$ (257.4)	\$ (2.9)	\$ (58.8)
Other comprehensive income before reclassifications	(37.5)	47.1	(426.4)	18.9	(397.9)
Net amounts reclassified from AOCI/(L) ^(a)	7.8	—	—	(7.3)	0.5
Net current-period other comprehensive income	(29.7)	47.1	(426.4)	11.6	(397.4)
Ending balance at June 30, 2020	\$ (43.0)	\$ 261.9	\$ (683.8)	\$ 8.7	\$ (456.2)

^(a) Amortization of actuarial gains (losses) of \$10.5 and \$7.0, net of taxes of \$3.2 and \$1.5, were reclassified out of AOCI/(L) and included in the computation of net period pension costs for the fiscal years ended June 30, 2020 and 2019, respectively (see Note 19—Employee Benefit Plans).

Treasury Stock - Share Repurchase Program

Since February 2014, the Board has authorized the Company to repurchase its Class A Common Stock under approved repurchase programs. On February 3, 2016, the Board authorized the Company to repurchase up to \$500.0 of its Class A Common Stock (the “Incremental Repurchase Program”). Subject to certain restrictions on repurchases of shares through September 30, 2018 imposed by the tax matters agreement, dated October 1, 2016, between the Company and P&G entered into in connection with the P&G Beauty Business acquisition, repurchases may be made from time to time at the Company’s discretion, based on ongoing assessments of the capital needs of the business, the market price of its Class A Common Stock, and general market conditions. As of June 30, 2020, the Company has \$396.8 remaining under the Incremental Repurchase Program. There were no share repurchase activities during the years ended June 30, 2020, 2019 and 2018 under the Incremental Repurchase Program.

24. SHARE-BASED COMPENSATION PLANS

The Company has various share-based compensation programs (the “the Compensation Plans”) under which awards, including non-qualified stock options, Series A and Series A-1 Preferred Stock, RSUs, restricted stock and other share-based awards, may be granted or shares of Class A Common Stock may be purchased. As of June 30, 2020, up to 74.6 million shares of the Company’s Class A Common Stock were authorized to be granted pursuant to these Plans, of which 61.3 million shares were available. The Company may satisfy the obligation of its stock-based compensation awards with new shares.

The Company accounts for its share-based compensation plans for common stock as equity plans. The share-based compensation for equity plans is estimated and fixed at the grant date, based on the estimated fair value of the award. Series A Preferred Stock is accounted for partially as equity and partially using liability plan accounting to the extent the award is expected to be settled in cash. Accordingly, share-based compensation expense for the liability plan awards are measured at the end of each reporting period based on the fair value of the award on each reporting date and recognized as an expense to the extent earned.

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Total share-based compensation from continuing operations is shown in the table below:

	2020	2019	2018
Equity plan expense ^(a)	\$ 24.8	\$ 13.4	\$ 28.9
Equity plan modified and cash settled	18.3	—	—
Liability plan (income) expense	(2.0)	(2.1)	(1.0)
Fringe expense	1.1	0.4	2.5
Total share-based compensation expense	\$ 42.2	\$ 11.7	\$ 30.4

^(a) Equity Plan shared-based compensation expense of \$31.8 was recorded to additional paid in capital and presented in the Consolidated Statement of Equity for the period ended June 30, 2020. Of the \$31.8, \$7.0 was reclassified to discontinued operations.

The share-based compensation expense for fiscal 2020, 2019 and 2018 of \$42.2, \$11.7 and \$30.4, respectively, includes \$48.9, \$30.0, and \$30.4 expense for the respective period offset by \$(6.7), \$(18.3) and nil income for the respective periods primarily due to significant executive forfeitures of share-based compensation instruments and the impact of actual forfeitures on the change in estimated forfeiture rates during the period. During fiscal 2020, \$18.3 of share-based compensation expense related to the repurchase of Series A-1 Preferred Stock shares from the Company's former CEO.

As of June 30, 2020, the total unrecognized share-based compensation expense related to unvested stock options, Series A and Series A-1 Preferred Stock, restricted stock, restricted stock units and other share awards is \$24.3, nil, \$6.3 and \$69.7, respectively. The unrecognized share-based compensation expense related to unvested stock options, Series A and A-1 Preferred Stock, restricted stock, restricted stock units and other share awards is expected to be recognized over a weighted-average period of 3.45, nil, 1.93 and 2.23 years, respectively.

Nonqualified Stock Options

During fiscal 2020, 2019 and 2018, the Company granted 2.2 million, 19.4 million and 5.9 million nonqualified stock option awards, respectively. These options are accounted for using equity accounting whereby the share-based compensation expense is estimated and fixed at the grant date based on the estimated value of the options using the Black-Scholes valuation model.

During fiscal 2020, 2019 and 2018, the share-based compensation expense recognized on nonqualified stock options is based upon the fair value on the grant date estimated using the Black-Scholes valuation model with the following weighted-average assumptions:

	2020	2019	2018
Expected life	7.4 years	6.5 years	7.5 years
Risk-free interest rate	1.63%	2.56%	2.19%
Expected volatility	41.67%	40.73%	36.03%
Expected dividend yield	4.10%	4.64%	2.98%

Expected life—The expected life represents the period of time (years) that options granted are expected to be outstanding, which the Company calculates using a formula based on the vesting term and the contractual life of the respective option.

Risk-free interest rate—The Company bases the risk-free interest rate on the implied yield available on a U.S. Treasury note with a term equal to the expected term of the underlying options.

Expected volatility—The Company calculates expected volatility based on median volatility for peer companies using expected life daily stock price history equal to the expected life.

Expected dividend yield—The weighted-average expected dividend yield is based upon the Company's expectation to pay dividends over the contractual term of the options.

Nonqualified stock options generally become exercisable 5 years from the date of the grant or on a graded vesting schedule where 60% of each award granted vests after three years, 20% of each award granted vests after four years and 20% of each award granted vests after five years. All grants expire 10 years from the date of the grant.

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The Company's outstanding nonqualified stock options as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Outstanding at July 1, 2019	27.9	\$ 12.89		
Granted	2.2	12.21		
Exercised	(0.3)	9.56		
Forfeited	(11.8)	12.79		
Outstanding at June 30, 2020	<u>18.0</u>	\$ 12.93		
Vested and expected to vest at June 30, 2020	<u>15.0</u>	\$ 12.75	\$ —	7.92
Exercisable at June 30, 2020	<u>0.8</u>	\$ 10.24	\$ —	0.82

Of the 18.0 million stock options outstanding, 9.8 million vest on the fifth anniversary of the grant date and 8.2 million vest on a graded vesting schedule where 60% of each award granted vests after three years, 20% of each award granted vests after four years and 20% of each award granted vests after five years.

The grant prices of the outstanding options as of June 30, 2020 ranged from \$8.25 to \$20.42. The grant prices for exercisable options ranged from \$9.20 to \$10.50.

A summary of the aggregated weighted-average grant date fair value of stock options granted and total intrinsic value of stock options exercised for fiscal 2020, 2019 and 2018 is presented below:

	2020	2019	2018
Weighted-average grant date fair value of stock options	\$ 3.41	\$ 2.87	\$ 4.87
Intrinsic value of options exercised	6.1	11.5	32.2

The Company's non-vested nonqualified stock options as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2019	26.8	\$ 3.72
Granted	2.2	3.41
Forfeited	(11.8)	3.64
Non-vested at June 30, 2020	<u>17.2</u>	\$ 3.73

The share-based compensation expense recognized on the nonqualified stock options is \$3.6, \$4.3 and \$10.7 during fiscal 2020, 2019 and 2018, respectively.

Executive Ownership Programs

The Company encourages executive stock ownership through various programs. These programs govern shares of Class A Common Stock purchased by employees ("Purchased Shares"). Employees purchased 0.8 million, 1.4 million and 2.0 million shares in fiscal 2020, 2019 and 2018, respectively, and received matching nonqualified stock options or RSUs in accordance with the terms of the Compensation Plans under the Omnibus LTIP. There was no share-based compensation expense recorded in connection with Purchased Shares for fiscal 2020, 2019 and 2018. Additionally, share-based compensation expense recorded in connection with matching stock awards granted in accordance with the Compensation Plans are noted in their respective section of this footnote.

Series A and Series A-1 Preferred Stock

In addition to the Executive Ownership Programs discussed above, the Series A Preferred Stock are accounted for partially as equity and partially as a liability as of June 30, 2020, 2019 and 2018 and the Company recognized an (income) expense of \$15.8, \$(4.4) and \$0.1 in fiscal 2020, 2019 and 2018, respectively. See Note 23—Equity and Convertible Preferred Stock for additional information.

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On February 27, 2020, the Company agreed to repurchase 6.9 million shares of Series A-1 Preferred Stock from the former CEO for \$18.3, which settled in cash during the fiscal 2020. The repurchase was treated as a modification of stock compensation awards' vesting and settlement terms. The Company recorded an incremental expense of \$18.3 related to the modification during the fiscal 2020.

In fiscal 2017, the Company granted Series A Preferred Stock that included cash bonus payments tied to the exercisability of the awards. Due to the addition of cash bonus payments in connection with the grant of Series A Preferred Stock to certain executives in fiscal 2017, the Company began estimating the fair value of the Series A Preferred Stock using a binomial lattice model to value the equity and cash bonus components of the combined instrument. The lattice structure the Company uses to value the awards consists of (i) a common stock lattice that models the possible stock price movements from the valuation date to the maturity date consistent with the stock price and estimated volatility on the valuation date; (ii) a share exchange lattice that calculates the value of the common stock received on conversion; (iii) a cash exchange lattice that calculates the value of the cash bonus; and (iv) a continuation value lattice that tracks the holding value of the combined instrument. In Fiscal 2019, the Company granted Series A-1 Preferred Stock with similar terms as previously granted Series A Preferred Stock and used the binomial lattice model to value the equity and cash bonus components of the combined instrument. The fair value of the Company's outstanding Series A and Series A-1 Preferred Stock that are liability accounted were estimated with the following weighted-average assumptions.

	2020	2019	2018
Expected life, in years	3.74 years	4.97 years	4.52 years
Expected volatility	53.20%	42.53%	35.00%
Risk-free rate of return	0.24%	2.45%	2.70%
Dividend yield on Class A Common Stock	8.39%	6.19%	3.55%

Expected life, in years - The expected life represents the period of time (years) that Series A or Series A-1 Preferred Stock granted are expected to be outstanding, which the Company calculates using a formula based on the vesting term and the contractual life of the respective Series A or Series A-1 Preferred Stock.

Expected volatility - The Company calculates expected volatility based on the average of historical and implied volatilities.

Risk-free rate of return - The Company bases the risk-free rate of return on the US Constant Maturity Treasury Rate.

Dividend yield on Class A Common Stock - The Company calculated the weighted-average dividend yield on shares using the annualized dividend rate calculated on the per share dividend paid quarterly and the stock price as of the valuation date.

Series A and Series A-1 Preferred Shares generally expire seven years from the date of the grant.

The Company's outstanding Series A and Series A-1 Preferred Shares as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term (in years)
Outstanding at July 1, 2019	9.4	\$ 11.47		
Forfeited	(7.9)	9.46		
Outstanding at June 30, 2020	1.5	22.10		
Vested and expected to vest at June 30, 2020	1.0	\$ 22.39	\$ —	3.74

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The Company's non-vested shares of Series A and Series A-1 Preferred Stock as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Grant Date Fair Value
Non-vested at July 1, 2019	8.4	\$ 1.39
Forfeited	(7.9)	3.72
Non-vested at June 30, 2020	0.5	\$ 3.55

Restricted Share Units

On October 1, 2018, the Company's Board of Directors approved a modification of the vesting schedules for certain RSUs granted during fiscal 2018, 2019 and 2020 to improve the Company's ability to retain the affected employees, from five year cliff vesting to graded vesting where 60% of each award granted vests after three years, 20% of each award granted vests after four years and 20% of each award granted vests after five years. Five hundred sixty employees held outstanding awards subject to the October 1, 2018 modification. During the fiscal year ended June 30, 2020, the incremental stock based compensation expense resulting from the modification was offset by income from actual and expected forfeitures in the modified awards.

During fiscal 2020, 2019 and 2018, 6.2 million, 6.9 million and 3.7 million RSUs were granted under the Omnibus LTIP and 0.1 million, 0.1 million and 0.1 million RSUs were granted under the 2007 Stock Plan for Directors, respectively.

The Company's outstanding RSUs as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term
Outstanding at July 1, 2019	10.5		
Granted	6.4		
Settled	(1.4)		
Cancelled	(3.6)		
Outstanding at June 30, 2020	11.9		
Vested and expected to vest at June 30, 2020	10.1	\$ 45.4	2.16

The share-based compensation expense recorded in connection with the RSUs was \$18.2, \$11.8 and \$19.6 during fiscal 2020, 2019 and 2018, respectively.

The Company's outstanding and non-vested RSUs as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Grant Date Fair Value
Outstanding and nonvested at July 1, 2019	10.2	\$ 14.79
Granted	6.4	10.95
Vested	(1.4)	21.41
Cancelled	(3.6)	13.17
Outstanding and nonvested at June 30, 2020	11.6	\$ 12.48

The total intrinsic value of RSUs vested and settled during fiscal 2020, 2019 and 2018 is \$30.3, \$11.1 and \$12.5, respectively.

Restricted Stock

During fiscal 2020, 2.3 million restricted stock awards were granted under the Omnibus LTIP.

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The Company's outstanding Restricted Stock as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term
Outstanding at July 1, 2019	—		
Granted	2.3		
Settled	(0.9)		
Outstanding at June 30, 2020	1.4		
Vested and expected to vest at June 30, 2020	1.3	\$ —	1.88

The share-based compensation expense recorded in connection with the restricted stock was \$4.6 during fiscal 2020.

The Company's outstanding and non-vested restricted stock as of June 30, 2020 and activity during the fiscal year then ended are presented below:

	Shares (in millions)	Weighted Average Grant Date Fair Value
Outstanding and nonvested at July 1, 2019	—	\$ —
Granted	2.3	5.08
Vested	(0.9)	5.08
Outstanding and nonvested at June 30, 2020	1.4	\$ 5.08

The total intrinsic value of Restricted Stock vested and settled during fiscal 2020 was \$4.5.

Phantom Units

On July 21, 2015, the Board granted Mr. Becht, the Company's former Chairman of the Board and interim CEO, an award of 300,000 phantom units, in consideration of Mr. Becht's increased and continuing responsibilities as interim CEO of the Company. At the time of grant, the phantom units had a value of \$8.1 based on the closing price of the Company's Class A Common Stock on July 21, 2015. Each phantom unit has an economic value equivalent to one share of the Company's Class A Common Stock settleable in cash or shares at the election of Mr. Becht. The award to Mr. Becht was made outside of the Company's Omnibus LTIP. On July 24, 2015, Mr. Becht elected to receive payment of the phantom units in the form of shares of Class A Common Stock and the phantom units were valued at \$8.0. The phantom units vest on the fifth anniversary of the grant date and, in the event of a change in control or Mr. Becht's death or disability, the phantom units shall vest immediately. The Company recognized \$8.0 of share-based compensation expense during the fiscal year ended June 30, 2016 as there are no service or performance conditions with respect to the phantom units.

25. NET LOSS ATTRIBUTABLE TO COTY INC. PER COMMON SHARE

Net loss attributable to Coty Inc. common stockholders per common share ("basic EPS") is computed by dividing net loss attributable to Coty Inc. less any dividends on Convertible Series B Preferred Stock by the weighted-average number of common shares outstanding during the period.

Net loss attributable to Coty Inc. common stockholders per common share assuming dilution ("diluted EPS") is computed by adjusting the numerator used in basic EPS to add back the dividends applicable to the Convertible Series B Preferred Stock and using the basic EPS weighted-average number of common shares and the effect of potentially dilutive securities outstanding during the period as the denominator. Potentially dilutive securities consist of non-qualified stock options, Series A and Series A-1 Preferred Stock, RSUs, unvested restricted stock awards and potential shares resulting from the conversion of the Convertible Series B Preferred Stock as of June 30, 2020, 2019 and 2018. The dilutive effect of the outstanding instruments, excluding the Convertible Series B Preferred Stock is reflected in diluted EPS by application of the treasury stock method. The dilutive effect of the Convertible Series B Preferred Stock is reflected in diluted EPS by application of the if-converted method.

Net loss attributable to Coty Inc. is adjusted through the application of the two-class method of income per share to reflect a portion of the periodic adjustment of the redemption value in excess of fair value of the redeemable noncontrolling interests.

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There is no excess of redemption value over fair value of the redeemable noncontrolling interests in fiscal 2020, 2019 and 2018. In addition, there are no participating securities requiring the application of the two-class method of income per share.

Reconciliation between the numerators and denominators of the basic and diluted EPS computations is presented below:

	Year Ended June 30,		
	2020	2019	2018
Amounts attributable to Coty Inc.:			
Net loss from continuing operations	\$ (1,093.9)	\$ (3,905.2)	\$ (403.3)
Convertible Series B Preferred Stock dividends	(6.5)	—	—
Net loss from continuing operations attributable to common stockholders	(1,100.4)	(3,905.2)	(403.3)
Net income from discontinued operations, net of tax	87.2	121.0	234.5
Net (loss) income attributable to common stockholders	<u>\$ (1,013.2)</u>	<u>\$ (3,784.2)</u>	<u>\$ (168.8)</u>
Weighted-average common shares outstanding:			
Weighted-average common shares outstanding—Basic	759.1	751.2	749.7
Effect of dilutive stock options and Series A/A-1 Preferred Stock ^(a)	—	—	—
Effect of restricted stock and RSUs ^(b)	—	—	—
Effect of Convertible Series B Preferred Stock ^(c)	—	—	—
Weighted-average common shares outstanding—Diluted	<u>759.1</u>	<u>751.2</u>	<u>749.7</u>
(Loss) Earnings per common share			
(Loss) from continued operations per common share - basic	\$ (1.45)	\$ (5.20)	\$ (0.54)
(Loss) from continued operations per common share - diluted	\$ (1.45)	\$ (5.20)	\$ (0.54)
Earnings from discontinued operations - basic	\$ 0.12	\$ 0.16	\$ 0.31
Earnings from discontinued operations - diluted	\$ 0.12	\$ 0.16	\$ 0.31
(Loss) per common share - basic	\$ (1.33)	\$ (5.04)	\$ (0.23)
(Loss) per common share - diluted	\$ (1.33)	\$ (5.04)	\$ (0.23)

^(a) As of June 30, 2020, 2019 and 2018, outstanding stock options and Series A/A-1 Preferred Stock with purchase or conversion rights to purchase shares of common stock were excluded in the computation of diluted loss per share due to the net loss incurred during the period.

^(b) As of June 30, 2020, 2019 and 2018, RSUs were excluded in the computation of diluted loss per share due to the net loss incurred during the period.

^(c) As of June 30, 2020, Convertible Series B Preferred Stock were excluded in the computation of diluted loss per share due to the net loss incurred during the period.

26. LEGAL AND OTHER CONTINGENCIES

Legal Matters

The Company is involved, from time to time, in various litigation, administrative and other legal proceedings, including regulatory actions, incidental or related to its business, including consumer class or collective actions, personal injury (including asbestos related claims), intellectual property, competition, compliance and advertising claims litigation and disputes, among others (collectively, "Legal Proceedings"). While the Company cannot predict any final outcomes relating thereto, management believes that the outcome of current Legal Proceedings will not have a material effect upon its business, prospects, financial condition, results of operations, cash flows or the trading price of the Company's securities. However, management's assessment of the Company's current Legal Proceedings is ongoing, and could change in light of the discovery of additional facts with respect to Legal Proceedings not presently known to the Company, further legal analysis, or determinations by

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judges, arbitrators, juries or other finders of fact or deciders of law which are not in accord with management’s evaluation of the probable liability or outcome of such Legal Proceedings. From time to time, the Company is in discussions with regulators, including discussions initiated by the Company, about actual or potential violations of law in order to remediate or mitigate associated legal or compliance risks and liabilities or penalties. As the outcomes of such proceedings are unpredictable, the Company can give no assurance that the results of any such proceedings will not materially affect its reputation, business, prospects, financial condition, results of operations, cash flows or the trading price of its securities.

Certain Litigation. A purported stockholder class action complaint concerning the tender offer by Cottage Holdco B.V. (the “Cottage Tender Offer”) and the Schedule 14D-9, captioned Rumsey v. Coty, Inc., et al., Case No. 1:19-cv-00650-LPS, was filed by a putative stockholder against the Company and certain current and former directors of the Company in the U.S. District Court for the District of Delaware, but has not yet been served. The plaintiff alleges that the Company’s Schedule 14D-9 omits certain information, including, among other things, certain financial data and certain analyses underlying the opinion of Centerview Partners LLC. The plaintiff asserts claims under the federal securities laws and seeks, among other things, injunctive and/or monetary relief.

A second consolidated purported stockholder class action and derivative complaint concerning the Cottage Tender Offer and the Schedule 14D-9 is pending against certain current and former directors of the Company, JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. in the Court of Chancery of the State of Delaware. The Company was named as a nominal defendant. The case, which was filed on May 6, 2019, was captioned Massachusetts Laborers’ Pension Fund v. Harf et.al., Case No. 2019-0336-AGB. On June 14, 2019, plaintiffs in the consolidated action filed a Verified Amended Class Action and Derivative Complaint (“Amended Complaint”). After defendants responded to the Amended Complaint, on October 21, 2019, plaintiffs filed a Verified Second Amended Class Action and Derivative Complaint (the “Second Amended Complaint”), alleging that the directors and JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. breached their fiduciary duties to the Company’s stockholders and breached the Stockholders Agreement. The Second Amended Complaint seeks, among other things, monetary relief. On November 21, 2019, the defendants moved to dismiss certain claims asserted in the Second Amended Complaint, and certain of the director defendants also answered the complaint. On May 7, 2020, plaintiffs stipulated to the dismissal without prejudice of JAB Holding Company, S.à.r.l. from the action. On August 17, 2020, the court denied the remaining motions to dismiss. This case remains at an early stage.

Brazilian Tax Assessments

In connection with a local tax audit of one of the Company’s subsidiaries in Brazil, the Company was notified of tax assessments issued in March of 2018. The assessments relate to local sales tax credits, which the Treasury Office of the State of Goiás considers as improperly registered for 2016-2017 tax periods. These tax assessments, including estimated interest and penalties, through June 30, 2020 amount to a total R\$249.0 million (approximately \$46.1 as of June 30, 2020). Additionally, the Company received tax assessments related to tax years 2017-2019 during August 2020. These additional tax assessments, including estimated interest and penalties, through June 30, 2020 amount to a total R\$579.0 million (approximately \$107.1 as of June 30, 2020). The Company is seeking a favorable administrative decision on the tax enforcement actions filed by the Treasury Office of the State of Goiás. The Company believes it has meritorious defenses and it has not recognized a loss for these assessments as the Company does not believe a loss is probable.

Other Commitments

At June 30, 2020, the aggregate future minimum purchase obligations which include commitments to purchase inventory and other services agreements, including amounts related to discontinued operations, were as follows:

Fiscal Year Ending June 30,	Purchase Obligations
2021	\$ 242.5
2022	76.7
2023	33.7
2024	22.4
2025	1.2
Thereafter	—
Total	\$ 376.5

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27. RELATED PARTY TRANSACTIONS

Performance Guarantee

In connection with the sales of certain businesses, the Company has assigned its rights and obligations under a real estate lease to JAB Partners LLP. The remaining term of this lease is approximately 11 years. While the Company is no longer the primary obligor under this lease, the lessor has not completely released the Company from its obligation, and holds it secondarily liable in the event that the assignee defaults on the lease. The maximum potential future payments that the Company could be required to make, if the assignee was to default as of June 30, 2020, would be approximately \$5.6. The Company has assessed the probability of default by the assignee and has determined it to be remote.

Relationship with KKR

As noted previously, in fiscal 2020 KKR Aggregator purchased Series B Preferred Stock. This preferred stock conveys to KKR Aggregator the right to designate two directors to the Company's Board of Directors and voting rights on an as-converted basis. Assuming full conversion of the preferred stock and no other changes to the Company's capitalization, KKR Aggregator would be the second largest shareholder, with a 17% stake.

In June of 2020, KKR Bidco and Coty entered into a separate definitive agreement regarding a strategic transaction ("Wella Transaction") for the sale of the Company's Professional and Retail Hair business. KKR will own 60% of this separately managed entity and Coty will own the remaining 40%.

During fiscal 2020, fees of \$25.5 were paid to KKR in connection with the initial and subsequent closings of the Series B Preferred Stock; these fees reduced the carrying value of the stock.

The Company also entered into agreements with KKR for potential consulting and advisory services. No fees were incurred under such agreements in fiscal 2020.

From time to time, certain funds held by KKR may hold the Company's Notes. These funds may receive principal and interest payments on the same terms as other investors in the Company's Notes.

Consulting Services and Other Arrangements

The Company had engaged certain affiliates of JAB to provide us with marketing technology services on customary market terms. As of June 30, 2020, these arrangements were no longer in effect. In addition, our former subsidiary, Beamly, entered into service agreements with affiliates of JAB for the provision of digital media services on customary market terms. Fees under each of these arrangements totaled less than \$1.0 in fiscal 2020 and 2019, respectively.

Beatrice Ballini, a director, serves as a senior member of the Retail Practice and a leader of the Board and CEO Advisory Partners group at Russell Reynolds Associates. From time to time, the Company has engaged Russell Reynolds Associates, a global leadership and search firm, for recruiting assistance. The amounts of such services provided to the Company for fiscal 2020 and 2019 were \$0.6 and \$0.1, respectively.

In connection with the appointment of Fiona Hughes as our Chief Marketing Officer, Consumer Beauty, the Company agreed in principle to a secondment arrangement with Jacobs Douwe Egberts B.V., an affiliate of JAB, for the reimbursement of certain employment-related expenses through a transition period that ended February 2020. The amount of such reimbursement was approximately \$0.6 for fiscal 2020.

COTY INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(\$ in millions, except per share data)

28. SUBSEQUENT EVENTS

On July 31, 2020, the Company and KKR Aggregator, completed the previously announced issuance and sale of 250,000 shares of the Company's Convertible Series B Preferred Stock, for an aggregate purchase price of \$250.0, pursuant to the terms of the Investment Agreement, dated as of May 11, 2020 and as amended on June 1, 2020. See Note 23—Equity and Convertible Preferred Stock for additional information on the Investment Agreement.

COTY INC. & SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended June 30, 2020, 2019, and 2018
(\$ in millions, except per share data)

Valuation and Qualifying Accounts^(d)

Description	Three Years Ended June 30,				
	Balance at Beginning of Period	Balance Received through Acquisition	Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts and other customer deductions:					
2020	\$ 48.1	\$ —	\$ 55.4	\$ (12.4) ^{(a)(b)}	\$ 91.1
2019	81.8	—	11.6	(45.3) ^{(a)(b)}	48.1
2018	58.5	—	16.3	7.0 ^{(a)(b)}	81.8
Allowance for customer returns:					
2020	\$ 56.3	\$ —	\$ 160.5	\$ (149.0)	\$ 67.8
2019	81.1	—	161.2	(186.0)	56.3
2018	67.3	10.1	169.8	(166.1)	81.1
Deferred tax valuation allowances:					
2020	\$ 67.7	\$ —	\$ 11.4 ^(c)	\$ (24.2)	\$ 54.9
2019	104.6	—	4.6 ^(c)	(41.5)	67.7
2018	60.3	—	54.7 ^(c)	(10.4)	104.6

^(a) Includes reclassification between the allowance for doubtful accounts and gross trade receivables for presentation purposes.

^(b) Includes amounts written-off, net of recoveries and cash discounts.

^(c) Includes foreign currency translation adjustments unless otherwise noted.

^(d) Includes amounts from continuing operations and held for sale.

Coty Inc.**Description of Securities**

The rights of our stockholders are governed by Delaware General Corporation Law (“DGCL”), our amended and restated certificate of incorporation, as amended (our “Certificate of Incorporation”), and our amended and restated by-laws (our “By-laws”).

The following is a summary of the material terms and provisions of our capital stock and is qualified in its entirety by reference to our Certificate of Incorporation and the amendments thereto and our By-laws, which are incorporated by reference herein and attached as an exhibit to our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, and to the applicable provisions of the DGCL. This summary does not purport to be complete and may not contain all the information that is important to you.

Authorized Capital Stock

Under our Certificate of Incorporation, our authorized capital stock consists of 1,250,000,000 shares of Class A Common Stock, par value \$0.01 per share, and 20,000,000 shares of Preferred Stock, par value \$0.01 per share.

Registered Securities

Our Class A Common Stock is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the symbol “COTY”.

Class A Common Stock*Dividend Rights*

Holders of our Class A Common Stock are entitled to receive dividends, as and when declared by our board of directors (the “Board”), out of our legally available assets, in cash, property, shares of our Class A Common Stock or other securities, after payments of dividends required to be paid on outstanding Preferred Stock, if any.

Voting Rights

Holders of our Class A Common Stock are entitled to one vote per share on all matters submitted to a vote of our stockholders, unless otherwise required by our Certificate of Incorporation or By-laws. At all meetings of the stockholders at which a quorum is present, except as otherwise required by law, the Certificate of Incorporation or the By-laws, any question brought before any meeting of stockholders other than the election of directors, shall be decided by the affirmative vote of the holders of a majority of the votes cast. Elections of directors shall be decided by a plurality of the votes cast.

Stockholder Action by Written Consent

Any action that can be taken at a meeting of the stockholders may be taken by written consent in lieu of the meeting if we receive consents signed by stockholders having the minimum number of votes that would be necessary to approve the action at a meeting at which all shares entitled to vote on the matter were present.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding up, the assets legally available for distribution to our stockholders will be distributable ratably among the holders of Class A Common Stock, subject to prior satisfaction of all outstanding debts and other liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding Preferred Stock.

Amendment of Certificate of Incorporation and By-laws

Our Board and our stockholders are authorized to adopt, amend or repeal our By-laws. The approval of our Board is required to amend our Certificate of Incorporation. In addition, Section 242(b)(2) of the DGCL requires that holders of our Class A Common Stock vote as a class upon the proposed amendment, if the amendment would increase or decrease the par value of the shares of Class A Common Stock, or alter or change the powers, preferences or special rights of the Class A Common Stock so as to affect them adversely.

No Preemptive or Similar Rights

Shares of our Class A Common Stock are not entitled to preemptive rights and are not convertible into any other shares of our capital stock.

Preferred Stock

We are authorized, subject to the limits imposed by the DGCL, to issue Preferred Stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, rights, preferences and privileges of the shares of each such series and any of the qualifications, limitations or restrictions thereof. Our Board can also increase or decrease the number of shares of any series, but not below the number of shares of a given series then outstanding, plus the number of shares reserved for issuance upon the exercise or vesting of outstanding securities convertible into the applicable series of Preferred Stock, by the affirmative vote of the holders of a majority of the shares of Coty stock entitled to vote, unless a vote of any other holders is required pursuant to a certificate or certificates of designation establishing a series of Preferred Stock, without any further vote or action by our stockholders.

The rights of holders of Class A Common Stock are subject to, and may be adversely affected by, the rights of the holders of any shares of Preferred Stock that may be issued in the future. Our Board may authorize the issuance of Preferred Stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Class A Common Stock. The issuance of Preferred Stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a future change in control of the Company and may adversely affect the market price of Class A Common Stock and the voting and other rights of the holders of Class A Common Stock.

Series A Preferred Stock

In fiscal year 2015, we established awards under our Equity and Long-Term Incentive Plan and certain of our executive officers received awards of our Series A Preferred Stock. In April 2015, we filed a Certificate of Designations with the Secretary of State of the State of Delaware, establishing the voting rights, powers, preferences and privileges, and the relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, with respect to our Series A Preferred Stock, which various and several voting powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof may be severally set forth in various subscription agreements relating to the issuance and sale of the Series A Preferred Stock (each, a "Series A Subscription Agreement"). Under the terms provided in the various Series A Subscription Agreements, a holder of Series A Preferred Stock may be entitled to exchange any or all vested Series A Preferred Stock prior to varying dates specified in the Series A Subscription Agreements, into, at our sole election, either cash or shares of Class A Common Stock, as calculated and subject to the limitations set forth therein.

Shares of Series A Preferred Stock are not entitled to receive any dividends and have no voting rights, except as required by law. Upon our liquidation, dissolution or winding up, each share of Series A Preferred Stock entitles the holder to receive out of our assets available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of senior securities, an amount in cash per share equal to the then fair market value per share of such Series A Preferred Stock as determined by an independent qualified professional appraisal firm. Such shares will not be entitled to an additional amount after the full liquidation distribution has been paid.

Series A-1 Preferred Stock

In fiscal year 2019, we granted awards of our Series A-1 Preferred Stock in connection with grants under our Elite stock investment program. In February 2019, we filed a Certificate of Designations with the Secretary of State of the State of Delaware, establishing the voting rights, powers, preferences and privileges, and the relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, with respect to our Series A-1 Preferred Stock, which various and several voting powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof is set forth in a subscription agreement relating to the issuance and sale of the Series A-1 Preferred Stock (the "Series A-1 Subscription Agreement"). Under the terms provided in the Series A-1 Subscription Agreement, a holder of Series A-1 Preferred Stock is entitled to exchange any or all vested Series A-1 Preferred Stock prior to varying dates specified in the Series A-1 Subscription Agreement, into, at our sole election, either cash or shares of Class A Common Stock, as calculated and subject to the limitations set forth therein.

Shares of Series A-1 Preferred Stock are not entitled to receive any dividends and have no voting rights, except as required by law. Upon our liquidation, dissolution or winding up, each share of Series A-1 Preferred Stock entitles the holder to receive out of our assets available for distribution to stockholders, after satisfaction of liabilities to creditors and subject to the rights of senior securities, an amount in cash per share equal to \$0.10. Such shares will not be entitled to an additional amount after the full liquidation distribution has been paid.

Series B Convertible Preferred Stock

In May 2020, we filed a Certificate of Designations with the Secretary of State of the State of Delaware, establishing the voting rights, powers, preferences and privileges, and the relative, participating, optional or other rights, and the qualifications, limitations or restrictions thereof, with respect to our Series B Convertible Preferred Stock.

Preferential Rights. The Series B Convertible Preferred Stock ranks senior to the shares of Class A Common Stock and the Company's other outstanding series of preferred stock as of the date of this Annual Report and will rank senior to any other future series of capital stock the terms of which do not expressly provide that such series rank on a parity basis or senior to the Series B Convertible Preferred Stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company.

Dissolution. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, the Holders shall be entitled, out of assets legally available therefor, before any distribution or payment out of the assets of the Company may be made to or set aside for the holders of any junior stock, and subject to the rights of the holders of any senior stock or parity stock and the rights of the Company's existing and future creditors, to receive in full a liquidating distribution in cash and in the amount per share of Series B Convertible Preferred Stock equal to the greater of (i) the sum of (A) the liquidation preference plus (B) the accrued dividends with respect to such share of Series B Convertible Preferred Stock as of the date of such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and (ii) the amount such Holders would have received had such Holders, immediately prior to such voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, converted such shares of Series B Convertible Preferred Stock into Class A Common Stock.

Dividends. Holders of the Series B Convertible Preferred Stock are entitled to a dividend at the rate of 9.0% per annum, accruing daily and payable quarterly in arrears; the dividend rate shall increase by 1.0% on the seven (7) year anniversary of May 26, 2020 and shall increase by an additional 1.0% on each subsequent anniversary up to a maximum of 12.0%. If the Company does not declare and pay a dividend on the Series B Convertible Preferred Stock on any dividend payment date, the dividend rate will increase by 1% per annum until all accrued but unpaid dividends have been paid in full. Dividends will be payable in cash, by increasing the amount of accrued dividends with respect to a share of Series B Convertible Preferred Stock, or any combination thereof, at the sole discretion of the Company.

Conversion. The Series B Convertible Preferred Stock will be convertible, in whole or in part, at any time at the option of the Holders thereof into shares of Class A Common Stock at an initial conversion price of \$6.24 per share of Series B Convertible Preferred Stock and an initial conversion rate of 160.2564 shares of Class A Common Stock per share of Series B Convertible Preferred Stock, subject to certain anti-dilution adjustments set forth in the Certificate of Designations, filed with the Secretary of State of the State of Delaware on May 26, 2020, designating the Series B Convertible Preferred Stock (the "Certificate of Designations"). At any time after the third anniversary of May 26, 2020, if the volume weighted average price of the Class A Common Stock exceeds the then applicable conversion rate, as may be adjusted pursuant to the Certificate of Designations, for at least 20 trading days in any period of 30 consecutive trading days, at the election of the Company, all or any portion of the Series B Convertible Preferred Stock will be convertible into the relevant number of shares of Class A Common Stock. Pursuant to the terms of the Certificate of Designations, unless and until approval of the Company's stockholders is obtained as contemplated by NYSE listing rule 312.03(d) (the "Stockholder Approval"), no Holder of Series B Convertible Preferred Stock will have the right to acquire shares of Class A Common Stock if and solely to the extent that such conversion would result in such Holder beneficially owning a number of shares of Class A Common Stock that could trigger a change of control under NYSE listing rules (such limitation, the "Ownership Limitation"). The Company has the right to settle any conversion over the Ownership Limitation of a Holder of Series B Convertible Preferred Stock in cash if the Stockholder Approval is not obtained.

Voting Rights. Holders of the Series B Convertible Preferred Stock will be entitled to a separate class vote with respect to, among other things, amendments to the Company's organizational documents that have an adverse effect on the Series B Convertible Preferred Stock, authorizations or issuances by the Company of securities that are senior to, or equal in priority with, the Series B Convertible Preferred Stock, increases or decreases in the number of authorized shares of Series B Convertible Preferred Stock and issuances of shares of Series B Convertible Preferred Stock after May 26, 2020.

Redemption. At any time following the fifth anniversary of May 26, 2020, the Company may redeem some or all of the Series B Convertible Preferred Stock for a per share amount in cash equal to: (i) the sum of (x) 100% of the liquidation preference thereof, plus (y) all accrued and unpaid dividends, multiplied by (ii) (A) 107% if the redemption occurs at any time on or after the fifth anniversary of May 26, 2020 and prior to the sixth anniversary of the Closing Date, (B) 105% if the redemption occurs at any time on or after the sixth anniversary of May 26, 2020 and prior to the seventh anniversary of May 26, 2020, and (C) 100% if the redemption occurs at any time on or after the seventh anniversary of May 26, 2020 (such price, the "Redemption Price").

Upon certain change of control events involving the Company, the Holders of the Series B Convertible Preferred Stock may, at such Holder's election, (i) convert their shares of Series B Convertible Preferred Stock into Class A Common Stock at the then-current conversion price; provided that if such change of control occurs on or before the fifth anniversary of May 26, 2020, the Company will also be required to pay the Holders of the Series B Convertible Preferred Stock a "make-whole" premium or (ii) cause the Company to redeem their shares of Series B Convertible Preferred Stock for an amount in cash equal to (x) if the change of control occurs on or before the fifth anniversary of May 26, 2020, 110% of the sum of the liquidation preference thereof plus any accrued and unpaid dividends and (y) if the change of control occurs on or after the fifth anniversary of May 26, 2020, 100% of the then-current Redemption Price. If no such election is made with respect to any share of Series B Convertible Preferred Stock, such share shall remain outstanding.

Preemptive Rights. Except for the right to participate in any issuance of new equity securities by the Company as set forth in the Series B Investment Agreement, the Holders shall not have any preemptive rights. Pursuant to the Series B Investment Agreement, after May 26, 2020 and so long as the Investors (as defined in the Series B Investment Agreement) continue to beneficially own at all times shares of Series B Convertible Preferred Stock and/or shares of Class A Common Stock that represent in the aggregate and on an as converted basis, at least 50% of the number of shares of Class A Common Stock beneficially owned by the Investors on an as converted basis, if the Company makes any public or non-public offering of any capital stock of, other equity or voting interests in, or equity-linked securities of, the Company or any securities that are convertible or exchangeable into (or exercisable for) capital stock of, other equity or voting interests in, or equity-linked securities of, the Company, the Investor and each person to which the Investor later transfers any shares of Series B Convertible Preferred Stock or Class A Common Stock issued upon conversion of Series B Convertible Preferred Stock shall be afforded the opportunity to acquire from the Company such [Investor]'s preemptive rights portion of such new securities for the same price as that offered to the other purchasers of such new securities, subject to certain conditions described in the Series B Investment Agreement.

Series B Investment Agreement

Pursuant to the Series B Investment Agreement, the Company has increased the size of its Board in order to elect two individuals designated by the Investor (the "Designees") to the Board for a term expiring at the 2020 annual meeting of the Company's stockholders. For so long as the Investor or its affiliates beneficially own at least 50% of the shares of Series B Convertible Preferred Stock purchased pursuant to the Series B Investment Agreement on an as-converted basis, the Investor will have the right to designate two Designees for election to the Board. After the Investor ceases to own at least 50% of the shares of Series B Convertible Preferred Stock purchased pursuant to the Series B Investment Agreement on an as-converted basis, the Investor will have the right to designate one Designee for election to the Board. The Investor shall no longer be entitled to designate any Designees for election to the Board after the Investor ceases to own at least 20% of the shares of Series B Convertible Preferred Stock purchased in the Issuance on an as-converted basis.

Additionally, the Investor will be subject to certain standstill restrictions, including that the Investor will be restricted from acquiring additional equity securities of the Company if such acquisition would result in beneficial ownership in excess of 15% of the Company's issued and outstanding Class A Common Stock, until the later of 90 days after which the Investor has no rights (or has irrevocably waived its rights) to appoint a Designee and the three month anniversary of the Closing Date (as defined in the Investment Agreement). Subject to certain exceptions, the Investor will be restricted from transferring the Series B Convertible Preferred Stock until the three month anniversary of the Closing Date.

Series B Registration Rights Agreement

On May 26, 2020, the Company entered into a Registration Rights Agreement (the "Registration Rights Agreement"), pursuant to which the Company has agreed to provide to the Investor and each other Holder party thereto from time to time, following a three-month lockup period (the "lock-up period"), certain customary registration rights with respect to each Holder's shares of the Series B Convertible Preferred Stock and the Class A Common Stock, issued in connection with any future conversion of the Series B Convertible Preferred Stock (together, the "Registrable Securities") until such Holder's Registrable Securities have been sold (subject to certain exceptions), or in the case of any shares of Class A Common Stock held by such Holder, all shares of Class A Common Stock held by such Holder, on an as converted basis, constitute less than 1% of the Company's total outstanding shares of Class A Common Stock and may be sold in a single day pursuant to, and in accordance with, subsection (k) of Rule 144 under the Securities Act.

The Holders also have the right to request up to four underwritten take-downs, equal to at least \$75 million per request, off of this prospectus during any 365-day period (subject to certain cut-back priorities) and the Holders have the right to request unlimited non-underwritten take-downs. Additionally, the Registration Rights Agreement grants each Holder customary demand registration rights for a minimum number of Registrable Securities equal to at least \$75 million per demand which shall include underwritten offerings (subject to certain cut-back priorities), subject to a cool-off period of at least sixty days after

effectiveness of the previous demand registration. The Registration Rights Agreement also grants each Holder customary “piggyback” registration rights. If, following the lock-up period, the Company proposes to register any shares of Common Stock, whether or not for its own account, each Holder will be entitled, subject to certain exceptions, to include its Registrable Securities in the registration, subject to certain cut-back priorities. The Registration Rights Agreement permits the Company to postpone the filing or use of a registration statement for a certain period (such period, a “Postponement Period”) if the filing or continued use of the registration statement would, in the good faith judgment of the Board (after consultation with external legal counsel) (i) require the Company to disclose material non-public information that, in the Company’s good faith judgment (after consultation with external legal counsel), the Company has a bona fide business purpose for not disclosing publicly or (ii) materially interfere with any material proposed acquisition, disposition, financing, reorganization, recapitalization or similar transaction involving the Company or any of its subsidiaries then under consideration. There will not be more than one Postponement Period in any 180-day period and no single Postponement Period will exceed 60 days.

Controlled Company Status

As of the date of this Annual Report, the JAB Investors (as defined below) beneficially own approximately 60% of the outstanding shares of Class A Common Stock, which also represents approximately 60% of the voting power of our capital stock. Accordingly, we qualify as a “controlled company” under the NYSE Listed Company Manual rules (the “NYSE Rules”). As a “controlled company,” we are permitted to take advantage of exemptions from certain of the corporate governance requirements under the NYSE Rules, including the requirements that a majority of our Board consist of independent directors, that we have a nominating and corporate governance committee that is composed entirely of independent directors and that we have a compensation committee that is composed entirely of independent directors. As a result, for so long as we are a controlled company, stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements under the NYSE Rules. However, the Stockholders Agreement described below contains certain obligations with respect to the independence of our Board and a committee of our Board.

Stockholders Agreement

The Company is party to a stockholders agreement, dated as of March 17, 2019 (the “Stockholders Agreement”), with JAB Holdings B.V., JAB Cosmetics B.V. and Cottage Holdco B.V. (the “JAB Investors”). Pursuant to the Stockholders Agreement, among other things:

- during the three year period following April 30, 2019, the JAB Investors shall not, subject to certain exceptions, effect or enter into any agreement to effect any acquisition of additional shares of capital stock of the Company (including Class A Common Stock, “Company Securities”); *provided* that, the JAB Investors may acquire Company Securities on an established securities exchange or through privately negotiated transactions that, after giving effect to such acquisition, does not result in an increase in the JAB Investors’ and their affiliates’ collective beneficial ownership percentage of the voting power of the then issued and outstanding Company Securities to an amount greater than the percentage of the voting power of the issued and outstanding Company Securities beneficially owned by the JAB Investors, collectively, as of the consummation of the Offer, plus 9% (meaning a cap of approximately 69% for three years after April 30, 2019);
 - during the three year period following April 30, 2019, the JAB Investors shall not, subject to certain exceptions, transfer any Company Securities to any other person or group (other than an affiliate of any of the JAB Investors) that, after giving effect to such transfer, would beneficially own in excess of 20% of the voting power of the Company;
 - for so long as the Stockholders Agreement is in effect, the JAB Investors shall not effect or seek to effect, or announce any intention to effect, any “Rule 13e-3 transaction” as defined in Rule 13e-3 under the Exchange Act unless such transaction is conditioned on both (i) the affirmative approval of a special committee of our Board comprised solely of individuals who are each (1) “independent” under the requirements of Rule 10A-3 under the Exchange Act, and under the rules of the applicable securities exchange on which Company Securities are traded and (2) disinterested as it relates to the JAB Investors and their respective affiliates (any such individual, an “Independent Director”) and who are disinterested and independent under Delaware law as to the matter under consideration, duly obtained in accordance with the applicable provisions of the Company’s organizational documents, applicable law and the rules, regulations and listing standards promulgated by any securities exchange on which Company Securities are traded (“Disinterested Director Approval”) and (ii) the affirmative vote of our stockholders representing at least a majority of the voting power of the Company beneficially owned by stockholders that are not the JAB Investors or their affiliates;
 - for so long as the Stockholders Agreement is in effect, material related party transactions involving the JAB Investors or any of their affiliates and the Company will require Disinterested Director Approval; and
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- for so long as the Stockholders Agreement is in effect, the JAB Investors and the Company have agreed to take all necessary actions within their control to maintain no fewer than four Independent Directors on our Board and to cause, no later than September 30, 2019, to be elected to our Board two new Independent Directors.

The Stockholders Agreement also provides the JAB Investors with certain customary demand and shelf registration rights with respect to Company Securities and restricts the registration rights we may grant other stockholders after the date thereof. Prior to the entry into the Stockholders Agreement, we granted certain other stockholders customary demand and “piggyback” registration rights.

The Stockholders Agreement will terminate upon the earlier of the mutual consent of the parties to the Stockholders Agreement (including, with respect to the Company, Disinterested Director Approval) or such time as the JAB Investors and their affiliates cease to beneficially own 40% of the voting power of the Company capital stock on a fully diluted basis. The Stockholders Agreement may be amended by the JAB Investors and the Company after receipt of Disinterested Director Approval. Any waiver by the Company of any condition or of any breach of any term, covenant, representation or warranty contained in the Stockholders Agreement also requires Disinterested Director Approval.

Anti-Takeover Effects of Delaware Law, Certificate of Incorporation and By-laws

The following provisions may make a change in control of our business more difficult and could delay, defer or prevent a tender offer or other takeover attempt that a stockholder might consider to be in its best interest, including takeover attempts that might result in the payment of a premium to our stockholders over the market price for their shares. These provisions also may promote the continuity of our management by making it more difficult for a person to remove or change the incumbent members of our Board.

Controlling Stockholder. As of the date of this Annual Report, the JAB Investors beneficially own approximately 60% of the outstanding shares of Class A Common Stock, which also represents approximately 60% of the voting power of our capital stock. This concentrated control could have the effect of discouraging others from initiating a potential merger, takeover or other future change of control transaction that other stockholders may view as beneficial.

Delaware Law. We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, the statute prohibits a publicly-held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date that the person became an interested stockholder, subject to exceptions, unless the business combination is approved by our Board in a prescribed manner or the transaction in which the person became an interested stockholder is approved by our Board and disinterested stockholders in a prescribed manner. Generally, a “business combination” includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the stockholder. Generally, an “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of the corporation’s voting stock. These provisions may have the effect of delaying, deferring or preventing a change in control of our business without further action by the stockholders.

Authorized but Unissued Shares; Undesignated Preferred Stock. The authorized but unissued shares of Class A Common Stock will be available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, acquisitions and employee benefit plans. In addition, our Board may authorize, without stockholder approval, the issuance of undesignated Preferred Stock with voting rights or other rights or preferences designated from time to time by our Board. The existence of authorized but unissued shares of Class A Common Stock or Preferred Stock may enable our Board to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Advance Notice Requirements for Stockholder Proposals and Nominations of Directors. Our By-laws require stockholders seeking to bring business before an annual meeting of stockholders, or to nominate individuals for election as directors at an annual or special meeting of stockholders, to provide timely notice in writing, as specified therein. These provisions regulate our stockholders in bringing matters before the annual meeting of stockholders or making nominations for directors at any meetings of stockholders. These provisions may also discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the potential acquiror’s own slate of directors or otherwise attempting to obtain control of our business.

Special Meetings of Stockholders. Our Certificate of Incorporation and By-laws provide that special meetings of stockholders may be called only by our Chairman, Chief Executive Officer or our Board or by our Secretary at the request of holders of not less than a majority of the combined voting power of Class A Common Stock.

Cumulative Voting. Our Certificate of Incorporation provides that our stockholders are not permitted to cumulate votes in the election of directors.

Series B Convertible Preferred Stock Change in Control Provisions. Upon certain change in control events involving the Company, the Holders thereof will have the right to convert their shares of Series B Convertible Preferred Stock into shares of Class A Common Stock or require the Company to repurchase the Series B Convertible Preferred Stock. See “Series B Convertible Preferred Stock—Redemption” above.

Transfer Agent

The transfer agent and registrar for our Class A Common Stock is Computershare Trust Company, N.A.

EMPLOYMENT AGREEMENT

BETWEEN:

- (1) **COTY MANAGEMENT B.V.**, a private limited liability company incorporated under the laws of the Netherlands, having its registered seat in Amsterdam, the Netherlands, and its office address at Schiphol Boulevard 393, Toren B, 1118 BJ Schiphol, the Netherlands, hereinafter: the **Company**; and
- (2) **GORDON VON BRETTEN**, born on XXX, of XXXX, hereinafter: the **Director**;

The Company and the Director together referred to as the **Parties** and each of them individually as the **Party**.

WHEREAS:

- (a) The Company wishes to engage the Director to act as Chief Transformation Officer;
- (b) the Director will be appointed as a managing director (*statutair directeur*) of the Company by a written resolution of the general meeting of shareholders of the Company dated 3 June 2020 with effect from 1 July 2020; and
- (c) the Parties have reached agreement on all the terms and conditions applicable to the related employment relationship and they wish to record them in writing in this agreement (the **Agreement**),

IT HAS BEEN AGREED AS FOLLOWS:

1. COMMENCEMENT AND TERM OF SERVICE

1.1 The Director's employment by the Company hereunder shall be for an indefinite period, which shall commence on 3 June 2020, (the **Commencement Date**) and shall continue until terminated in accordance with this Agreement. The period commencing as of the Commencement Date and ending on the date on which the Director's employment terminates is hereinafter referred to as the **Employment Term**.

2. DUTIES AND POWERS

2.1 From 3 June 2020 and during the remainder of the Employment Term, the Director shall serve as Chief Transformation Officer of Coty Inc. (the **Parent**) and in such positions with the Parent, the Company or any other business entity, directly or indirectly, controlled by or under common control with the Parent (each, a **Group Company** and together the **Group**)

2.2 The Director will report to the Chairman and Chief Executive Officer of Parent. In such capacities, the Director shall carry out such duties appropriate to his

status and exercise such powers in relation to any applicable Group Company and each of their respective businesses as may from time to time be assigned to or vested in him by the Company or Parent. Such positions and tasks shall be governed by the terms and conditions contained in this Agreement and shall not entitle the Director to any further remuneration. Should the relevant Group Companies nevertheless pay compensation to the Director in connection with such positions or tasks (other than for the reimbursement of costs), the Director shall pay such amounts to the Company.

2.3 The Director shall perform his duties and responsibilities as Chief Transformation Officer based in the Coty office in Amsterdam, and shall travel as required by the Group's business to other Group Company offices as and on such basis as the Parties shall mutually agree, provided, however, that the Director shall not perform services from the United States or any other jurisdiction unless and until all necessary visas, work permits or other documentation to permit him lawfully to provide such services in such jurisdictions have been obtained.

2.4 The Company may also require the Director to work on a temporary basis from any Group Company location and travel to such location as may be required for the performance of his duties. The Director will be required to keep a complete and accurate record of the time spent performing his duties under this Agreement, the nature of those duties, and the location from where such duties were performed.

2.5 The Director shall devote his best efforts to the performance of his duties hereunder and shall not engage in any other business, profession or occupation for compensation or otherwise; provided, that subject to clause 12 hereof, nothing herein shall be deemed to preclude the Director from engaging in personal, charitable or civic activities, provided that these do not violate any of the covenants contained in this Agreement and as long as such activities, either individually or in the aggregate, do not interfere with the performance of his duties hereunder.

2.6 Regular working hours are from Monday to Friday, 40 hours a week. The Director is expected to work additional hours as part of his duties under this Agreement for which no additional remuneration will be paid.

3. SALARY AND HOLIDAY ALLOWANCE

3.1 The Director shall receive a base salary of US Dollar 1,400,000 gross (the **Base Salary**) payable in Euros (**EUR**), converted at an exchange rate equal to the average of the daily US\$:EUR spot exchange rates published by the Dutch Central Bank (*De Nederlandsche Bank*) on each business day beginning thirty (30) days prior to the applicable payment date and ending as of the business day immediately prior to such payment date.

3.2 The Base Salary is based on a full time (100%) employment, at the time of concluding the Agreement and is deemed to include a holiday allowance of 8%. The Base Salary shall be payable in twelve equal installments, in arrears, less the holiday allowance around the 25th of the month or ultimately by the end of the month, by payment into a bank account to be specified by the Director.

3.3 The year for the calculation of the holiday allowance runs from 1 June up to and including 31 May of the current year. The 8% holiday allowance is paid out annually together with the salary for May. Employees who have been with the company for part of that period only shall receive holiday allowance on a pro rata temporize basis. Holiday allowance shall also be calculated in line with any salary adjustments made during the aforesaid period and this as of the effective date of the salary adjustment.

3.4 The Base Salary shall be inclusive of any sums receivable (and shall abate by any sums received) by the Director as director's fees from any Group Company or otherwise arising from any office held by the Director by virtue of his employment under this Agreement. The Director's Base Salary shall be subject to periodic review by the Board, not less frequently than annually, for possible increase and any such increased rate will thereafter be the Base Salary for all purposes of this Agreement. Under no circumstances may the Base Salary be decreased during the Employment Term without the consent of the Director.

3.5 The Director shall not accept any monies or other remuneration or gifts from third parties in connection with his activities for the Company and/or its Group Companies. Should the Director nevertheless receive such monies, remuneration or gifts, he will report this to the Board.

4. ANNUAL AWARDS OF RESTRICTED STOCK

4.1 Subject to the terms of the Coty Inc. Equity and Long-Term Incentive Plan as in effect on the date hereof and as may be amended from time to time (the **Plan**) and in accordance with the terms and conditions of the restricted stock award agreement to be provided to the Director in connection with each grant (the **Restricted Stock Agreement**), the Director will be eligible to receive, at the election of Director, either (a) annual grants of shares of Class A Common Stock ("**Restricted Stock**") each year, with a value of US\$2,900,000 (two million nine thousand U.S. dollars) per grant calculated as being a number of units of Restricted Stock equal to this amount divided by the closing stock price at the Grant Date, or (b) annual grants of restricted cash awards ("**Restricted Cash**") with a value of US\$2,900,000. The shares of Restricted Stock or units of Restricted Cash, as applicable, will vest as follows subject to the Director's continued employment with the Company or any Group Company through the applicable vesting date:

- First Anniversary of the Grant Date : 33.33% of the shares of Restricted Stock or units of Restricted Cash, as applicable, vest
- Second Anniversary of the Grant Date: 33.33% of the shares of Restricted Stock or units of Restricted Cash, as applicable, vest
- Third Anniversary of the Grant Date : 33.34% of the shares of Restricted Stock or units of Restricted Cash, as applicable, vest.

4.2 New Hire Award. The first award of 643,016 shares of Restricted Stock shall be granted to the Director on 5 June 2020, subject to the vesting schedule described in Section 4.1 above. Thereafter, each award of Restricted Stock or Restricted Cash, as

applicable, will be made at the same time as the annual awards are made to other participants in the Plan, the first following award being in 2021.

5. CLAW BACK

All compensation and benefits hereunder shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or a duly authorized committee of the Board, as in effect from time to time, and (ii) applicable law. In addition, if the Director receives any amount in excess of the amount that the Director should have otherwise received under the terms of this Agreement or any compensation or benefit plans of the Group for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Board or a duly authorized committee of the Board may provide that the Director shall be required to repay any such excess amount.

6. SUPPLEMENTARY INSURANCE COVER

6.1 The Company has taken out group disablement benefit shortfall insurances cover for its employees (*WGA-hiaatverzekering and WIA-exedentverzekering*) in which the Director will participate. Further detailed information regarding these insurances is included in the Insurance appendix.

7. PENSION

The Director will participate in the collective pension scheme of the Company. The pension regulations are included in the Pension appendix to be provided to the Director separately.

8. BUSINESS EXPENSES

8.1 Reasonable business expenses incurred by the Director in the performance of his job under this Agreement shall, upon submission of written evidence of such expenses in accordance with the Company's expense and travel policies, be paid or reimbursed by the Company to the Director.

9. COMMUTING EXPENSES

The Director is entitled to reimbursement in accordance with the Parent's travel and expense policy (as in effect from time to time) for commuting expenses incurred between his residences in Potsdam, Germany, and Mallorca, Spain, and the Company's headquarters in Amsterdam, the Netherlands (including lodging expenses in Amsterdam, the Netherlands).

10. HOLIDAYS

10.1 The Director is entitled to 30 days of paid leave in each holiday year (based on full time). In case of a full time employment contract, 20 of these days of paid leave are statutory holidays; the others are holidays in excess of the statutory entitlement.

10.2 The holiday year runs from 1 January to 31 December of each calendar year.

10.3 Holiday dates are determined by the Company on the basis of a proposal by the Director.

10.4 The statutory holiday entitlement accrued in a calendar year will lapse six months after the end of the calendar year. The extra statutory holiday entitlement accrued in a calendar year will lapse five years after the end of the calendar year.

10.5 Where the Director is not employed for the whole holiday year, the Director will be entitled to 1/12th of the above number of holiday days for each full month of employment.

10.6 During the period that the Director is unable to perform work because of illness, Director will accrue statutory holiday entitlement. From one month of illness the Director will not accrue extra statutory holiday entitlement.

10.7 Holiday days normally have to be taken in the holiday year to which they relate.

10.8 Employer can appoint a maximum of 2 days per calendar year as mandatory vacation days without consulting the Director.

11. ILLNESS OR DISABLEMENT

11.1 If the Director is unfit for work, he must inform the Company accordingly without delay on the first day of Director's incapacity for work. When reporting sick, the Director shall also provide the Company with the information that the employer requires to determine whether it must continue to pay the Director's wages.

11.2 Further detailed information and rules regarding illness are included in the Employee Handbook.

12. GENERAL RESTRICTIONS

12.1 In the event that the Director is ordered to refrain from active duty and upon termination of this Agreement - irrespective of the manner in which and the reasons for which the employment is terminated - the Director shall at the Company's first request to that effect surrender to the Company all property of the Company in his possession as well as all documents which in any way relate to the Company and/or Group Companies and/or its customers and other business relations, all this in the broadest sense, as well as all copies of such documents and property.

12.2 The Director shall not perform any paid or unpaid side activities (including consultancy work and board positions) without the prior written approval of the Board, which approval will not unreasonably be withheld. The Director confirms that he has no such positions at the Commencement Date.

12.3 During his employment hereunder, the Director shall not be permitted to be involved in or to have or take in any way, whether directly or indirectly, any interest

in companies pursuing activities in competition with or similar to the activities of the Company or its Group Companies, unless the shares are traded on a recognized stock exchange, in which case an exemption applies up to 5%. The Director shall immediately disclose to the Board any interests he holds in companies pursuing activities that are related to the activities of the Company or any Group Companies or companies that are suppliers, licensors, licensees, principals or buyers of the Company and/or any Group Companies unless the shares are traded on a recognized stock exchange. The Director confirms that he has no such interest at the Commencement Date.

12.4 The Director shall comply with every rule of law and every regulation of the Company and/or the Group in force from time to time relating to dealings in shares or other securities.

12.5 The Director acknowledges that the salary referred to in clause 3.1 includes reasonable compensation for the fact that he is bound by the general restrictions as set out in this clause 12.

EMEDIES

13.1 In deviation of article 7:650 paragraphs 3, 4 and 5 DCC, the Director shall forfeit to the Company for each breach of any of the provisions of clauses 3.5, 12, hereof and/or the covenants agreed in the Confidentiality, non-competition and non solicitation agreement (*RCA*) attached as **Annex 1** to this Agreement and/or the Code of Conduct, immediately, without prior notice or any judicial intervention being required, a penalty of EUR 50,000 per breach plus EUR 500 for each day that such breach continues, without prejudice to:

- (a) the Company's right to claim compensation for the actual damage suffered by it or its Group Companies through such breach instead; and
- (b) any other relief to which the Company or its Group Companies may be entitled.

13.2 Payment of the penalty provided for in this clause does not relieve the Director from his obligations under the provisions violated.

TERMINATION

14.1 This Agreement may be terminated (prematurely) by either Party as from the last day of any calendar month by written notice to the other Party; the Director observing a notice period of 3 months and the Company observing a notice period of 6 months.

14.2 At any time during the notice period (whether notice is given by the Director or the Company) and until the termination of this Agreement, the Company shall be entitled at its absolute discretion to require the Director:

- (a) not to carry out (part of) his duties;

(b) not to attend his place of work;

(c) to work from home and/or to carry out special projects.

provided that this shall not affect the Director's entitlement to receive salary during the notice period (*Garden Leave*).

14.3 The employment will in any case terminate on the day on which the Director reaches the pensionable age under the State Pension Act (*Algemene Ouderdomswet*) or, if different, the pensionable age under the Company's pension plan.

14.4 The Company will at all times be entitled to announce to employees, customers or clients of the Company that the Director's employment will terminate or has terminated within the meaning of this clause 4.

14.5 Upon termination of this Agreement, the Director shall resign from any positions he holds within the Company or its Group Companies.

15. 30% - RULING

15.1 Subject to paragraph 15.2 below, if and to the extent the Director is eligible to receive an exempt compensation for extraterritorial costs on the basis of article 10ea of the *Uitvoeringsbesluit loonbelasting 1965* (the **Resolution**) and, on joint request of the Company and the Director, the tax authorities have confirmed such entitlement (the **30% Ruling**), then:

- (a) if and to the extent the 30% Ruling applies to the compensation due by the Company to the Director under this agreement before application of this section 15 (the **Total Compensation**), such compensation is reduced to such amount (the **Taxable Wage**) that an amount equal to 100/70 of the Taxable Wage is equal to the Total Compensation;
- (b) the Company pays to the Director a tax-exempt compensation for extraterritorial costs equal to 30/70 of the Taxable Wage (the **Exempt Compensation**) at the same moments and in the same manner as payment of the Taxable Wage; and
- (c) Parties will, if and to the extent required, amend this agreement so that all provisions are fully in accordance/compliance with the 30% Ruling.

15.2 The Director is aware that an amendment of the agreed compensation in accordance with clause 15.1 can have an impact on any other arrangements relating to the amount of taxable wages, such as pensions and social security payments.

16. EMPLOYEE HANDBOOK/POLICIES/CODES OF CONDUCT

16.1 Unless provided expressly to the contrary in this Agreement, the following rules and regulations as applicable from time to time, form an integral part of this Agreement. Page 7

- Employee Handbook

- Code of Conduct
- RCA attached as **Annex 1**
- Mobility Policy
- Social Media Policy
- GDPR
- Travel & Expenses Policy
- Insurance appendix
- Pension appendix

16.2 By signing the Agreement, the Director acknowledges the receipt of a copy of these rules or having been given online access to them and his agreement thereto.

17. NO COLLECTIVE LABOUR AGREEMENT

17.1 No collective labour agreement covering employees of the Company is applicable to this Agreement.

FINAL PROVISIONS

18.1 The Director represents and warrants to the Company that he will not by reason of entering into this Agreement, or by performing any duties under this Agreement, be in breach of any terms of employment with a third party whether express or implied, or of any other obligation binding on him.

18.2 This Agreement and any obligation arising out of or in connection therewith shall be governed by and construed in accordance with the laws of the Nether lands.

18.3 All amounts payable on the basis of this Agreement are gross amounts and will be paid less the usual deductions under the applicable tax and social security laws to be withheld by Dutch employers in the Netherlands, unless it follows from tax and social security laws that the payment can be made tax-free.

18.4 The Company reserves the right to unilaterally amend the provisions of this Agreement from time to time in accordance with article 7:613 DCC.

18.5 In the event that any of the provisions contained in this Agreement were to be or become invalid or unenforceable for any reasons whatsoever , such invalidity or unenforceability shall not affect the validity or enforceability of the remaining provisions. Subject to clause 18.4 of this Agreement, such invalid or unenforceable provision shall be replaced by a new provision, bearing in mind the wording and purpose of the invalid or unenforceable provision as far as possible.

18.6 Modifications and/or amendments to this Agreement shall only be valid if made and confirmed in writing by the Company to the Director.

18.7 The foregoing constitutes the entire employment agreement between the Parties and supersedes all employment agreements and/or verbal arrangements previously made and given by and between the Director and the (bodies of the) Company and/or its Group Companies.

[SIGNATURE PAGE TO FOLLOW]

18.8 In witness whereof this Agreement was executed in duplicate and signed by the Parties .

COTY MANAGEMENT B.V. GORDON VON BRETEN



Date: June 3, 2020

Represented by: Jaap Bruinsma

Date: June 3, 2020

ANNEX 1

CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT (RCA)

COTY

Versiox. October 12, 2016

Employment contract between the undersigned:

HFC Prestige International Operations Switzerland sari
Chemin de la Papeterie 1
1290 Versoix
Switzerland
(Hereinafter referred to as "Employer or Company")

And
Anne Jaeckin
11, rue Beyle Stendhal
38000 Grenoble
France
(Hereinafter referred to as "Employee")

It is hereby agreed between the undersigned the following:

1. TERMS OF EMPLOYMENT

Position

The Employee shall be employed full-time (100%) by HFC Prestige International Operations Switzerland sari as Vice President Human Resources, Supply Chain, reporting to Mario Reis, Chief Supply Chain Officer and dotted line to Sebastien Froidefond, the chief Human Resources Officer. You will be a member of the Human Resources leadership team.

The Employer reserves the right to assign to the Employee other appropriate functions consistent with the Employee's previous experience but maintaining his then applicable remuneration. The change will however require the Employee's acceptance of the new functions.

Entry date and duration

We anticipate that your employment will start on January 1, 2017. Your actual start date will be the 'Effective Date'.

The present employment agreement is subject to the condition of obtaining a valid work permit from the competent authorities.

Trial period

The initial three months of employment are considered as trial period during which either party may terminate the employment by giving seven days prior written notice.

2. REMUNERATION & BENEFITS

Salary

The Employee's annual gross salary will be of CHF 265'000.-. It will be directly paid by the Company in 13 equal installments - 12 monthly payments plus one additional payment in December; for services of less than a complete calendar year the thirteenth payment will be made on a pro rata basis.

Your next salary review will occur at the next normal cycle as defined by the Company, which generally occurs in the month of October, starting October 2017.

Bonus and special payments

In addition to the annual base salary, the Employee shall participate in the Coty Inc. Annual Performance Plan with an annual target award of 35% of the annual gross base salary. Please refer to the APP brochure for more details. Your participation is subject to the terms of the APP.

Long Term Incentive Plan

You will be eligible to participate in the Coty Inc. Equity & Long Term Incentive Plan ("EL TIP"). More details will be made available to recipients of EL TIP. All Equity grants are subject to discretionary review and approval of Coty's Board of Directors and annual performance, and are contingent upon the acceptance of the NonCompetition Agreement.

Sign-on Bonus

Coty will pay you, in the first 90 days of your employment, a sign on Bonus of the equivalent in CHF of USD 115'000.- gross with a claw-back of 2 years in full, which means that if you resign in the first 2 years of your starting date, you will have to reimburse the total amount. This payment is conditional to you providing documentary evidences of your amount L TIP entitlement.

Company Car

You will be provided with the use of a company car or car allowance in accordance with the Company policies.

3. CONFIDENTIALITY AND OTHER CLAUSES

The Employee undertakes to keep strictly confidential any and all information relating to the business of the employer including but not limited to trade secrets (names of clients, amounts invoiced, nature of their orders, etc.), business secrets (dates of launches, product formulations, types of packaging, business plans, budgets, marketing campaigns, corporate developments and actions etc.) and more generally any other matters of confidential nature which must not be disclosed to third parties.

This clause shall be binding during the full term of the employment and during a period of five years after the end of employment.

Non -Competition

As set forth in the Non-Competition and Confidentiality Agreement, you covenant and agree that, during the term of your employment with the Company and for twelve (12) months after the termination thereof, regardless of the reason for the employment termination, you will not, directly or indirectly, anywhere in the Territory (as defined in the Non-Competition Agreement), on behalf of any Competitive Business (as defined in the Non-Competition Agreement) perform the same or substantially the same job duties.

Non -Solicitation

As set forth in the Non-Competition Agreement, you covenant and agree that during the term of your employment with the Company and for twelve (12) months after the termination thereof, regardless of the reason for the employment termination, you will not, directly or indirectly, on your own behalf or on behalf of or in conjunction with any person or legal entity, recruit, solicit or induce, or attempt to recruit, solicit or induce, any non-clerical employee of the Company with whom you had personal contact or supervised while performing your job duties, to terminate their employment relationship with the Company.

In case of breach of the present article, the Employee shall pay to the Company a penalty in the amount of six month of his/her gross salary. Payment of the penalty shall not discharge the Employee from complying with his undertakings pursuant to this clause.

In addition to the payment of the penalty and any further damages the Company may have incurred as a result of the breach, the Company shall have the right to request that the Employee ceases and desists from any prohibited activities and to apply to the courts for injunctive relief.

4. TERMINATION OF EMPLOYMENT

Either party may terminate by a 6-month written notice, except during the Trial Period.

The termination notice shall be in writing to be effective either for the employer or the employee.

The agreement may further be terminated for cause in accordance with the provisions of the Swiss Code of Obligations.

5. APPLICABLE LAW

This employment contract is governed by, construed and enforced in accordance with the laws of Switzerland.

The Coty Employment Handbook Switzerland is an integral part of the employment agreement.

In the event of discrepancies between the employment agreement and the Coty Employee Handbook, the provisions of the employment agreement shall prevail.

Any dispute arising out of or in connection with this employment contract shall be submitted to the competent courts of the canton of Geneva, Switzerland.

For HFC Prestige International Operations Switzerland sarl

/s/ Mario Reis /s/ Maryline Hirt Tissot

Chief Supply Chain Officer Lead HR Director Switzerland

Read and Approved:

Signature: /s/ Anne Jaeckin Date: 17/10/2016

Anne Jaeckin

COTY

Petit-Lancy, May 18, 2020

Working Contract addendum between the undersigned:

HFC Prestige International Operations Switzerland sari
Chemin Louis-Hubert 1-3
1213 Petit-Lancy
Switzerland
(Hereinafter referred to as "employer or company")

And
Anne Jaeckin
In-House
(Hereinafter referred to as "Employee")

Dear Anne,

Further to your appointment as Senior Vice President HR Global Function on March 1, 2020, we are pleased to highlight your new contractual conditions:

Salary

The Employee's annual gross salary will be CHF 350,000. It will be directly paid by the Company in 12 equal instalments.

Effective Date

All changes as per this contract addendum are retroactively effective since March 1, 2020.

Miscellaneous

The other conditions of your employment contract remain unchanged.

We are looking forward to continue working with you and wish you much success in your new role.

Kind regards,

/s/ Salvina Occhipinti /s/ Pauline Cormier

Salvina Occhipinti Pauline Cormier

Head of HR Switzerland Senior Payroll Manager & HR Analyst

Read and Approved:

Signature: /s/ Anne Jaeckin

THIS AMENDMENT AND SETTLEMENT AGREEMENT is made on May, 31 - 2020

BETWEEN:

- (1) **COTY MANAGEMENT B.V.**, a private limited liability company incorporated under the laws of the Netherlands, having its registered seat in Amsterdam, the Netherlands, and its office address at Schiphol Boulevard 393 Toren B, 1118 BJ Schiphol, the Netherlands, hereinafter: the **Company**; and
- (2) **PIERRE DENIS**, born on XXXX of XXXX, hereinafter: the **Executive**;

The Company and the Executive together referred to as the **Parties** and each of them individually as the **Party**.

WHEREAS:

- a) the Executive entered into the employment of the Company on 1 May 2020 based on an employment agreement signed by the Executive on 5 May 2020 pursuant to which the Executive would perform the position of Chief Executive Officer of Coty Inc. (**CEO**) with effect from 1 June 2020 the (**Employment Agreement**) and a Confidentiality, non- competition and non-solicitation agreement (**RCA**) (both attached as Annex 1);
- b) the Parties have agreed that the Executive will not take up the position of CEO but instead render advisory services, as described in **Annex 2** to this agreement, to the Company and companies affiliated with the Company (together the **Group**) until 30 June 2021;
- c) the Parties therefore wish to amend the Employment Agreement and to agree upon the terms of termination thereof with effect from 30 June 2021;
- d) the Parties emphasize that the reason for termination is not an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code, and that the initiative to amend and to terminate the employment has been taken by the Company;
- e) the Parties have discussed the terms and conditions of the Executive's engagement with the Company and the Group until the Termination Date (as defined below) and the termination thereof and wish to hereby record their agreement in this respect in writing; and
- f) by concluding this agreement, the Parties intend to reach a comprehensive settlement.

IT HAS BEEN AGREED AS FOLLOWS:

1. The employment between the Company and the Executive will terminate by mutual consent with effect from 30 June 2021 (the *Termination Date*).

Amendment of the Employment Agreement

2. With effect from the signing date of this agreement until the Termination Date the Executive will provide services to the Company and the Group described in Annex 2 and such other services as may be agreed between the Company and the Executive (the *Services*). The place of work will be determined from time to time in consultation between the Parties. The Parties agree that clauses 1 and 2 of the Employment Agreement are hereby amended accordingly.
3. The Executive will continue to be entitled to his salary and holiday allowance and benefits (including car allowance, pension and health insurance) as per the Employment Agreement as a compensation for the Services rendered.
4. The Executive will not participate in the Annual Performance Plan referred to in clause 4.1 of the Employment Agreement or, be entitled to the equity based rights referred to in clauses 4.4 up to and including 4.10 of the Employment Agreement.
5. The Parties have agreed as follows with respect to the sign-on bonus entitlement of the Executive. Ultimately by 30 June 2020, the Executive will be granted an award of shares of Class A Common Stock, representing a value of US\$4,000,000 (four million U.S. dollars), calculated as being a number of shares Class A Common Stock equal to US\$ 4,000,000 divided by the 30-day average stock price prior to the date of grant (the *Shares*). The Shares will be placed in a blocked account in the name of the Executive for a period of 12 months from the date of grant. The Executive will not, during the lock up period, be entitled to sell any of the Shares with the exception of a number of Shares with a value equal to the applicable tax and social security liabilities due by the Executive in relation to the grant. During the lock up period, the Executive may not, for example by means of option contracts, avoid or reduce the risks connected with the non-transferability of the Shares. Clause 5 (*Claw Back*) of the Employment Agreement will apply to the grant.
6. For the purpose of clause 7 of the RCA, Competing Entity and Competitive Activities are deemed to be limited to the entities belonging to the Kering Perfumes & Cosmetics division, L'Oréal and Estée Lauder group of companies and their activities respectively.

7. Clause 13 (*Termination*) of the Employment Agreement and clause 12 of the RCA are superseded by the terms of this agreement.
8. Unless expressly provided in this agreement, all other terms of the Employment Agreement (including the terms of the RCA as defined in the Employment Agreement which the Executive hereby accepts by signing this agreement), will remain unchanged and will continue to apply. The Parties agree that the Executive is not required to accept a request by the Company or the Group to lead major carve-out or transformation projects and, therefore, a refusal by the Executive to that effect will not cause the Executive to act in violation of his obligations under the Employment Agreement (as amended by this agreement) or the RCA.

Termination provisions

9. By signing this agreement, the Executive stands down or resigns, as the case may be, with immediate effect from all other employment and/or all corporate positions he holds with the Company and/or the Group (including his position as member of the Board of Coty Inc.), such as supervisory and management board positions, and all other positions that the Executive holds in his capacity as representative of the Company or the Group, like memberships to branch organisations, without cancelling the membership of the relevant members of the Company or the Group to those organisations. The Executive undertakes to sign such documentation and to take such actions as may be required to give effect to the foregoing.
10. Upon termination of the Executive's position on the Board of Coty Inc, in accordance with clause 9 hereof, of the 7,808 Restricted Stock Units (**RSUs**) granted to the Executive on 15 November 2019, 7,188 RSUs will vest in accordance with the terms of the Plan (based on an Applicable Fraction (as defined in the relevant plan) of 336/365) and the remaining RSUs will be immediately forfeited and cancelled.
11. The Executive will continue to carry out his duties diligently until the Termination Date.
12. Ultimately on the Termination Date, and provided that the Executive has complied and will continue to comply with all of the obligations following from this agreement and the Employment Agreement, the Company will pay to the Executive a severance payment equal to one times the annual base salary (including holiday allowance) amounting to US\$ 1,200,000 gross (the **Severance Payment**). The Severance Payment is deemed to include any compensation to which the Executive may be entitled in relation to the termination of his employment, including but not limited to any transition payment (*transitievergoeding*) as referred to in article 7:673 of the Dutch Civil Code, compensation for any part of the applicable notice period not having been observed, and compensation for loss of income and benefits of whatever nature relating to the employment or any other positions held by the Executive with the Group, including the termination thereof, such as entitlements

arising from the use of company property and contributions to private insurance and pension arrangements. The Severance Payment will be paid to the Executive in the Netherlands, less taxes and social security premiums. In case of violation by the Executive of the non-disparagement obligations of clause 16 hereof, the confidentiality obligations following from this agreement and/or the obligations under the RCA after payment of the Severance Payment, the Executive will at the Company's first request, be required to pay an amount equal to the Severance Payment to the Company.

13. Within one month after the termination of the Executive's employment with the Company, the Company will effect a normal final payment (*eindafrekening*), subject to the provisions of this agreement. The Executive will be deemed to have taken up all accrued outstanding holidays in the period up to the Termination Date.
14. The Executive confirms that subject to the terms of this agreement, he has no further claims with regard to any incentive compensation and/or share based benefits for any past or future period against the Company and/or the Group, the controlling shareholders and/or their ultimate beneficial owners.
15. Ultimately on the Termination Date, the Executive will return to the Company and/or any other party designated by the Company all property of the Company and/or the Group, and all other items made available to him by or on behalf of the Company and/or the Group in connection with the performance of his job, including, but not limited to: company car, smartphone, tablet, laptop, other computer equipment, any and all files, software and diskettes, credit cards, keys, documents, papers, records, notes, agenda, memoranda, plans, calendars, and other books and records of any kind and nature whatsoever containing information concerning the Company and/or the Group, their customers or operations. The Executive herewith confirms that he will not retain copies of any such property or other materials. The Executive confirms that he will in the period up to the Termination Date use any such company property in line with the rules and procedures applicable within the Company and/or the Group in that respect.
16. The Executive confirms that he will not disclose, divulge, or communicate any negative or damaging information about the Company and/or the Group, the controlling shareholders and/or their ultimate beneficial owners.
17. The Executive will keep strictly secret and confidential the existence and contents of the termination paragraphs of this agreement, as well as any other information relating to the settlement or the termination of the Employment Agreement, unless vis-à-vis the Executive's civil partner or legal advisor or in case this would be required for the proper implementation of this agreement or as a result of a legal obligation to disclose such information or unless with prior written consent of the Company and where it concerns the official agreed communication on the Executive's departure.

18. Any confidentiality, intellectual property, non-compete, non-solicitation and non- poaching undertakings as agreed upon between the Executive and the Company and/or the Group in the Employment Agreement and /or the RCA, will remain in full force after the Termination Date in accordance with their terms and including the penalties agreed in case of violation. The Executive confirms that the Severance Payment in clause 12 hereof provides a reasonable compensation for these undertakings as meant in article 7:653, subsection 5 of the Dutch Civil Code.
19. The Executive confirms that he will change any social media profiles (LinkedIn, Facebook, Twitter and any other relevant media being applicable) ultimately at the Termination Date, so that is unambiguously clear that the Executive is no longer employed by the Company or the Group. In addition, the Executive shall ensure that the information provided in any of his social media profiles concerning his employment with the Company is accurate, including but not limited to the position, tasks and responsibilities and the duration of the employment.
20. Subject to the provisions of this agreement, the Executive hereby grants the Company and/or the Group full and final discharge as regards any rights or claims he may have towards them following from his employment and/or any other positions he holds with the Company and/or the Group, or the termination thereof.
21. If the Executive becomes incapacitated for work before the Termination Date, this does not change the arrangements made in this agreement. If the Executive becomes ill prior to the Termination Date or within four weeks after the Termination Date, the Executive shall immediately report this to the Company in writing and provide his contact details. The Executive will be obliged to (i) report to the company doctor upon first request, (ii) at all times provide his full cooperation to applicable reintegration obligations, and (iii) provide the Company with all information which it needs to submit to the Executive Insurance Agency (*UWV*) or other relevant authorities in this respect. If the Executive does not comply with the applicable reintegration obligations, the right of continued payment of wages shall cease. If the Executive is eligible for benefit under the Dutch Sickness Benefit Act (*Ziektewet*) or Work and Income (Capacity for Work) Act (*WIA*) or the Return to Work (Partially Disabled Persons) Regulations (*WGA*), the Executive must strictly comply with the rules and regulations in respect of sickness and incapacity for work as issued by the UWV.
22. All amounts payable under this agreement are gross amounts. The Executive will bear all wage tax and income tax, as well as any employee social security contributions due in relation to all the amounts payable and benefits granted under this agreement and indemnify and hold harmless the Company and any company of the Group for all these taxes and premiums payable in respect of such amounts.

13. This agreement constitutes a settlement agreement (*vaststellingsovereenkomst*) in accordance with Article 7:900 and further of the Dutch Civil Code. The Parties to this agreement irrevocably waive their right to seek rescission and/or annulment of this agreement, it being understood that this will not prevent the Company from summarily dismissing the Executive prior to the Termination Date based on an urgent cause as meant in article 7:678 of the Dutch Civil Code in which case the Executive will no longer be entitled to any financial right under this agreement with the exception of his regular salary and benefits until the last day of his employment. Notwithstanding the above, the Executive has the right to within two weeks after the date of this agreement, revoke his agreement to this settlement in accordance with article 7: 670b, subsection 2 of the Dutch Civil Code by means of a written statement to the Company to that effect.
14. This agreement represents the entire understanding and agreement reached between the Parties in respect of the termination of the Executive's employment and corporate position(s) with the Company and/or the Group. This agreement supersedes all previous agreements, both oral and in writing, including correspondence, in relation to such subject matters. Modifications and/or amendments to this agreement shall only be valid if agreed in writing between the Parties.
15. This agreement shall be governed by and construed in accordance with the laws of the Netherlands.
16. All disputes arising out of or in connection with this agreement shall be submitted in the first instance to the competent court in Amsterdam.

In witness whereof this agreement was executed in duplicate and signed by the Parties:

For Coty Management B.V. : For acceptance:

/s/ Jaap Bruinsma

/s/ Pierre Denis

Name: Jaap Bruinsma Pierre Denis

Date: May 31, 2020 Date: May 31, 2020

Annex 1 Employment Agreement and RCA

Annex 2: Description of Services

Under the Employment Agreement, the Executive will provide services as Senior Advisor to the Board of Coty Inc., covering, amongst others, the following:

- Strategic advice re the strategy of the Luxury division
- Strategic advice re the strategy of the Consumer Beauty division
- M&A / Business Development : facilitate introduction with potential partners/players in the industry
- Talent advisory : help to identify and approach key talents to reinforce Coty capabilities
- Such other advice as agreed between the Parties in consultation.

THIS SETTLEMENT AGREEMENT is made on 30 May 2020

BETWEEN:

- (1) **COTY MANAGEMENT B.V.**, a private limited liability company incorporated under the laws of the Netherlands, having its registered seat in Amsterdam, the Netherlands, and its office address at Schiphol Boulevard 393 Toren B, 1118 BJ Schiphol, the Netherlands, hereinafter: the *Company*; and
- (2) **MR GIOVANNI PIERACCIONI**, born on XXX, residing at X, hereinafter: the *Executive*;

The Company and the Executive together referred to as the *Parties* and each of them individually as the *Party*.

WHEREAS:

- a) the Executive entered into the Company's employment with effect from 1 February 2020, having entered into the employment of one of the Company's affiliated companies in the US as of 14 January 2019 and currently holds the position of President EMEA;
- b) a difference of opinion has arisen between the Parties in relation to the policy of the Company which they have not been able to resolve;
- c) the Parties have now come to the conclusion that termination of the employment is therefore inevitable;
- d) the Parties emphasize that the reason for termination is not an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code, and that the initiative to terminate the employment has been taken by the Company;
- e) the Parties have discussed the terms and conditions of termination of the Executive's employment and corporate position(s) with the Company and/or with companies affiliated to the Company (the *Group*) and wish to hereby record their agreement in this respect in writing; and
- f) by concluding this settlement agreement, the Parties intend to reach a comprehensive settlement.

IT HAS BEEN AGREED AS FOLLOWS:

1. The employment between the Company and the Executive will terminate by mutual consent with effect from 1 April 2021 (the **Termination Date**).
 2. The Executive is entitled to terminate the employment at an earlier date than the Termination Date with effect from the end of the relevant calendar month (in which case the Termination Date for the purpose of this settlement agreement and for the end of his non-compete obligations will be deemed to be such earlier end date). Parties agree that in that case, the Severance Payment as meant in clause 6 of this agreement will be increased by a gross amount equal to the gross base salary that the Executive would have otherwise received in respect of the period from the early termination date up to 1 April 2021.
 3. By signing this agreement, the Executive stands down or resigns, as the case may be, with effect from 1 June 2020, from all other employment or corporate positions he holds with the Company and/or the Group, such as supervisory and management board positions, and all other positions that the Executive holds in his capacity as representative of the Company or the Group, like memberships to branch organisations, without cancelling the membership of the relevant members of the Company or the Group to those organisations. The Executive undertakes to sign such documentation and to take such actions as may be required to give effect to the foregoing.
 4. The Executive will as of 1 June 2020 be released from his duties (*vrijgesteld van werkzaamheden*). The Executive will in the period up to the Termination Date remain available to answer questions and use such period to correctly and properly hand over his job. In the period up to the Termination Date, the Executive shall not perform any acts that he was authorized to perform pursuant to a power of attorney granted to him or otherwise.
 5. Subject to the provisions of this agreement, the Company will pay the Executive his regular salary and provide him with his regular benefits until the Termination Date. Any expenses not yet claimed and relating to the period up to the Termination Date will be reimbursed in accordance with the expense policies applicable within the Company from time to time, provided that a request for reimbursement will have been submitted to the Company ultimately on the Termination Date.
 6. Within one month after the Termination Date, and provided that the Executive has complied with all of the obligations following from this agreement and the employment agreement, the Company will pay to the Executive a severance payment equal to one annual base salary (including holiday allowance) plus annual bonus at target amounting to EUR 1,190,000 gross in total (the **Severance Payment**). The Severance Payment is deemed to include any compensation to which the Executive may be entitled in relation to the termination of his employment, including but not limited to any transition payment (*transitievergoeding*) as referred to in article 7:673 of the Dutch Civil Code, compensation for any part of the applicable notice period not having been observed, and compensation for loss of income and benefits of whatever nature relating to the employment or any other positions held by
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the Executive with the Group, including the termination thereof, such as entitlements arising from the use of company property and contributions to private insurance and pension arrangements. The Severance Payment will be paid to the Executive in the Netherlands, less taxes and social security premiums.

7. Within one month after the Termination Date, the Company will effect a normal final payment (*eindafrekening*) in the Netherlands, subject to the provisions of this agreement. The Executive will be deemed to have taken up all accrued outstanding holidays in the period up to the Termination Date. The Executive's pension will be made premium free (*premienvrij*) in accordance with the law and the rules of the relevant pension plans. As part of the final payment, the Company will also pay to the Executive an amount of EUR 700,000 gross in the Netherlands.
 8. To the extent the Executive will relocate, the conditions of relocation, as included in the Letter of Understanding (see p. 7 under "Relocation in case of termination without cause"), signed by the parties on 28 June 2019 (the **LOU**), will apply.
 9. The Company will, in accordance with the paragraph "Tax Assistance" of the LOU (See p. 6), make available to the Executive a tax consultant to assist the Executive with his tax returns for the calendar years 2019, 2020 and 2021.
 10. The Executive will in accordance with the LOU (see p. 6 under "Home Leave") remain entitled to two roundtrip tickets from Amsterdam to New York for himself to allow him to have his medical check-up in accordance with the conditions as included in the LOU, meaning he will be entitled to two roundtrips before the Termination Date (one in 2020 and one in 2021 in the period up the Termination Date).
 11. For the financial year 2020, the Executive will be paid the second half of his H1 bonus under the APP of in total USD 132,679 gross, which amount will be paid out as part of the October 2020 payroll. For the financial year 2021, the Executive will not be paid a bonus. The Executive's rights under Coty's Equity & Long-Term Incentive Plan (the "**Plan**") will be forfeited in accordance with the rules of the plan. For the avoidance of doubt, the Parties agree that if the Termination Date occurs on 1 April 2021 (e.g., there is no early termination) and on the condition that the employee claims his rights to pension, then the termination of Executive on the Termination Date would be deemed a Retirement (as such term is defined in the Plan) for purposes of the outstanding equity awards that Executive holds on the Termination Date, and such outstanding equity awards would be treated as provided for under the Plan in the event of a termination of service upon Retirement. The Executive confirms that, except for payment of the second half of his FY 2020 H1 bonus as mentioned in this clause [11](#), he has no further claims with regard to any incentive compensation and/or share based benefits for any past or future period against the Company and/or the Group, the controlling shareholders and/or their ultimate beneficial owners.
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12. The Company will contribute an amount of at maximum EUR 3,000 gross exclusive of VAT towards legal fees incurred by the Executive in respect of legal assistance in connection with the termination of his employment, which amount shall be paid directly to his legal adviser(s) upon receipt by the Company of (an) original specified invoice(s) in the name of the Executive, but marked payable by the Company.
 13. Ultimately on 1 June 2020, the Executive will return to the Company and/or any other party designated by the Company all property of the Company and/or the Group, and all other items made available to him by or on behalf of the Company and/or the Group in connection with the performance of his job, including, but not limited to: any and all files, software and diskettes, credit cards, keys, documents, papers, records, notes, agenda, memoranda, plans, calendars, and other books and records of any kind and nature whatsoever containing information concerning the Company and/or the Group, their customers or operations. The Executive herewith confirms that he will not retain copies of any such property or other materials. As regards the mobile phone and computer made available to the Executive in connection with his employment with the Company, Parties agree that the Executive will be entitled to keep these (the Executive agreeing and it being understood that the Company may need, and the Executive agrees to, return them to the Company for a period of time prior to the Termination Date so that the contents thereof may be recorded by the Company solely for the purpose of fulfilling the Company's duties in connection with ongoing litigation against the Company, following which such devices shall be returned to Executive). The Executive confirms that he will until the date of return use any company property in line with the rules and procedures applicable within the Company and/or the Group in that respect.
 14. Parties will not disclose, divulge, or communicate any negative or damaging information about each other, and in the case of the Executive, also not about the Group, the controlling shareholders and/or their ultimate beneficial owners.
 15. The Parties will keep strictly secret and confidential the existence and contents of this agreement, as well as any other information relating to the settlement or the termination of the employment agreement, unless vis-à-vis the Executive's civil partner or the Parties' legal advisors or in case this would be required for the proper implementation of this agreement or as a result of a legal obligation to disclose such information.
 16. Any confidentiality and intellectual property clauses as agreed upon between the Executive and the Company and/or the Group in the employment agreement and/or in the confidentiality, non-competition and non-solicitation agreement signed by the Executive on 13 January 2020 (*RCA*) will remain in full force after the Termination Date in accordance with their terms.
 17. The non-compete undertakings as agreed upon between the Executive and the Company in clause 7 of the RCA will lapse as of the Termination Date. However, the non-solicitation
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and non-poaching undertakings as agreed upon between the Executive and the Company and/or the Group in the employment agreement and/or the RCA will remain in full force after the Termination Date in accordance with their terms and including the penalties agreed in case of violation. The Executive confirms that the Severance Payment in clause 6 provides a reasonable compensation for these undertakings as meant in article 7:653, subsection 5 of the Dutch Civil Code.

18. The Executive confirms that he will change any social media profiles (LinkedIn, Facebook, Twitter and any other relevant media being applicable) ultimately at the Termination Date, so that is unambiguously clear that the Executive is no longer employed by the Company. In addition, the Executive shall ensure that the information provided in any of his social media profiles concerning his employment with the Company is accurate, including but not limited to the position, tasks and responsibilities and the duration of the employment.
 19. Subject to the provisions of this agreement, the Parties hereby reciprocally grant each other full and final discharge as regards any rights or claims they may have related to the Executive's employment and actuation and/or any other positions he holds with the Company and/or the Group, or the termination thereof.
 20. The Executive has been advised by the Company to seek professional legal advice before accepting the terms and conditions as laid down in this agreement, and the Executive confirms that he fully understands the terms and conditions of this agreement and is fully aware of all of the implications arising therefrom.
 21. The Executive declares that he has at the time of signing of this agreement not been made an offer of employment or engagement by another employer or has a concrete expectation of such offer being made and/or accepted such offer. This declaration is essential for the Company and to the extent it appears the declaration given by the Executive is false, the Executive will not be entitled to the Severance Payment, whilst all other provisions of this agreement remain in full force and effect.
 22. If the Executive becomes incapacitated for work before the Termination Date, this does not change the arrangements made in this agreement. If the Executive becomes ill prior to the Termination Date or within four weeks after the Termination Date, the Executive shall immediately report this to the Company in writing and provide his contact details. The Executive will be obliged to (i) report to the company doctor upon first request, (ii) at all times provide his full cooperation to applicable reintegration obligations, and (iii) provide the Company with all information which it needs to submit to the Executive Insurance Agency (*UWV*) or other relevant authorities in this respect. If the Executive does not comply with the applicable reintegration obligations, the right of continued payment of wages shall cease. If the Executive is eligible for benefit under the Dutch Sickness Benefit Act (*Ziektewet*) or Work and Income (Capacity for Work) Act (*WIA*) or the Return to Work (Partially Disabled Persons) Regulations (*WGA*), the Executive must strictly comply with
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the rules and regulations in respect of sickness and incapacity for work as issued by the UWV.

23. All amounts payable under this agreement are gross amounts. The Executive will bear all regular wage tax and income tax, as well as any employee social security contributions due in relation to all the amounts payable and benefits granted under this agreement and indemnify and hold harmless the Company and any company of the Group for all these taxes and premiums payable in respect of such amounts. For the avoidance of doubt, this indemnification will not apply to any other taxes, interest and penalties payable by the Company and/or any company of the Group in respect of the amounts payable and benefits granted under this agreement.

24. This agreement constitutes a settlement agreement (*vaststellingsovereenkomst*) in accordance with Article 7:900 and further of the Dutch Civil Code. The Parties to this agreement irrevocably waive their right to seek rescission and/or annulment of this agreement. Notwithstanding the above, the Executive has the right to within two weeks after the date of this agreement, revoke his agreement to this settlement in accordance with article 7: 670b, subsection 2 of the Dutch Civil Code by means of a written statement to the Company to that effect.

25. This agreement represents the entire understanding and agreement reached between the Parties in respect of the termination of the Executive's employment and corporate position(s) with the Company and/or the Group. This agreement supersedes all previous agreements, both oral and in writing, including correspondence, in relation to such subject matters. Modifications and/or amendments to this agreement shall only be valid if agreed in writing between the Parties.

26. This agreement shall be governed by and construed in accordance with the laws of the Netherlands.

27. All disputes arising out of or in connection with this agreement shall be submitted in the first instance to the competent court in Amsterdam.

In witness whereof this agreement was executed in duplicate and signed by the Parties:

[SIGNATURE PAGE TO FOLLOW]

For Coty Management B.V.: For acceptance:

/s/ Kristin Blazewicz /s/ Giovanni Pieraccioni

Name: Kristin Blazewicz Gianni Pieraccioni

Date: May 30, 2020 Date: May 30, 2020

Execution Version

May 29, 2020

Daniel E. Ramos Day

via email

This separation agreement (the "Agreement") confirms our agreement with regard to your separation from employment with Coty Inc. (the "Company"). Our understanding and agreement with respect to your separation is as follows:

1. The last day of your active employment with the Company shall be June 30, 2020 (the "Active Employment Separation Date"). Prior to the Active Employment Separation Date, you will perform such duties and responsibilities as the Company reasonably requests, including, without limitation, with respect to transitioning your duties and responsibilities. For the period beginning on July 1, 2020 and ending on a date mutually agreed by you and the Company in writing and signed by both parties, which date shall be no later than December 31, 2020 (such date, hereinafter referred to as the "Final Separation Date"), you will remain employed by the Company but will not be required to provide services (the "Garden Leave Period"). During the Garden Leave Period, you shall (i) refrain from contacting any employees or consultants or actual or potential customers or clients of the Company without the prior written agreement of the Company, and (ii) not enter the premises of the Company without the prior written agreement of the Company.
 2. Subject to you signing this Agreement and you complying with its terms, your compensation, payments and benefits from the Company shall be as follows:
 - a. You will continue to be paid at your current annual base compensation rate of \$655,000, less applicable statutory deductions and authorized withholdings, through the Final Separation Date, payable semi-monthly in accordance with the Company's regular and customary payroll schedule and practices.
 - b. Within thirty (30) days after the Final Separation Date, you will be paid (less applicable statutory deductions and authorized withholdings) for all accrued but unused vacation benefits, which shall accrue as of the Final Separation Date in accordance with the Company policy (which is approximately 14.5 days for calendar year 2020 assuming you do not take any vacation days following the date hereof).
 - c. You will be reimbursed for reasonable documented business expenses incurred by you through the Final Separation Date, in accordance with Company policy.
 - d. You executed a Confidentiality, Non-Competition and Non-Solicitation Agreement with the Company on September 6, 2017 (the "Confidentiality
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Agreement”), which is the only Confidentiality Agreement currently applicable to you. The Company and you hereby acknowledge and agree that Confidentiality Agreement is hereby amended to provide that the “Restricted Period” (as defined therein) shall be six (6) months instead of twelve (12) months and the Restricted Period will commence from the Active Employment Separation Date instead of the Final Separation Date. You acknowledge and agree that because your employment was never transferred to Coty NL, there are no restrictive covenant agreement between you and Coty NL that are applicable to you.

- e. If you currently have Company medical or dental coverage, you will continue to be eligible to participate in the Company’s medical and dental insurance plans for active employees through the Final Separation Date. You will receive, under separate cover, general information about your rights to elect continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (“COBRA”).
 - f. You will continue to be eligible to participate in all established welfare benefits (including group term life insurance) and qualified retirement programs (including the Company 401(k) plan) in accordance with their terms through the Final Separation Date.
 - g. You will receive the final 50% of your H1 APP payout for fiscal year 2020 (i.e., \$192,993, less applicable statutory deductions and authorized withholdings), in October 2020. You acknowledge and agree that you will not be eligible for a bonus under the APP for H2 of fiscal year 2020 or for all of fiscal year 2021.
3. Subject to you (i) signing this Agreement and complying with its terms, (ii) continuing to abide by the terms and obligations of the Confidentiality Agreement, and (iii) signing and returning to the Company, the release agreement attached hereto as **Exhibit A** (the “Initial Release”) within twenty-one days following the Active Employment Separation Date, but not prior to the Active Employment Separation Date, and it becoming effective pursuant to its terms (the “Initial Release Effective Date”), you will receive severance in the gross amount of \$1,473,750, less applicable statutory deductions and authorized withholdings, representing twenty-seven (27) months’ salary at your current base rate of compensation, payable in a lump sum on the second payroll date that follows the Initial Release Effective Date. In addition, on September 15, 2020, you will vest in 19,324 restricted stock units (“RSUs”) that were granted on September 15, 2017 and in related restricted cash units (“RCUs”) with a value equal to \$24,154, in each case as long as your Final Separation Date occurs following September 15, 2020. The Company shall settle the relevant RSUs in shares of Class A common stock of the Company and pay the value of the RCUs as soon as practicable following the vesting date and in no event later than ten (10) days following such vesting date.
4. In addition, subject to (i) the Final Separation Date occurring on or after December 5, 2020, (ii) you signing this Agreement and complying with its terms, (iii) you continuing to abide by the terms and obligations of the Confidentiality Agreement, and (iv) you

signing and returning to the Company, the release agreement attached hereto as **Exhibit B** (the “Final Release”, and together with the Initial Release, the “Releases) within twenty-one days following the Final Separation Date, but not prior to the Final Separation Date, and it becoming effective pursuant to its terms (the “Final Release Effective Date”), you will vest in 19,324 RSUs that were granted on December 5, 2017 and in related RCUs with a value is equal to \$21,738. The Company shall settle the relevant RSUs in shares of Class A common stock of the Company and pay the value of the RCUs as soon as practicable following the Final Release Effective Date and in no event later than ten (10) days following such date. You acknowledge and agree that no new equity awards will be granted to you to following the date of this Agreement.

5. Except as expressly set forth in this Agreement, you will cease to actively participate in all Company benefit plans and programs as of the Final Separation Date.
6. Other than as set forth in this Agreement, you acknowledge and agree that you are not entitled to any additional compensation, bonuses, incentive compensation, payments or benefits of any kind from the Releasees (as that term is defined below), including, without limitation, any notice or separation payments otherwise due under any offer letter or employment agreement you have with the Company, or under the Coty Severance Pay Plan as amended and restated effective October 1, 2018 (the “Coty Severance Pay Plan”) or any other severance plan, policy or arrangement of the Company, and that no representations or promises to the contrary have been made to you or to anyone on your behalf.
7. You further acknowledge and agree that, effective as of the Final Separation Date, you will immediately forfeit in their entirety any and all unvested restricted stock units granted to you under the Long-Term Incentive Plan of the Company in which you currently participate (the “LTIP” and “ELITE”), in accordance with the terms of the LTIP and ELITE and the forfeiture provisions of the award agreements or terms and conditions with respect thereto.
8. You agree to return to the Company, on (i) the Final Separation Date, or (ii) such earlier date as may be requested by the Company, computer equipment, office keys, credit and telephone cards, ID and access cards, etc., and all original and duplicate copies of your work product and files, calendars, books, employee handbooks, records, notes, notebooks, manuals, mobile phones, iPhones, iPads and similar electronic devices, external drives, thumb drives, memory cards and sticks, computer disks, diskettes, and any other magnetic, digital and other media materials you have in your possession or under your control belonging to the Coty Group, or containing Confidential Information (as defined below). By signing this Agreement, you confirm that you will not retain in your possession or under your control any of the documents or materials described in this paragraph 8, and that your entitlement to any portion of the severance payments set forth herein is expressly conditioned upon all such documents and materials having been returned to the Company in accordance with the provisions of this paragraph 8.

9. You agree that, except as provided in the next sentence, the terms and conditions of this Agreement shall be kept in confidence. Unless and until you first obtain written permission from the Company's General Counsel, and only to the extent you obtain such permission, you will not knowingly disclose this information to anyone, except: (i) as reasonably necessary to enforce this Agreement; (ii) to your attorneys or bona fide tax advisors; (iii) to your spouse or spousal equivalent; (iv) as permitted by paragraph 10(b), paragraph 10(e) or paragraph 11; (v) to governmental taxing authorities; or (vi) pursuant to compulsory legal process or a court order.
10. You acknowledge that, while employed by the Company, you had access to and possessed confidential and proprietary information and materials concerning the Coty Group and its agents, customers, employees, vendors, licensors, consultants and suppliers that are not publicly available, including, by way of example and without admitting access to or possession of any particular example: information concerning research and development, trade secrets, sales, products, marketing, merchandising, distribution, manufacturing, finance, technology and intellectual property (patents, design patents, trademarks, trade dress, copyrights); technical and administrative manuals, associated forms, processes, computer hardware and software; strategic and business planning; human resources information concerning employees and former employees, including, without limitation, as to recruitment, retention and compensation, performance evaluations and succession planning; and, actual and threatened claims (collectively, "Confidential Information").
 - a. You agree that the Coty Group will be irreparably damaged if you use or disclose Confidential Information, and you therefore agree never to use or disclose Confidential Information before it has become publicly known through no fault of your own except pursuant to compulsory legal process or a court order. If you are ever asked to disclose any Confidential Information, pursuant to legal process or otherwise, we request that you promptly contact the Company's General Counsel.
 - b. If permitted by law, you further agree to give reasonable notice to the Company's General Counsel of all attempts by third parties: (i) to compel disclosure of any Confidential Information; or, (ii) to require you to testify in any matter concerning any of the Releasees.
 - c. You agree not to initiate any publicity or to solicit or initiate any demand or request by others not party to this Agreement for any disclosure of the Confidential Information.
 - d. You agree to cooperate with the Company with respect to any inquiries or other matters, including any legal or administrative proceedings brought against the Company, that relate to or arise out of your employment with the Company.
 - e. Pursuant to 18 U.S.C. § 1833(b), you understand that you will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a

federal, state, or local government official, either directly or indirectly, or to your attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. You understand that if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding if you (x) file any document containing the trade secret under seal, and (y) do not disclose the trade secret, except pursuant to court order. Nothing in this Agreement, or any other agreement that you have with the Company, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section.

11. Nothing in this Agreement or any other agreement by and between a member of the Coty Group and you shall prohibit or restrict you from (a) voluntarily communicating with any government agency, including the Securities and Exchange Commission (“SEC”), or any self-regulatory organization regarding possible violations of law, in each case without advance notice to the Company, (b) recovering a SEC whistleblower award as provided under Section 21F of the Securities Exchange Act of 1934, or (c) disclosing any Confidential Information to a court or other administrative or legislative body in response to a subpoena, provided that you first promptly notify and provide the Company with the opportunity to seek, and join in its efforts at the sole expense of the Company, to challenge the subpoena or obtain a protective order limiting its disclosure, or other appropriate remedy.
12. You acknowledge and reaffirm your obligations under the Confidentiality Agreement. You agree, for a period of six (6) months following the Active Employment Separation Date, to inform the Company of the identity of any new employer, and you agree to affirmatively disclose your obligations under the Confidentiality Agreement to all future employers for so long as such obligations remain in effect.
13. You agree that you will not take any action that is intended, or would reasonably be expected to harm, disparage or impair the reputation of the Releasees. The Company will not and the Company will instruct its individual directors and executive officers who hold such offices as of the date of this Agreement to not to take any action or make any comment that is intended, or would reasonably be expected to harm, disparage or impair your reputation. The Company’s obligations shall not apply to disclosures required by applicable law, regulation or order of a court or governmental agency.
14. You represent that you have not commenced or caused to be commenced, or participated, aided or cooperated in, any action, charge, complaint or proceeding of any kind (on your behalf and/or on behalf of any other person or entity and/or on behalf of or as a member of any alleged class of persons) that is presently pending before any government agency charged with the enforcement of any law, or any self-regulatory authority (each, a “Government Agency”), or in any arbitral or judicial tribunal, against or involving any of the Releasees.

15. You acknowledge that (i) the Company has advised you to consult with an attorney of your own choosing before signing this Agreement and the Releases attached hereto, (ii) you have been given the opportunity to seek the advice of counsel, (iii) you have carefully read and fully understand all of the provisions of this Agreement and the Releases attached hereto, (iv) you are entering into this Agreement and the Releases knowingly, freely and voluntarily in exchange for good and valuable consideration to which you are not otherwise entitled, and (v) you have the full power, capacity and authority to enter into this Agreement and the Releases.
16. The making of this Agreement or any of the Releases attached hereto are not intended, and shall not be construed, as an admission that any of the Releasees (as defined in the Releases) has violated any federal, state or local law, ordinance or regulation, breached any contract, or committed any wrong whatsoever against you.
17. You acknowledge and agree that neither the Company nor anyone acting on its behalf has made any promises, commitments or representations to you concerning the subject matter of this Agreement other than those contained in this Agreement, and that you have not relied upon any statement or representation made by the Company or anyone acting on its behalf with respect to the basis or effect of this Agreement or otherwise.
18. If, at any time after the date of the execution of this Agreement, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect. However, the illegality or unenforceability of such provision shall have no effect upon, and shall not impair the enforceability of, any other provision of this Agreement.
19. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, except that any existing post-employment obligations you have with respect to confidentiality, noncompetition, nonsolicitation of clients and nonsolicitation of employees under any agreement entered into between you and the Company (including, without limitation, the Confidentiality Agreement between you and the Company) or common law, shall remain in full force and effect. This Agreement may not be changed orally, and no modification, amendment or waiver of any of the provisions contained in this Agreement, nor any future representation, promise or condition in connection with the subject matter hereof, shall be binding upon any party unless made in writing and signed by such party.
20. This Agreement shall bind you, your heirs, beneficiaries, trustees, administrators, executors, and legal representatives, and shall inure to the benefit of the Releasees, and their respective beneficiaries, trustees, administrators, executors, assigns and legal representatives. You may not assign any of your rights or obligations under this Agreement. Without limiting the foregoing, the Company may assign its rights and delegate its duties hereunder in whole or in part to any affiliate of the Company or to any transferee of all or a portion of the assets or business to which this Agreement relates.

21. Should any provision of this Agreement require interpretation or construction, it is agreed by the parties that the entity interpreting or construing the Agreement shall not apply a presumption against one party by reason of the rule of construction that a document is to be construed more strictly against the party who prepared the document.
22. This Agreement is governed by the laws of the State of New Jersey, without regard to its conflict of laws provisions. Any disputes under this Agreement, the Releases shall be brought in a court of competent jurisdiction sitting in the County of Morris, State of New Jersey, USA. The parties hereby consent to the exclusive jurisdiction of such courts and to service of process in any manner provided under New Jersey law. Each party irrevocably waives any objection it may now have or hereafter has with respect to the venue of any suit, action or proceeding brought in any such court, and waives any claim that such court is an inconvenient forum, and further agrees that service of process in accordance with the foregoing shall be deemed in every respect effective and valid personal service of process upon such party.
23. Each of the Releasees is a third party beneficiary to the Releases and has the right to enforce any of the provisions of the Releases applicable to such entity or person.
24. This Agreement may be executed in more than one counterpart, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Electronic copies and photocopies shall be treated as originals.

[Signature Page Follows]

If this Agreement is acceptable to you, please indicate your agreement by signing and dating the enclosed copy and returning it to me in the enclosed envelope.

Very truly yours,

/s/ Kristin Blazewicz

By: Kristin Blazewicz

Title: Chief Legal Officer, General Counsel & Secretary

I acknowledge that I have read this Agreement and that I understand and voluntarily accept its terms.

/s/ Daniel E. Ramos Day

Daniel E. Ramos Day

Dated: May 29, 2020

THIS IS A LEGALLY ENFORCEABLE DOCUMENT

INITIAL RELEASE AGREEMENT

This Initial Release of Claims (this “Release of Claims”) is entered into this ___ day of ___ 2020 by Daniel E. Ramos Day (“you”) for and in consideration of the payments granted to the Employee pursuant to paragraph 3 of the Separation Agreement by and between the Employee and Coty Inc. (the “Employer”) dated May __, 2020 (the “Separation Agreement”), with such payments and benefits to be made or conveyed to the Employee as set forth therein.

1. Release.

a. In consideration for the payments referred to in paragraph 3 of the Separation Agreement, you, on behalf of yourself and your heirs, executors, administrators, successors and assigns, hereby irrevocably and unconditionally release the Releasees (as defined below) from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts and expenses of any nature whatsoever, known or unknown, which you or your heirs, executors, administrators, successors or assigns ever had, now have or hereafter can, will or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever against the Releasees (collectively, “Claims”): (i) arising from the beginning of time to the time you sign this Release of Claims, including, but not limited to (A) any such Claims relating to or arising out of your employment with the Company or any of the other Releasees, (B) any such Claims arising under any foreign, federal, state or local labor, employment, or anti-discrimination laws or any other laws including, without limitation, the federal Age Discrimination in Employment Act (“ADEA”), the Older Workers Benefit Protection Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Worker Adjustment and Retraining Notification Act, the Immigration and Reform Control Act, the Uniformed Services Employment and Re-Employment Act, and the Rehabilitation Act of 1973, New Jersey Law Against Discrimination, the New Jersey Conscientious Employee Protection Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Equal Pay Act, and retaliation claims under the New Jersey Workers’ Compensation Law, each as amended and including each of their respective implementing regulations, and (C) any such Claims arising under tort, contract, or quasi-contract law, including but not limited to, claims for breach of contract (both express and implied), breach of any covenant of good faith and fair dealing (both express and implied), promissory estoppel, fraud, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation or unfair business practices, and any such Claims for attorneys’ fees and punitive or consequential damages; (ii) relating to or arising out of the termination of your employment with the Company or any of the other Releasees; or (iii) relating to or arising under any policy, agreement, plan, contract, understanding or promise, written or oral, formal or informal, between any Releasee and you (including, without limitation, under the Coty Severance Pay Plan or any other plans, programs, or arrangements of the Company or its affiliates). It is further understood and agreed that, notwithstanding any statute or common law principle, and for the purpose of implementing a full and complete release and discharge of all claims, you expressly acknowledge that this release is intended to include in its effect, without limitation, all Claims which you do not know or suspect

to exist in your favor at the time of execution hereof, and that the release agreed upon herein contemplates the full extinguishment of your Claims.

b. Notwithstanding the foregoing, the Company and you recognize that nothing contained in this Section 1 shall in any way release or discharge: (i) your right to bring any Claim that cannot be waived under applicable law; (ii) your right to enforce, or bring any Claim for breach of, this Release of Claims; or (iii) your right to any vested benefits to which you may be entitled under any welfare benefit plan or qualified retirement plan of the Company or its affiliates.

c. For purposes of this Release of Claims, the term "Releasees" means the Company, its current and former direct and indirect affiliates, divisions, predecessors, successors and assigns (the "Coty Group"), each of their current and former officers, directors, employees, representatives, attorneys and agents, whether acting as agents or in individual capacities, and the Company's pension and welfare benefit plans (and their respective administrators, fiduciaries, trustees and insurers), whether acting as agents or in individual capacities, and this general release shall inure to the benefit of and shall be binding upon and enforceable by all such entities and individuals.

2. Knowing and Voluntary Acknowledgment

. You acknowledge that (a) the Company has advised you to consult with an attorney of your own choosing before signing this Release of Claims, (b) you have been given the opportunity to seek the advice of counsel, (c) you have carefully read and fully understand all of the provisions of this Release of Claims, (d) the release provided herein specifically applies to any rights or claims you may have against the Releasees pursuant to the ADEA, (e) you are entering into this Release of Claims knowingly, freely and voluntarily in exchange for good and valuable consideration to which you are not otherwise entitled, and (f) you have the full power, capacity and authority to enter into this Release of Claims.

3. Period of Review and Revocation Rights

. You understand and agree that you have twenty-one (21) days following the Active Employment Separation Date (as defined in the Separation Agreement) to consider whether to sign this Release of Claims, although you may sign it sooner but not prior to the Active Employment Separation Date. For a period of seven (7) days after the date on which you signed it, you may, in your sole discretion, rescind this Release of Claims by delivering a written notice of rescission to Company and delivered to Anne Jaeckin, Interim Chief Human Resources Officer no later than seven (7) calendar days after you have signed this Release of Claims. If you rescind this Release of Claims within seven (7) calendar days from the date you have signed this Release of Claims, this Release of Claims shall be null and void in its entirety and you will not receive the payments referred to in paragraph 3 of the Separation Agreement, and neither this Release of Claims nor the fact of or circumstances surrounding its execution shall be admissible for any purpose whatsoever in any proceeding between the parties, except in connection with

a claim or defense involving the validity or effective rescission of this Release of Claims. If you do not rescind this Release of Claims pursuant to this Section 3, this Release of Claims shall become final and binding and shall be irrevocable on the eighth (8th) calendar day following the date of your execution of this Release of Claims (the “**Initial Release Effective Date**”).

4. No Admission

This Release of Claims does not constitute an admission of liability or wrongdoing by the Employee or the Employer.

5. Governing Law: Jurisdiction and Venue

This Agreement, for all purposes, shall be construed in accordance with the laws of New Jersey without regard to conflicts-of-law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in any state or federal court located in the state of New Jersey. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

6. Third Party Beneficiaries

Each of the Releasees is a third party beneficiary to this Release of Claims and has the right to enforce any of the provisions of this Release of Claims applicable to such entity or person.

ACKNOWLEDGED AND AGREED:

Daniel E. Ramos Day

Date

FINAL RELEASE AGREEMENT

This Final Release of Claims (this “**Release of Claims**”) is entered into this ___ day of ___ 202_ by Daniel E. Ramos Day (“**you**”) for and in consideration of the payments and benefits granted to the Employee pursuant to paragraph 4 of the Separation Agreement by and between the Employee and Coty Inc. (the “**Employer**”) dated May __, 2020 (the “**Separation Agreement**”), with such payments and payments and benefits to be made or conveyed to the Employee as set forth therein.

1. Release.

i. In consideration for the payments and benefits referred to in paragraph 4 of the Separation Agreement, you, on behalf of yourself and your heirs, executors, administrators, successors and assigns, hereby irrevocably and unconditionally release the Releasees (as defined below) from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, causes of action, rights, costs, losses, debts and expenses of any nature whatsoever, known or unknown, which you or your heirs, executors, administrators, successors or assigns ever had, now have or hereafter can, will or may have (either directly, indirectly, derivatively or in any other representative capacity) by reason of any matter, fact or cause whatsoever against the Releasees (collectively, “**Claims**”): (i) arising from the Active Employment Separation Date to the time you sign this Release of Claims, including, but not limited to (A) any such Claims relating to or arising out of your employment with the Company or any of the other Releasees, (B) any such Claims arising under any foreign, federal, state or local labor, employment, or anti- discrimination laws or any other laws including, without limitation, the federal Age Discrimination in Employment Act (“**ADEA**”), the Older Workers Benefit Protection Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Equal Pay Act, the Worker Adjustment and Retraining Notification Act, the Immigration and Reform Control Act, the Uniformed Services Employment and Re-Employment Act, and the Rehabilitation Act of 1973, New Jersey Law Against Discrimination, the New Jersey Conscientious Employee Protection Act, the New Jersey Family Leave Act, the New Jersey Wage Payment Law, the New Jersey Wage and Hour Law, the New Jersey Equal Pay Act, and retaliation claims under the New Jersey Workers’ Compensation Law, each as amended and including each of their respective implementing regulations, and (C) any such Claims arising under tort, contract, or quasi-contract law, including but not limited to, claims for breach of contract (both express and implied), breach of any covenant of good faith and fair dealing (both express and implied), promissory estoppel, fraud, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation or unfair business practices, and any such Claims for attorneys’ fees and punitive or consequential damages; (ii) relating to or arising out of the termination of your employment with the Company or any of the other Releasees; or (iii) relating to or arising under any policy, agreement, plan, contract, understanding or promise, written or oral, formal or informal, between any Releasee and you (including, without limitation, under the Coty Severance Pay Plan or any other plans, programs, or arrangements of the Company or its affiliates). It is further understood and agreed that, notwithstanding any statute or common law principle, and for the purpose of implementing a full and complete release and discharge of all

claims, you expressly acknowledge that this release is intended to include in its effect, without limitation, all Claims which you do not know or suspect to exist in your favor at the time of execution hereof, and that the release agreed upon herein contemplates the full extinguishment of your Claims.

ii. Notwithstanding the foregoing, the Company and you recognize that nothing contained in this Section 1 shall in any way release or discharge: (i) your right to bring any Claim that cannot be waived under applicable law; (ii) your right to enforce, or bring any Claim for breach of, this Release of Claims; or (iii) your right to any vested benefits to which you may be entitled under any welfare benefit plan or qualified retirement plan of the Company or its affiliates.

iii. For purposes of this Release of Claims, the term “**Releasees**” means the Company, its current and former direct and indirect affiliates, divisions, predecessors, successors and assigns (the “**Coty Group**”), each of their current and former officers, directors, employees, representatives, attorneys and agents, whether acting as agents or in individual capacities, and the Company’s pension and welfare benefit plans (and their respective administrators, fiduciaries, trustees and insurers), whether acting as agents or in individual capacities, and this general release shall inure to the benefit of and shall be binding upon and enforceable by all such entities and individuals.

2. Knowing and Voluntary Acknowledgment

You acknowledge that (a) the Company has advised you to consult with an attorney of your own choosing before signing this Release of Claims, (b) you have been given the opportunity to seek the advice of counsel, (c) you have carefully read and fully understand all of the provisions of this Release of Claims, (d) the release provided herein specifically applies to any rights or claims you may have against the Releasees pursuant to the ADEA, (e) you are entering into this Release of Claims knowingly, freely and voluntarily in exchange for good and valuable consideration to which you are not otherwise entitled, and (f) you have the full power, capacity and authority to enter into this Release of Claims.

3. Period of Review and Revocation Rights

You understand and agree that you have twenty-one (21) days following each applicable vesting date of your RSUs and RCUs as set forth in paragraph 4 of the Separation Date to consider whether to sign this Release of Claims, although you may sign it sooner but not prior to each such applicable vesting date. For a period of seven (7) days after the date on which you signed it, you may, in your sole discretion, rescind this Release of Claims by delivering a written notice of rescission to Company and delivered to Anne Jaeckin, Interim Chief Human Resources Officer no later than seven (7) calendar days after you have signed this Release of Claims. If you rescind this Release of Claims within seven (7) calendar days from the date you have signed this Release of Claims, this Release of Claims shall be null and void in its entirety and you will not receive the payments and benefits referred to in paragraph 4 of the Separation Agreement, and neither this Release of Claims nor the fact of or circumstances surrounding its execution shall be admissible

for any purpose whatsoever in any proceeding between the parties, except in connection with a claim or defense involving the validity or effective rescission of this Release of Claims. If you do not rescind this Release of Claims pursuant to this Section 3, this Release of Claims shall become final and binding and shall be irrevocable on the eighth (8th) calendar day following the date of your execution of this Release of Claims (the “**Final Release Effective Date**”).

4. No Admission

This Release of Claims does not constitute an admission of liability or wrongdoing by the Employee or the Employer.

5. Governing Law: Jurisdiction and Venue

This Agreement, for all purposes, shall be construed in accordance with the laws of New Jersey without regard to conflicts-of-law principles. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in any state or federal court located in the state of New Jersey. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

6. Third Party Beneficiaries

Each of the Releasees is a third party beneficiary to this Release of Claims and has the right to enforce any of the provisions of this Release of Claims applicable to such entity or person.

ACKNOWLEDGED AND AGREED:

Daniel E. Ramos Day

Date

FORM OF RESTRICTED STOCK AWARD AGREEMENT
UNDER
COTY INC.
EQUITY AND LONG-TERM INCENTIVE PLAN
(AS AMENDED AND RESTATED)

This RESTRICTED STOCK AWARD AGREEMENT (“**Agreement**”), effective [_____] (the “**Grant Date**”), is entered into between Coty Inc., a Delaware corporation (the “**Company**”), and [_____] (the “**Participant**”). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Coty Inc. Equity and Long-Term Incentive Plan, as may be amended and restated from time to time (the “**Plan**”).

1. **Restricted Stock Award.** The Company hereby grants to the Participant [_____] restricted shares of Class A Common Stock, par value \$0.01 per share, of the Company (the “**Restricted Stock**”), subject to all of the terms and conditions of this Restricted Stock Award Agreement and the Plan (the “**Award**”).
 2. **Vesting.**
 - (a) The Committee shall, in its sole discretion, determine whether any Restricted Stock has vested under the terms of this Agreement (the “**Vesting Determination**”). Subject to such Vesting Determination by the Committee, the Restricted Stock shall vest in three equal installments on each of the first through third anniversaries of the Grant Date (the “**Vesting Date**”), so long as the Participant remains in continuous Service through each applicable Vesting Date. The period over which the Restricted Stock vests is referred to as the “**Restricted Period**”.
 - (b) Except as set forth in Section 2(c), 2(d) or 2(e) below, if the Participant’s Service terminates for any reason prior to the applicable Vesting Date, then (i) this Restricted Stock Award Agreement shall terminate and all rights of the Participant with respect to Restricted Stock that have not vested shall immediately terminate, (ii) any such unvested Restricted Stock and all rights therein shall be forfeited without payment of any consideration, and (iii) neither the Participant nor any of the Participant’s successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such unvested Restricted Stock.
 - (c) Change in Control. If, within twelve months following a Change in Control, (i) the Participant is terminated by the Company or an employing Affiliate (that is not a Joint Venture) without Cause or (ii) the Participant resigns from the Company or an employing Affiliate (that is not a Joint Venture) for Good Reason, any unvested Restricted Stock shall vest immediately, subject to the Vesting Determination of the Committee.
 - (d) Joint Venture. If the Participant becomes an employee of a Joint Venture, vesting of any unvested Restricted Stock shall be tolled beginning on the date the Participant becomes an employee of the Joint Venture and shall recommence on the date the Participant again becomes an Employee. Accordingly, the applicable Restricted Period shall be extended by the number of days the Participant was an employee of the Joint Venture.
 - (e) Death or Disability. If the Participant’s Service terminates due to death or Disability, then a pro-rata portion of the unvested Restricted Stock shall become vested, subject to the Vesting Determination of the Committee. Such pro-rata portion shall equal the number of unvested Shares that would have become vested pursuant to Section 2(a) at the next scheduled Vesting Date multiplied by a fraction, the numerator of which is the number of days elapsed from the Grant Date or the most recent Vesting Date, as applicable, to the date of the Participant’s termination of Service and the denominator of which is the number of days between the Grant Date or the most recent Vesting Date, as applicable, and the next scheduled Vesting Date for such portion of the Award.
 3. **Restrictions.** Subject to any exceptions set forth in this Agreement or the Plan, during the Restricted Period, the Restricted Stock or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock or the rights relating thereto during the Restricted Period shall be wholly ineffective and, if any such attempt is made, the Restricted Stock will be forfeited by the Participant and all of the Participant’s rights to such shares shall immediately terminate without any payment or consideration by the Company.
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4. **Securities Law Requirements.**

- (a) If at any time the Committee determines that issuing Shares would violate applicable securities laws, the Company will not be required to issue such Shares. The Committee may declare any provision of this Agreement or action of its own null and void, if it determines the provision or action fails to comply with the short-swing trading rules. As a condition to the issuance of the Shares, the Company may require the Participant to make written representations it deems necessary or desirable to comply with applicable securities laws.
- (b) No Person who acquires Shares under this Agreement may sell the Shares, unless they make the offer and sale pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “**Securities Act**”), which is current and includes the Shares to be sold, or an exemption from the registration requirements of the Securities Act.

5. **Voting Rights.** The Participant may exercise all voting rights with respect to the Restricted Stock.

6. **Dividends and Other Distributions.** Except as otherwise provided in the Plan or this Restricted Stock Award Agreement, during any period when the Restricted Stock are forfeitable, the Participant will not receive any dividends paid with respect to such shares Restricted Stock until the vesting of Stock, at which time the Participant will receive dividends accruing on the Shares during the period prior to the date on which the Restricted Stock becomes vested in accordance with Section 2, which accrued dividend amounts shall be paid within 60 days following the applicable vesting date.

7. **Custody of Restricted Stock.** During the Restricted Period, the Shares of Restricted Stock shall be held for the benefit of the Participant in an account as may be designated by the Committee and monitored by the Company in accordance with the procedures designated by the Committee.

8. **Tax Liability and Withholding.**

- (a) The Participant shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Participant pursuant to the Plan, the amount of any required withholding taxes in respect of the Restricted Stock and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit the Participant to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of such means:
 - (i) tendering a cash payment.
 - (ii) by authorizing the Company to withhold Shares from the Shares otherwise issuable or deliverable to the Participant as a result of the vesting of the Restricted Stock; provided, however, that no Shares shall be withheld with a value exceeding the maximum amount of tax required to be withheld by law.
 - (iii) delivering to the Company previously owned and unencumbered Shares.
- (b) Notwithstanding any action the Company takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding (“**Tax-Related Items**”), the ultimate liability for all Tax-Related Items is and remains the Participant’s responsibility and the Company (a) makes no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant or vesting of the Restricted Stock or the subsequent sale of any Shares; and (b) does not commit to structure the Restricted Stock to reduce or eliminate the Participant’s liability for Tax-Related Items.

9. **Section 83(b) Election.** The Participant may make an election under Code Section 83(b) (a “**Section 83(b) Election**”) with respect to the Restricted Stock. Any such election must be made within thirty (30) days after the Grant Date. If the Participant elects to make a Section 83(b) Election, the Participant shall provide the Company with a copy of an executed version and satisfactory evidence of the filing of the executed Section 83(b) Election with the U.S. Internal Revenue Service. The Participant agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the U.S. Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

10. **No Limitation on Rights of the Company.** The grant of the Restricted Stock does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

11. **Plan and Agreement Not a Contract of Employment or Service.** Neither the Plan nor this Agreement is a contract of employment or Service, and no terms of the Participant's employment or Service will be affected in any way by the Plan, this Agreement or related instruments, except to the extent specifically expressed therein. Neither the Plan nor this Agreement will be construed as conferring any legal rights on the Participant to continue to be employed or remain in Service with the Company, nor will it interfere with any Company Party's right to discharge the Participant or to deal with him or her regardless of the existence of the Plan, this Agreement or the Restricted Stock.
12. **Notice.** Any notice or other communication required or permitted under this Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three (3) days after the date of deposit in the United States mail or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to:

Coty Inc.
350 Fifth Avenue
New York, New York 10118
Attention: General Counsel

Notice to the Participant should be sent to the address on file with the Company. Either party may change the Person and/or address to which the other party must give notice under this Section 12 by giving such other party written notice of such change, in accordance with the procedures described above.

13. **Successors.** All obligations of the Company under this Agreement will be binding on any successor to the Company, whether the existence of the successor results from a direct or indirect purchase of all or substantially all of the business of the Company, or a merger, consolidation, or otherwise.
14. **Governing Law.** To the extent not preempted by federal law, this Agreement will be construed and enforced in accordance with, and governed by, the laws of the State of New York, without giving effect to its conflicts of law principles that would require the application of the law of any other jurisdiction.
15. **Plan Document Controls.** The rights granted under this Agreement are in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully in this Agreement. If the terms of this Agreement conflict with the terms of the Plan document, the Plan document will control.
16. **Amendment of the Agreement.** This Agreement may be amended unilaterally by the Committee to the extent provided under the Plan, or by a written instrument signed by both parties.
17. **Entire Agreement.** This Agreement, together with the Plan, constitutes the entire obligation of the parties with respect to the subject matter of this Agreement and supersedes any prior written or oral expressions of intent or understanding with respect to such subject matter.
18. **Administration.** The Committee administers the Plan and this Agreement. The Participant's rights under this Agreement are expressly subject to the terms and conditions of the Plan, including any guidelines the Committee adopts from time to time. The Participant hereby acknowledges receipt of a copy of the Plan.
19. **Counterparts.** The parties may execute this Agreement in one or more counterparts, both of which together shall constitute but one agreement.
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IN WITNESS WHEREOF, the Company and the Participant have duly executed this Agreement as of the date first written above.

COTY INC.

By: _____
Name:
Title:

PARTICIPANT:

[Participant]

Coty Inc.
Subsidiary List
as of June 30, 2020

Entity Name	Domestic Jurisdiction
Coty Argentina S.A.	Argentina
Coty Australia Holdings PTY Ltd.	Australia
Coty Australia Legacy Pty. Limited	Australia
Coty Australia PTY. Limited	Australia
Gresham Cosmetics Pty Ltd	Australia
HFC Prestige International Australia PTY Ltd	Australia
Jemella Australia Pty Limited	Australia
Revolver Distribution PTY Ltd.	Australia
Coty Beauty Austria GmbH	Austria
HFC Prestige Products N.V.	Belgium
Coty Brasil Comércio Ltda	Brazil
Lancaster do Brasil Cosméticos Ltda.	Brazil
Savoy Indústria de Cosméticos S.A.	Brazil
HFC Prestige International Canada, Inc.	Canada
TJoy Holdings Co. Ltd.	Cayman Islands
Coty Cosméticos Chile Limitada	Chile
Coty China Holding Limited	China
Coty Hong Kong Distribution Ltd.	China
Coty International Trade (Shanghai) Co., Ltd.	China
Coty Prestige Shanghai Ltd.	China
HFC (Shanghai) Cosmetics Co., Ltd	China
Nanjing Yanting Trade Co. Ltd.	China
Suzhou Ganon Trading Co., Ltd.	China
Suzhou Jiahua Biochemistry Co. Ltd	China
HFC Prestige Service Costa Rica S.R.L.	Costa Rica
Coty Ceska republika, s.r.o.	Czechia
HFC Prestige International Denmark ApS	Denmark
Coty Holdings UK Limited	England and Wales
Quest Beauty Limited	England and Wales
HFC Prestige International Finland Oy	Finland
Coty S.A.S.	France
Coty France S.A.S.	France
Else France S.A.S.	France
Fragrance Production S.A.S.	France
GHD France S.á r.l.	France
HFC Prestige Holding France	France
Coty Beauty Germany GmbH	Germany
Coty Brands Management GmbH	Germany
Coty Germany Holding GmbH	Germany
Coty Services and Logistics GmbH	Germany
Ghd Deutschland GmbH	Germany
HFC Prestige Manufacturing Cologne Germany GmbH	Germany

HFC Prestige Manufacturing Germany GmbH	Germany
HFC Prestige Service Germany GmbH	Germany
Sebastian Europe GmbH	Germany
Wella Grundstuecks- und Vermoegensverwalturngs GmbH & Co. KG	Germany
Zadafo Verwaltungsgesellschaft mbH	Germany
Wella Hellas MEPE	Greece
Chi Chun Industrial Co. Ltd.	Hong Kong
Coty Hong Kong Limited	Hong Kong
Coty INT Hong Kong Limited	Hong Kong
Coty Prestige Shanghai (HK) Ltd.	Hong Kong
Coty Prestige Southeast Asia (HK) Limited	Hong Kong
GHD Hong Kong Limited	Hong Kong
Ming-De Investment Co. Ltd.	Hong Kong
Super Globe Holdings Ltd.	Hong Kong
Coty Hungary Kft.	Hungary
Coty India Beauty and Fragrance Products Private Limited	India
Wella India Private Limited	India
PT StarAsia Distributions Indonesia	Indonesia
PT. Coty Prestige Southeast Asia Indonesia	Indonesia
Coty Ireland Ltd.	Ireland
Coty UK&I Limited	Ireland
HFC Prestige Manufacturing Ireland Ltd.	Ireland
Coty Italia S.R.L.	Italy
GHD Italia S.r.l.	Italy
Younique Products Italy S.r.l	Italy
HFC Prestige Japan Godo Kaisha	Japan
OPI-Japan K.K.	Japan
Coty Korea Ltd.	Korea, Republic Of
HFC Prestige International Holding Luxembourg SARL	Luxembourg
HFC Prestige International Luxembourg SARL	Luxembourg
Coty INT Malaysia Sdn. Bhd.	Malaysia
Coty Prestige Southeast Asia (M) Sdn. Bhd.	Malaysia
Coty Beauty Mexico, S.A. de C.V.	Mexico
Coty Brands México, S. de R.L. de C.V.	Mexico
Coty México, S.A. de C.V	Mexico
Coty Services S. de R.L. de C.V.	Mexico
Galería Productora de Cosméticos, S. de R.L. de C.V.	Mexico
HFC Cosmetics S. de R.L. de C.V.	Mexico
HFC Prestige International S. de R.L. de C.V.	Mexico
Coty Lancaster S.A.M.	Monaco
Coty B.V.	Netherlands
Coty Global 1 B.V.	Netherlands
Coty Global 2 B.V.	Netherlands
Coty Global 3 B.V.	Netherlands
Coty Global 4 B.V.	Netherlands
Coty Global 5 B.V.	Netherlands
Coty Global Holdings B.V.	Netherlands

Coty Holding TopCo B.V.	Netherlands
Coty Investments B.V.	Netherlands
Coty International B.V.	Netherlands
Coty International Holding B.V.	Netherlands
Coty Management B.V.	Netherlands
Coty Netherlands B.V.	Netherlands
Coty Operations B.V.	Netherlands
HFC Prestige International Netherlands Holding B.V.	Netherlands
Lancaster B.V.	Netherlands
HFC Prestige International New Zealand Limited	New Zealand
Jemella New Zealand Limited	New Zealand
HFC Prestige International Norway AS	Norway
Coty Prestige Southeast Asia Philippines, Inc.	Philippines
Coty Eastern Europe sp. z.o.o.	Poland
HFC Prestige Service Poland Sp. z.o.o.	Poland
Coty Beauty Portugal S.A.	Portugal
HFC Prestige International Puerto Rico LLC	Puerto Rico
Coty Cosmetics Romania SRL	Romania
LLC Capella	Russian Federation
Russwell Ltd	Russian Federation
Coty Arabia Trading Company LLC	Saudi Arabia
Coty Scot 1 LP	Scotland
Coty Scot 2 LP	Scotland
Coty Asia Pte. Ltd.	Singapore
Coty Prestige Southeast Asia Pte. Ltd.	Singapore
Coty Singapore Pte. Ltd.	Singapore
Coty Operations Asia Pacific Pte. Ltd.	Singapore
Coty Southeast Asia Pte. Limited	Singapore
HFC Prestige International Operations Switzerland SARL Singapore Branch	Singapore
HFC Prestige International Singapore Pte. Ltd.	Singapore
Coty Slovenská Republika s.r.o.	Slovakia
Coty Beauty South Africa (PTY) Ltd.	South Africa
Coty South Africa (Proprietary) Limited	South Africa
Good Hair Day South Africa (Proprietary) Limited	South Africa
Coty Beauty Spain, S.L.U.	Spain
Coty Spain S.L., Sociedad Unipersonal	Spain
GHD Spain, S A U	Spain
HFC Prestige International Sweden AB	Sweden
Coty International BV Swiss Branch	Switzerland
Coty International S.a.r.l.	Switzerland
HFC Prestige International Holding Switzerland Sàrl	Switzerland
HFC Prestige International Operations Switzerland Sàrl	Switzerland
Coty Beauty Swiss Sàrl	Switzerland
So Be Cosmetics S.A.	Switzerland
Coty Prestige (Taiwan) Ltd.	Taiwan, Province Of China
StarAsia Taiwan Co., Ltd.	Taiwan, Province Of China

Coty Prestige Southeast Asia (Thailand) Company Limited	Thailand
HFC Prestige Manufacturing (Thailand) Ltd.	Thailand
HFC Prestij Satış ve Dağıtım Ltd. Şti.	Turkey
Coty Distribution Emirates L.L.C.	United Arab Emirates
Coty Middle East Fzco	United Arab Emirates
Coty Regional Trading FZE	United Arab Emirates
HFC Prestige International Operations SARL	United Arab Emirates
Beamly Ltd.	United Kingdom
Beauty International Ltd.	United Kingdom
Bourjois Limited	United Kingdom
Coty Brands Group Limited	United Kingdom
Coty Export U.K. Ltd.	United Kingdom
Coty Manufacturing UK Ltd.	United Kingdom
Coty Services U.K. Ltd.	United Kingdom
Coty U.K. Limited	United Kingdom
Coty UK&I Ltd	United Kingdom
Del Laboratories (U.K.) Limited	United Kingdom
ghd BondCo plc	United Kingdom
GHD Group Holdings Limited	United Kingdom
GHD Group Limited	United Kingdom
GHD Holdings Limited	United Kingdom
HFC Prestige Manufacturing UK Ltd	United Kingdom
HFC Prestige Products Ltd.	United Kingdom
HFC Prestige Service UK Ltd	United Kingdom
Jemella Group (Holdings) Limited	United Kingdom
Jemella Group Limited	United Kingdom
Jemella Limited	United Kingdom
Lancaster Group, Ltd.	United Kingdom
Lion/Gloria Bidco Limited	United Kingdom
Lion/Gloria Holdco Limited	United Kingdom
Lion/Gloria Midco 2 Limited	United Kingdom
Lion/Gloria Midco 3 Limited	United Kingdom
Lion/Gloria Midco Limited	United Kingdom
Lion/Gloria Topco Limited	United Kingdom
Rimmel International Ltd.	United Kingdom
GHD Professional, North America, Inc.	United States - CA
HFC Prestige Products, Inc.	United States - CT
Calvin Klein Cosmetic Corporation	United States - DE
Coty Brands Management Inc.	United States - DE
Coty DTC Holdings, LLC	United States - DE
Coty Holdings, Inc.	United States - DE
Coty Inc.	United States - DE
Coty International LLC	United States - DE
Coty US Holdings Inc.	United States - DE
Coty US LLC	United States - DE
DLI International Holding I LLC	United States - DE
DLI International Holding II Corp	United States - DE

Galleria Co.	United States - DE
Graham Webb International, Inc.	United States - DE
HFC Prestige International U.S. LLC	United States - DE
Launch Beauty LLC	United States - DE
O P I Products, Inc.	United States - DE
Rimmel Inc.	United States - DE
The Wella Corporation	United States - DE
Coty Holding TopCo US Branch	United States - NJ
Noxell Corporation	United States - MD
Coty Beauty Vietnam Company Limited	Viet Nam

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-189276 and 333-214532 on Form S-8 and Registration Statement No. 333-231352 on Form S-3 of our reports dated August 27, 2020, relating to the financial statements of Coty Inc. and subsidiaries (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended June 30, 2020.

/s/ Deloitte & Touche LLP
New York, New York
August 27, 2020

Certification

I, Peter Harf, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coty Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2020

/s/ Peter Harf

Peter Harf

Chief Executive Officer

Certification

I, Pierre-André Terisse, certify that:

1. I have reviewed this Annual Report on Form 10-K of Coty Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 27, 2020

/s/ Pierre-André Terisse

Pierre-André Terisse

Chief Financial Officer

Certification
Pursuant to Rule 13a-14(b) or
Rule 15d-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of Coty Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended June 30, 2020 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2020

/s/ Peter Harf

Peter Harf

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.

Certification
Pursuant to Rule 13a-14(b) or
Rule 15d-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of Coty Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended June 30, 2020 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 27, 2020

/s/ Pierre-André Terisse

Pierre-André Terisse

Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.