



COTY

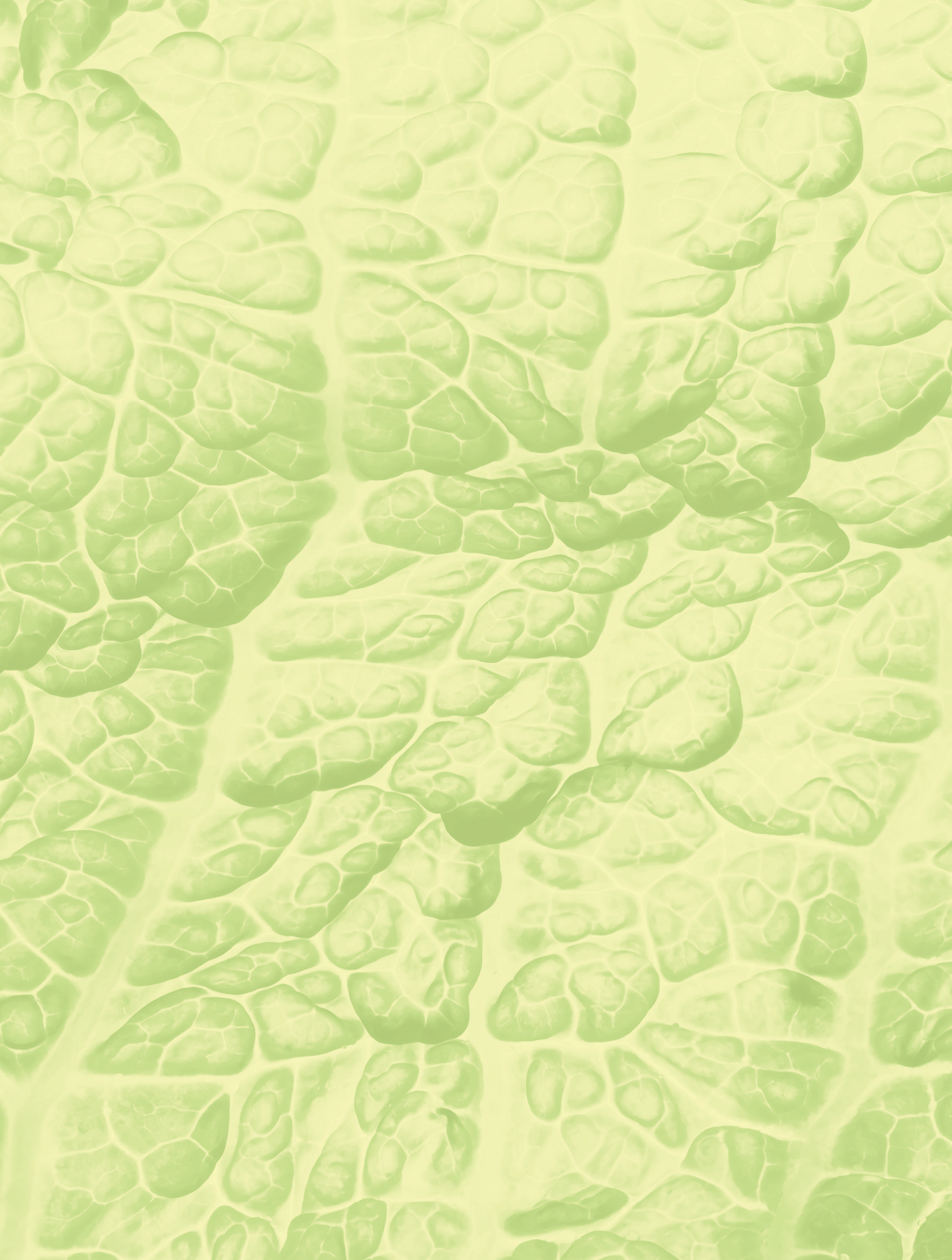
SINCE 1904

ANNUAL REPORT

2 0 2 3







**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, 2023**
- 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 **13-3823358**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

350 Fifth Avenue,
New York, NY **10118**
(Address of principal executive offices) (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 (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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 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.

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, 2022, the aggregate market value of the registrant's Class A Common Stock held by non-affiliates was \$3.1 billion based on the number of shares held by non-affiliates as of December 31, 2022 and the last reported sale price of the registrant's Class A Common Stock on December 31, 2022.

At August 14, 2023, 852,805,323 shares of the registrant's Class A Common Stock, \$0.01 par value were outstanding.

COTY INC.
INDEX TO ANNUAL REPORT ON FORM 10-K

	Page
Part I:	
<u>Item 1. Business</u>	<u>1</u>
<u>Item 1A. Risk Factors</u>	<u>7</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>27</u>
<u>Item 2. Properties</u>	<u>27</u>
<u>Item 3. Legal Proceedings</u>	<u>28</u>
Part II:	
<u>Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>28</u>
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>60</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>60</u>
<u>Item 9A. Controls and Procedures</u>	<u>60</u>
Part III:	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>61</u>
<u>Item 11. Executive Compensation</u>	<u>61</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>61</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>61</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>61</u>
Part IV:	
<u>Item 15. Exhibits, Financial Statement Schedules</u>	<u>61</u>
Signatures	<u>68</u>

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, strategic planning, targets 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 wind down of the Company’s operations in Russia (including timing and expected impact), the Company’s future operations and strategy (including the expected implementation and related impact of its strategic priorities), ongoing and future cost efficiency, optimization and restructuring initiatives and programs, expectations of the impact of inflationary pressures and the timing, magnitude and impact of pricing actions to offset inflationary costs, strategic transactions (including their expected timing and impact), expectations and/or plans with respect to joint ventures (including Wella and the timing and size of any related divestiture, distribution or return of capital), the Company’s capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof and any plans to resume cash dividends on common stock or to continue to pay dividends in cash on preferred stock) and expectations for stock repurchases, investments, licenses and portfolio changes, product launches, relaunches or rebranding (including the expected timing or impact thereof), synergies, savings, performance, cost, timing and integration of acquisitions, future cash flows, liquidity and borrowing capacity (including any refinancing or deleveraging activities), timing and size of cash outflows and debt deleveraging, the timing and extent of any future impairments, and synergies, savings, impact, cost, timing and implementation of the Company’s ongoing transformation agenda (including operational execution and simplification initiatives, fixed cost reductions and supply chain changes), the impact, cost, timing and implementation of e-commerce and digital initiatives, expected impact, cost, timing and implementation of sustainability initiatives (including progress, plans and goals), the impact of COVID-19, the expected impact of geopolitical risks including the ongoing war in Ukraine on our business operations, sales outlook and strategy, the expected impact of global supply chain challenges and/or inflationary pressures (including as a result of COVID-19 and/or the war in Ukraine) and expectations regarding future service levels, the timing and impact of the application for dual-listing of our Class A Common Stock on Euronext Paris, 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:

- our ability to successfully implement our multi-year transformation agenda, including our 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, achieve the benefits contemplated by our strategic initiatives (including revenue growth, cost control, gross margin growth and debt deleveraging) and successfully implement our strategic priorities (including stabilizing our consumer beauty brands through leading innovation and improved execution, accelerating our prestige fragrance brands and ongoing expansion into prestige cosmetics, building a comprehensive skincare portfolio, enhancing our e-commerce and direct-to-consumer (“DTC”) capabilities, expanding our presence in China through prestige products and select consumer beauty brands, and establishing Coty as an industry leader in sustainability) in each case within the expected time frame or at all;
- 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 in our skincare and prestige make-up portfolios, any relaunched or rebranded products and the anticipated costs and discounting associated with such relaunches 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 equity investments;
- 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 our transformation agenda, our global business strategies, the integration and management of the strategic partnerships with Kylie Jenner and Kim Kardashian, 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;
- the timing, costs and impacts of divestitures and the amount and use of proceeds from any such transactions;
- future divestitures and the impact thereof on, and future acquisitions, new licenses and joint ventures and the integration thereof with, our business, operations, systems, financial data and culture and the ability to realize

synergies, manage supply chain challenges 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 (including our ability to expand our digital, direct-to-consumer and e-commerce capabilities within contemplated timeframes or at all);
- 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, and any change in our stock repurchase plans;
- 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, and specifically in connection with the strategic partnerships with Kylie Jenner and Kim Kardashian, risks related to the entry into a new distribution channel, the potential for channel conflict, risks of retaining customers and key employees, difficulties of integration (or the risks associated with limiting integration) and management of the partnerships, our relationships with Kylie Jenner and Kim Kardashian, our ability to protect trademarks and brand names, litigation, investigations by governmental authorities, and changes in law, regulations and policies that affect King Kylie LLC ("King Kylie") and/or KKW Holdings, LLC's ("KKW Holdings") business or products, including risk that direct selling laws and regulations may be modified, interpreted or enforced in a manner that results in a negative impact to King Kylie and/or KKW Holdings' business model, revenue, sales force or business;
- 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, web-hosting and e-commerce providers;
- administrative, product development and other difficulties in meeting the expected timing of market expansions, product launches, re-launches and marketing efforts, including in connection with new products in our skincare and makeup portfolios;
- changes in the demand for our products due to declining or depressed global or regional economic conditions, and declines in consumer confidence or spending, whether related to the economy (such as austerity measures, tax increases, high fuel costs, or higher unemployment), wars, natural or other disasters, weather, pandemics, security concerns, terrorist attacks or other factors;
- 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 the war in Ukraine and any escalation or expansion thereof, Brexit (and related business or market disruption), recent elections in Brazil, the current U.S. administration and future elections, 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, potential regulatory limits on payment terms in the European Union, recent and future changes in sanctions regulations including in connection with the war in Ukraine and any escalation or expansion thereof, regulatory uncertainty impacting the wind-down of our business in Russia, and recent and future changes in regulations impacting the beauty industry, including regulatory measures addressing products, formulations, raw materials and packaging;
- currency exchange rate volatility and currency devaluation and/or inflation;

- our ability to implement and maintain pricing actions to effectively mitigate increased costs and inflationary pressures, and the reaction of customers or consumers to such pricing actions;
- 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 product liability cases (including asbestos and talc related litigation for which indemnities and/or insurance may not be available), distributor or licensor litigation and compliance, litigation or investigations relating to our joint ventures and strategic partnerships;
- our ability to manage seasonal factors and other variability and to anticipate future business trends and needs;
- 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 and joint-venture partners, to meet their obligations to us, in particular collections from customers, and the ability to successfully implement measures to respond to such impacts;
- disruptions in operations, sales and in other areas, including due to disruptions in our supply chain, restructurings and other business alignment activities, manufacturing or information technology systems, labor disputes, extreme weather and natural disasters, impact from COVID-19 or similar global public health events, the outbreak of war or hostilities (including the war in Ukraine and any escalation or expansion thereof), impact of global supply chain challenges, 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;
- disruptions in the availability and distribution of raw materials and components needed to manufacture our products, and our ability to effectively manage our production and inventory levels in response to supply challenges;
- our ability to adapt our business to address climate change concerns and to respond to increasing governmental and regulatory measures relating to environmental, social and governance matters, including expanding mandatory and voluntary reporting, diligence and disclosure, as well as new taxes (including on energy and plastic), and the impact of such measures on our costs, business operations and strategy;
- 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 practices, and our ability, or the ability of any of the third-party service providers we use to support our business, to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, including ransomware attacks, 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 similar state laws, the Brazil General Data Protection Law, and the China Data Security Law and Personal Information 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;
- the distribution and sale by third parties of counterfeit and/or gray market versions of our products;
- the impact of our transformation agenda on our relationships with key customers and suppliers and certain material contracts;
- our relationship with JAB Beauty B.V. (formerly known as Cottage Holdco B.V.), as our majority stockholder, and its affiliates, and any related conflicts of interest or litigation;
- our relationship with KKR, whose affiliate KKR Bidco is 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.

Cautionary Note Regarding Sustainability Information

This Form 10-K and our website “Coty.com” contain information about our social impact and sustainability goals, targets, initiatives, commitments, and activities. These efforts involve certain risks and uncertainties, such as changes in our business (e.g., acquisitions, divestitures, or new manufacturing or distribution locations), the standards by which achievement is measured, the assumptions underlying a particular goal or matter, and our ability to accurately report particular information. Actual results could differ materially from our stated goals or the results we expect. Changing circumstances, including evolving expectations for social impact and sustainability generally or to specific focus areas or changes in standards or the way progress or achievement is measured, may lead to adjustments in, or the discontinuation of, our pursuit of, certain goals, commitments, or initiatives. Moreover, the standards by which social impact and sustainability efforts and related matters are measured are developing and evolving, and certain areas are based on assumptions. The standards and assumptions could change over time. The selection by management of alternative acceptable measurements could have resulted in materially different amounts or sustainability metrics reported by the Company. In addition, statements made about our company, business, or efforts may not apply to all business units (e.g., ones that were more recently acquired).

Our disclosure concerning these matters, including our Beauty that Lasts Sustainability Report and other disclosures on these topics, may use certain terms that third parties refer to as “material” in connection with certain social impact and sustainability matters. Used in the context of our disclosure and our Beauty that Lasts Sustainability Report, however, these terms are distinct from, and should not be confused with, the terms “material” and “materiality” as defined by, or construed in accordance with, securities or other laws and regulations. Therefore, matters considered to be material for purposes of our Beauty that Lasts Sustainability Report may not be considered material in the context of our financial statements, reports with the U.S. Securities and Exchange Commission (“SEC”), or our other public statements, and the inclusion of information on our website or in our Beauty that Lasts Sustainability Report is not an indication that such information is necessarily material to the Company in those contexts.

Our disclosure concerning these matters, including our Beauty that Lasts Sustainability Report, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our social impact and sustainability goals, targets, initiatives, commitments, and activities, as well as our future operations and long-term strategy.

Although we believe that our expectations are based on reasonable assumptions within the bounds of our knowledge of our business and operations, we cannot assure that actual results or outcomes will not differ materially from any future results or outcomes expressed or implied by such forward-looking statements relating to sustainability. Forward-looking statements relating to sustainability include all statements that do not relate solely to historical or current facts and involve a number of known and unknown risks, uncertainties, and other important factors such as those described 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.

These forward-looking statements relating to sustainability 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. In addition, we assume no responsibility to update the information contained on our website or in our Beauty that Lasts Sustainability Report or to continue to report any information.

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 2023” refer to the fiscal year ended June 30, 2023. Any reference to a year not preceded by “fiscal” refers to a calendar year.

PART I

Item 1. *Business.*

Overview

Founded in 1904, Coty Inc. is one of the world's largest beauty companies with an iconic portfolio of brands across fragrance, color cosmetics, and skin and body care.

Over the past few years we have been implementing a comprehensive transformation agenda (the "Transformation Plan"), focusing on our core go-to-market competencies, simplifying our capital structure and deleveraging our balance sheet.

As we transform the Company, we continue to make progress on our strategic priorities, including stabilizing and growing our consumer beauty brands through leading innovation and improved execution, accelerating our prestige fragrance brands and ongoing expansion into prestige cosmetics, building a comprehensive skincare portfolio leveraging existing brands, enhancing our e-commerce and direct-to-consumer ("DTC") capabilities, expanding our presence in China and travel retail through prestige products and select consumer beauty brands, and establishing Coty as an industry leader in sustainability.

In fiscal 2021, we completed the sale of a majority stake in Coty's Professional and Retail Hair business, including the Wella, Clairol, OPI and ghd brands, (together, the "Wella Business"). As of June 30, 2023, Coty owned a 25.9% stake in Rainbow JVCO LTD and subsidiaries (together, "Wella" or the "Wella Company"). On July 18, 2023 we announced that we entered into a binding letter of intent to sell a 3.6% stake in Wella to investment firm IGF Wealth Management for \$150.0. The closing of the transaction is subject to, among other things, completion of due diligence and the satisfaction of certain closing conditions, including the approval of the transaction by KKR. Assuming the transaction closes, we would retain 22.3% of the Wella Company.

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 maker ("CODM") in deciding how to allocate resources and assess performance. The Company has designated its Chief Executive Officer as the CODM.

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:

Consumer Beauty	Prestige
Adidas	Burberry
Beckham	Calvin Klein
Biocolor*	Chloe
Bozzano*	Davidoff
Bourjois*	Escada*
Bruno Banani	Gucci
CoverGirl*	Hugo Boss
Jovan*	Jil Sander
Max Factor*	Joop!*
Mexx	Kylie Jenner
Monange*	Lancaster*
Nautica	Marc Jacobs
Paixao*	Miu Miu
Rimmel*	Orveda
Risque*	philosophy*
Sally Hansen*	SKKN BY KIM
	Tiffany & Co.

* Indicates an owned beauty brand.

Marketing

We have a diverse portfolio of brands, 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 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 continue to concentrate working media resources on select products, channels and markets, 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 approximately 126 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. We continue to focus on expanding our e-commerce and direct-to-consumer channels. We also sell our products through third-party distributors. In fiscal 2023, 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 2023, Walmart, our top retailer, accounted for approximately 5% 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. In the few jurisdictions requiring animal testing, we actively apply for exemptions and work with local authorities and organizations to authorize alternative methods of product testing.

Supply Chain

During fiscal year 2023, we continued to manufacture and package approximately 79% of our products, primarily in facilities located in the United States, Brazil, China and various countries in Europe. 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, as well as initiatives to support our sustainability goals. 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 21% of our finished products.

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 review our supplier base periodically with the specific objectives of improving quality, increasing innovation and speed-to-market, ensuring supply sufficiency and reducing costs.

We have experienced disruptions in our supply chain from time to time, including in connection with our past restructuring efforts and, more recently due to global supply disruptions, and we work to anticipate and respond to actual and potential disruptions. In light of these challenges, we are continually benchmarking the performance of our supply chain, and we augment our supply base, adjust our distribution networks and manufacturing footprint, enhance our forecasting and planning capabilities and adjust our inventory strategy based upon the changing needs of the business. We continue to explore options to further optimize our supply chain operations.

Competition

There is significant competition within each market where our products are sold. We compete against manufacturers and marketers of beauty products, salon professional nail products 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 63% of our fiscal 2023 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, 2023, we maintained 22 brand licenses. In addition, approximately 54% of our fiscal 2023 net revenues from continuing operations were attributable to prestige fragrance, of which approximately 88% was from our top seven prestige fragrance brands.

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.

Our license agreements have an average duration of over 25 years. 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. None of our top seven licenses, which account for approximately 88% of our prestige fragrance sales, are up for non-automatic renewal before 2028, with an average remaining duration of 13 years. We are currently in the process of renewing a smaller license which is up for renewal during fiscal 2024. 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 brand partners or licensors to protect their reputations, could have a material adverse effect on our brand images*".

Human Capital

Workforce. As of June 30, 2023, we had approximately 11,350 full-time employees in over 36 countries. In addition, we typically employ a large number of seasonal contractors during our peak manufacturing and promotional season.

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.

Our employees are a key source of competitive advantage and their actions, guided by our Code of Conduct and our global compliance program, *Behave Beautifully*, are critical to the long-term success of our business. We recognize the importance of our employees to our business and believe our relationship with our employees is satisfactory.

Environmental, Social and Governance

Coty's sustainability commitment, Beauty That Lasts, is a multi-pillared strategy which aims to contribute to a more sustainable and inclusive future. With a focus on products, planet and people we see sustainability as the ultimate driver of innovation.

We report annually on our progress towards our sustainability targets through a separate sustainability report. Our sustainability reports and other information on our sustainability initiatives and achievements are available on our website. Changing circumstances, including evolving expectations for sustainability, or changes in standards and the way progress is measured, may lead to adjustments in, or the discontinuation of, our pursuit of certain goals, commitments, or initiatives (see additional discussion in “Forward-looking Statements—**Cautionary Note Regarding Sustainability Information**”). The content of our sustainability reports and information on our website are not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC.

On March 31, 2022, the SEC issued a proposed rule on climate-related disclosures by U.S. public companies. The proposed rule is not yet final. We are unable to predict if or when the rule will be finalized and the extent to which a final rule will apply or deviate from the proposal.

The Beauty of Our Product

Our products have an important role to play in building a sustainable future for the beauty sector. To respond to evolving social and environmental challenges, sustainability is at the heart of our product creation, from design and development through to sourcing of materials.

We are changing the way we design, formulate and manufacture in order to minimize our environmental impact and create innovative products. Since 2020, we have an operational Beauty That Lasts Index in place, which is a qualitative tool for evaluating the social and environmental profile of new product developments.

We have ambition to reduce the amount of packaging we use across our portfolio, while sourcing from more sustainable sources. In fiscal 2023, we introduced refillable packaging solutions into our global portfolio, including Chloé Rose Naturelle Intense Eau de Parfum and Adidas Active Skin and Mind range of shower gels which delivered a packaging weight reduction compared to the original baseline body care range. In addition, we work to reduce the environmental impact of our product formulas and our new products, for example integrating carbon captured alcohol into our fragrances. In fiscal 2023, we launched Gucci, The Alchemist’s Garden, Where My Heart Beats Eau de Parfum, which was the first globally distributed fragrance manufactured using 100% carbon captured alcohol.

We recognize that sustainability efforts require collaboration which goes beyond our own organization. To that end we are members of several industry initiatives, including the Responsible Beauty Initiative and Responsible Mica Initiative, focused on responsible sourcing, and the Sustainable Packaging Initiative for Cosmetics, focused on creating common guidelines and tools for eco-design of packaging. We are also part of the EcoBeautyScore Consortium – a breakthrough initiative which aims to develop an industry-wide environmental scoring system for cosmetics products, with the aim of empowering consumers to make sustainable beauty choices.

We continue to evaluate and modify our processes and activities to further limit our impact on the environment as we implement our sustainability strategy.

The Beauty of Our Planet

Conserving and protecting the natural environment is a vital part of our responsibility as a business. We are committed to minimizing the environmental impact of our operations and preserving resources for generations to come.

During fiscal year 2023, our greenhouse gas emissions targets were approved by the Science Based Target initiative. The targets cover our Greenhouse gas emissions for scopes 1 and 2, renewable electricity commitment and our greenhouse gas reduction for scope 3. We continue to focus on the implementation of these targets with the development of operational plans. We are currently implementing our climate strategy focusing on three focus areas: our product impact, our transportation and the impact of our own operations.

In fiscal 2023, we have extended existing efforts made on our supply chain sites (factories and distribution centers) to our R&D centers and Corporate Offices. Accordingly, our offices and R&D centers are developing energy reduction and transition plans. For example, our Paris Headquarter has now transitioned to renewable electricity and we have completed an extensive energy audit in our Amsterdam Headquarter with very positive results. In our efforts to reduce our impacts on the environment, none of the waste from our factories and distribution centers was sent to landfill, while most was reused, recycled, or composted. We have implemented several measures to reduce water consumption across our plants and distribution centers.

While certain projects are already in execution phase, other projects are in the early stages as we validate their feasibility and explore new ones to achieve our proposed targets. We continue to evaluate and modify our processes and activities to further limit our impact on the environment and to enable the deployment of our climate-related initiatives to meet our proposed targets.

The Beauty of Our People

We are committed to playing our part in creating a more inclusive business and society. We celebrate diversity in all its forms and continue to work towards building a more inclusive business. We recognize the importance of diversity at a leadership level and throughout our whole organization, including diversity of gender, ethnicity, ability, background, religion, gender identity, and sexual orientation. Our Executive Committee and our Board of Directors are majority female. For associates, we rolled out a new training to broaden knowledge of our sustainability framework, Beauty That Lasts. This training introduced the three-pillared framework and included short modules on climate change and DE&I topics such as bias and microaggressions. In July 2022, we implemented a sustainability objective for all employees eligible to the bonus plans, as part of their annual goals. This applies for employees' fiscal 2023 bonuses. The accomplishment of these objectives is considered when assessing eligibility for annual bonuses.

As of October 2022, we were proud to achieve our commitment to pay equity for similar roles and performance, regardless of gender by reducing the gap in every level of our global management categories. To further gender equality within our business, we also launched a gender-neutral Parental Leave Policy. From November 2022, all employees, regardless of gender, have access to the same number of fully paid weeks of parental leave offered in their local region when starting or extending a family.

We also strive to reflect the communities we serve through our brands, which champion the diversity of beauty and beauty of diversity. In fiscal 2023, Sally Hansen & CoverGirl continued their multi-year partnership with LGBTQ advocacy organization GLAAD. Marc Jacobs Fragrance celebrates the third year of its partnerships with US-based NGO The Lesbian, Gay, Bisexual & Transgender Community Center (The Center) and second year with UK-based charity, akt.

We are committed to creating opportunities for our associates to develop skills, advance their careers and nurture their long-term employability. Our associates undergo an annual performance review process, and work with their manager to build customized development plans. We offer our employees a range of development activities, from learning formally through e-learning courses and trainings, and on the job.

Our global Health and Safety Policy governs the management of work-related health and safety risks across all our manufacturing and distribution sites, including corporate offices. The policy, which is complemented by our Code of Conduct, sets out the principles that guide our approach to Health and Safety, as well as outlining responsibilities within the business.

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. 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.

We use our website as a channel for routine distribution of important information, including news releases, presentations, and financial information. We have also posted on our website our: (i) Principles of Corporate Governance; (ii) Code of Conduct (and any amendments or waivers); (iii) Code of Conduct for Business Partners; (iv) Charters for the Audit and Finance Committee and Remuneration and Nomination Committee; and (vi) sustainability information, including information on our sustainability strategy, *Beauty that Lasts*, and our diversity, equity and inclusion strategy. The information on our website is not, and will not be deemed to be, a part of this annual report on Form 10-K or incorporated into any of our other filings with the SEC.

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.

Risk Factor Summary

We are providing the following summary of the risk factors to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors discussed below in their entirety for additional information.

Some of the factors that could materially and adversely affect our business, financial condition, results of operations or prospects include:

- 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.
- 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.
- Changes in industry trends and consumer preferences could adversely affect our business, prospects, financial condition and results of operations.
- Our success depends, in part, on the quality, efficacy and safety of our products.
- 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 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.
- 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 success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property of third parties.
- Our business is subject to seasonal variability.
- Our success depends on our ability to achieve our global business 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 global business strategies, that could affect our period-to-period operating results.
- 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 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.
- We face risks associated with our joint ventures and strategic partnership investments.
- Our goodwill and other assets have been subject to impairment and may continue to be subject to impairment in the future.
- A disruption in operations could adversely affect our business.
- We outsource a number of functions to third-party service providers, and any failure to perform or other disruptions or delays at our third-party service providers could adversely impact our business, our results of operations or our financial condition.
- 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.
- Our success depends, in part, on our employees, including our key personnel.
- 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 are subject to risks related to our international operations.
- 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.
- Our ability to service and repay our indebtedness will be dependent on the cash flow generated by our subsidiaries and events beyond our control.
- Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase.
- We must successfully manage the impact of a general economic downturn, credit constriction, uncertainty in global economic or political conditions or other global events or a sudden disruption in business conditions which may affect consumer spending, global supply chain conditions and inflationary pressures and adversely affect our financial results.
- The COVID-19 pandemic has had, and could continue to have, a negative impact on our business, financial condition, results of operations and cash flows.
- Price inflation for labor, materials and services, further exacerbated by volatility in energy and commodity markets by the war in Ukraine, could adversely affect our business, results of operations and financial condition.
- 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.
- Fluctuations in currency exchange rates may negatively impact our financial condition and results of operations.
- We are subject to legal proceedings and legal compliance risks, including talc-related litigation alleging bodily injury.
- 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 operations and acquisitions in certain foreign areas expose us to political, regulatory, economic and reputational risks.
- Our employees or others may engage in misconduct or other improper activities including noncompliance with regulatory standards and regulatory requirements.
- Violations of our prohibition on harassment, sexual or otherwise, could result in liabilities and/or litigation.
- 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.
- We are subject to risks related to our common stock and our stock repurchase program.

- JABC Cosmetics B.V. (“JABC”) and its affiliates, through their ownership of approximately 53% of the outstanding shares of our Class A Common Stock, 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.
- 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”.
- The dual-listing of our Class A Common Stock on the NYSE and on Euronext Paris’s Professional Segment may adversely affect the liquidity and value of our Class A Common Stock.

Risk Factors

Risks related to our Business and Industry

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, direct-to-consumer channels, new “disruptor” trendy brands and advances in technology such as artificial intelligence. 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, including using new or advancing technologies such as artificial intelligence and innovative in-store activations. Furthermore, e-commerce and the online retail industry is 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 and evolving regulatory regimes, 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 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 in the past, and such declines may continue or resume. 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, 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-to-consumer sales and e-commerce. In particular, expansion of our direct-to-consumer business presents challenges for logistics and fulfillment as well as additional regulatory compliance. 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 general economic conditions such as inflationary pressures and the ongoing effects of COVID-19 on our business. Consumer spending habits and consumer confidence have shifted and may continue to change in light of re-imposition of containment measures (such as the lockdowns imposed in China), inflationary pressures, as well as changes in work practices and travel trends impacting the demand for our products.

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.

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, founders or influencers. 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.

We also devote time and resources to citizenship efforts that are consistent with our corporate values and are designed to strengthen our business and protect and preserve our reputation, including programs driving diversity, equity and inclusion, responsible sourcing, packaging and environmental sustainability. If these programs are not executed as planned, fail or be perceived to fail in our achievement of announced goals or initiatives (or are unable to accurately report on our progress) or suffer negative publicity, our reputation and results of operations or cash flows could be adversely impacted. In addition, we could be criticized for the scope of such initiatives or goals or perceived as not acting responsibly in connection with these matters.

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 specified sales levels or upon agreement of the licensor. 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 one license up for renewal in fiscal 2024. 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.

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, 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 other infringing 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, including grey market products, 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 engaged in efforts to rationalize our wholesale distribution channel and continue efforts to reduce the amount of product diversion to the value and mass channels; however, stopping or significantly reducing 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.

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. In addition, while we maintain a robust anti-counterfeiting and brand enforcement program, bringing numerous actions against infringers every year, such efforts may not be successful. 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 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. 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.

Risks Related to our Business Strategy and Organization

Our success depends on our ability to achieve our global business strategies.

Our future performance and growth depends on the success of our global business strategies, including our management team's ability to successfully implement them, including a focus on improving gross margin, deleveraging, and simplifying our business. The multi-year implementation of our transformation agenda and our global business strategies has resulted and is expected to continue 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 our global business strategy 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 our global business strategy, 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 executing on our brand repositioning and continuing to focus our brand-building efforts on priority categories, channels and markets. 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 dispose of select businesses or interests therein (including through strategic transactions or public offerings) 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 (including through strategic transactions or public offerings) 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 business 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 global business strategies, that could affect our period-to-period operating results.

We have incurred significant restructuring costs in the past, and, as we continue to implement our global business strategies and any future restructuring initiatives, we expect to continue to incur one-time cash costs. 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 our global business strategies and any future restructuring initiatives. 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 deleverage 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 our global business strategies, any continuing or future restructuring initiatives and the integration of acquisitions 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 global business strategies could result in similar challenges. Although our global business strategies are 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 our global business strategies on our expected timetable or at all. In addition, we are executing many initiatives simultaneously, including changes to our operations and global strategy, 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 global business strategies 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.

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 global business strategies, we are instituting new objectives for our innovation efforts to support expansion of category coverage and sustainability. 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 entered into strategic partnerships with Kylie Jenner and Kim Kardashian, both digital-native beauty businesses, we are continuing our expansion into prestige cosmetics, and we are building a comprehensive skincare portfolio leveraging existing and new brands. The success of product launches in these or 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.

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 the P&G Beauty Business in October 2016). We entered into a joint venture with Kylie Jenner in fiscal 2020 and a strategic partnership with Kim Kardashian in fiscal 2021. 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 prove to be inaccurate, 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 or other financial measures, 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”) and our joint venture with Kylie Jenner and our investment in the Kim Kardashian beauty business, 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 and strategic partnership investments.

We are party to several joint ventures and strategic partnership investments in both the U.S. and abroad. Going forward, we may acquire interests in more joint venture enterprises or other strategic partnerships to execute our business strategy by utilizing our partners’ skills, experiences and resources. These joint ventures and investments involve risks that our joint venture or strategic investment 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 and strategic partnership investments 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 and strategic partnership investment projects may not be successful. We have had, and in the future may have, disputes or encounter other problems with respect to our present or future joint venture or strategic investment partners or our joint venture or strategic partnership investment agreements may not be effective or enforceable in resolving these disputes or we may not 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.

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 2022, we incurred impairment charges of \$31.4, primarily related to 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 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”.

Risks related to our Business Operations

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 or outbreaks of contagious diseases, border disputes, acts of terrorism, armed conflicts such as the war in Ukraine and other geopolitical tensions, possible dawn raids, and other external factors over which we have no control. For example, in fiscal 2022, limited driver capacity and transportation delays impacted our U.S. distribution centers resulting in increased costs, including penalty payments to retailers for delayed product delivery. As we continue our implementation of our global business strategies (including our cost discipline activities and sustainability initiatives) 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. In the past year, inflationary pressures as well as global supply chain disruptions have caused significant volatility in the cost and availability of the raw materials and services (such as transportation) that we need to manufacture and distribute our products. In particular, increases in energy costs due to global geopolitical conditions, particularly in Europe, have impacted the cost and availability of raw materials, including glass and glass components and certain resins. Increases in the costs of raw materials or other commodities and transportation services 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. We are also subject to reporting requirements under The Dodd-Frank Wall Street Reform and Consumer Protection Act regarding the use of certain minerals mined from the Democratic Republic of Congo and adjoining countries 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 “conflict free” products, and we may not be able to obtain conflict free products or supplies in sufficient quantities for our operations. Likewise, we have faced, and may continue to face, constraints in the availability of certain raw materials that align with our sustainability goals, including responsibly sourced palm oil, mica and recycled materials. 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 materials used in our products and packaging or if we are subject to additional supply chain diligence and disclosure regulations or other reporting obligations.

The above risks have been and may continue to be exacerbated by the impact of inflationary pressures, global supply chain disruptions and the ongoing effects of COVID-19 on our business, 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 outsource a number of functions to third-party service providers, and any failure to perform or other disruptions or delays at our third-party service providers could adversely impact our business, our results of operations or our financial condition.

We have outsourced and may continue to outsource certain functions, including outsourcing of distribution functions, outsourcing of business processes (including certain financing and accounting functions), and third-party manufacturers, logistics and supply chain suppliers, and other suppliers, including third-party software providers, web-hosting and e-commerce providers, and we are dependent on the entities performing those functions. 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, the failure of one or more of such providers to meet our performance standards and expectations, including with respect to data security, compliance with data protection and privacy laws, disruptions arising from the transition of functions to an outsourcing provider, 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.

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 connection with flexible working arrangements. 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, power outages, hardware failures, telecommunication failures, user errors, catastrophic events or other problems.

In addition, our databases and systems and our third-party providers' databases and systems have been, and will likely continue to be, subject to advanced computer viruses or other malicious codes, ransomware, unauthorized access attempts, denial of service attacks, phishing, social engineering, hacking and other cyber-attacks, the threat of which is increasing in frequency, intensity and duration. Such attacks have become increasingly difficult to detect, defend against or prevent and may originate from outside parties, hackers, criminal organizations or other threat actors, including nation states. As artificial intelligence ("AI") capabilities improve and gain widespread use, we may experience cyberattacks created using artificial intelligence, which may be difficult to detect and mitigate against. These attacks could be designed with an AI tool to directly attack information systems with increased speed and/or efficiency than a human or create more effective phishing techniques. It is also possible for a threat to be introduced as a result of our customers and third-party providers using the output of an AI tool that includes a threat, such as introducing malicious code by incorporating AI generated source code. In addition, insider actors (malicious or otherwise) could cause technical disruptions and/or confidential data leakage. Our security efforts or the security efforts of our third-party providers may not be sufficient to prevent material breaches, operational incidents or other breakdowns to our or our third-party providers' information technology databases or systems.

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. the GDPR became effective in May 2018, establishing 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, five states in the United States (California, Virginia, Colorado, Utah and Connecticut) enacted a data privacy laws in 2020 and 2021 applicable to entities serving or employing state residents. Brazil enacted the General Data Protection Law ("Brazil LGPD") regulating the processing of personal data, which became effective in August 2020. More recently, China enacted the Data Security Law and Personal Information Protection Law, which became effective in September 2021 and November 2021, respectively. These existing laws 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. 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. Over the past few years we have experienced several changes to senior management and the composition of our board of directors, as well as the separation of the Wella Business, and we are still in the process of implementing our global business strategies, including cost reduction activities. 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 restructuring activities, any continued changes in our senior management team and other key personnel, and other initiatives. During fiscal 2023, we continued to experience an increasingly competitive labor market, increased employee turnover, and labor shortages in our extended supply chain. These challenges have resulted in, and could continue to result in, increased costs and could impact our ability to meet consumer demand, each of which may adversely affect our business and financial results.

As we continue to restructure our workforce from time to time (including with respect to our global business strategies and other business restructuring initiatives, 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.

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 inflationary pressures and global supply chain disruptions and the ongoing effects of COVID-19 on our business, 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 subject to risks related to our international operations.

We operate on a global basis, and approximately 69% of our net revenues from continuing operations in fiscal 2023, were generated outside North America. We have employees in more than 36 countries, and we market, sell and distribute our products in over 126 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 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, and, as a result of elections in the United States, there could be additional significant changes in tax laws and regulations in the future. In addition, some foreign governments may enact tax laws in response to the Tax Act or other U.S. tax law changes 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.

Risks related to our Indebtedness

We have taken on significant debt, and the agreements that govern such debt contain various covenants that impose significant operating and financial 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 our credit agreement (as amended, the “2018 Coty Credit Agreement”), and the indentures governing our senior secured notes and our senior unsecured notes, impose significant 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. 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 secured notes, senior unsecured notes and the 2018 Coty Credit Agreement, and to meet our deleveraging objectives. If we do not generate sufficient cash flow to satisfy our covenants and debt service obligations, including payments on our senior secured notes, 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 indentures governing our senior secured notes and 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. Recent refinancings of our debt have resulted, and future refinancings or modifications 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, the refinancing of certain portions of our debt in 2021 resulted in higher interest rates applicable to the newly issued senior secured notes, in part due to prevailing macroeconomic conditions and a decline in our credit ratings since our previous refinancing transactions in 2018. 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 secured notes, 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 secured notes, 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. In the past year, inflation and other factors have resulted in an increase in interest rates generally, which has impacted our borrowing costs. If interest rates were to continue 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, we have amended our 2018 Credit Agreement to allow us to reference the Secured Overnight Financing Rate (“SOFR”) as the primary benchmark rate for our variable rate indebtedness, in lieu of the London Interbank Offered Rate (“LIBOR”). SOFR is a relatively new reference rate and with a limited history, and changes in SOFR have, on occasion, been more volatile than changes in other benchmark or market rates. As a result, the amount of interest we may pay on our variable rate indebtedness is difficult to predict.

Risks related to Macroeconomic Conditions and Market Risks

We must successfully manage the impact of a general economic downturn, credit constriction, uncertainty in global economic or political conditions or other global events or a sudden disruption in business conditions which may affect consumer spending, global supply chain conditions and inflationary pressures and 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 and the war in Ukraine, 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 has been in decline as a result of higher levels of unemployment, unprecedented levels of inflation, recessionary conditions and geopolitical conditions including the war in Ukraine and the ongoing effects of COVID-19. While prestige fragrances and skin care categories have experienced strong growth, declines in the retail mass color cosmetics, mass nail 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, political and economic developments in the U.S., 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.

Abrupt political change, terrorist activity, and armed conflict, such as the ongoing war in Ukraine and any escalation or expansion thereof, pose a risk of further general economic disruption in affected regions. Geopolitical change may result in changing regulatory systems and requirements and market interventions that could impact our operating strategies, access to national, regional and global markets (due to sanctions or otherwise), hiring, and profitability. For example, changes in the regulatory environment in China or geopolitical tensions impacting trade or operations in China could impact our growth strategy. Any of these changes may negatively impact our revenues.

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, periods of high inflation 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, the war in Ukraine and related geopolitical conditions.

The COVID-19 pandemic has had, and could continue to have, a negative impact on our business, financial condition, results of operations and cash flows.

The COVID-19 pandemic and the actions taken by governments and third-parties in response have had, and continue to have, evolving and unpredictable impacts on global economies, financial markets and business practices. A resurgence of COVID-19, including any variants of the virus, or the outbreak of another pandemic, epidemic or infectious disease in one or more of the countries where we operate or our customers are located could result in varied government and third-party actions relating to, among other things, quarantines, facility closures, store closures or social distancing, resulting in further volatility and disparity in our results and operations across geographies and creating challenges for our ability to forecast demand. Our business has been, and may continue to be, negatively impacted by the COVID-19 pandemic in such countries. These impacts include, but are not limited to:

- Reductions in demand or volatility in demand for one or more of our products, which, if prolonged, 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;
- 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 us 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 government or third-party actions that limit or close our operating and manufacturing facilities or otherwise prevent consumers from having access to our products, restrict our employees' ability to travel or perform necessary business functions 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 impact 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 may be impacted cannot be determined. Despite our ability 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 any such disease outbreak, as well as the actions taken by governments or third-parties to contain its spread and mitigate its public health effects. For example, an increase of COVID-19 related cases in certain parts of China resulted in the re-imposition of widespread lockdowns and restrictions in mid-March 2022, which negatively impacted our results in China in the fourth quarter of fiscal 2022 due to reduced customer traffic and supply chain constraints. Ongoing impacts of COVID-19 have continued in China during fiscal 2023, and economic recovery in the region has been slower than predicted and may continue to be below pre-pandemic levels, which could adversely affect our strategy to expand our presence in China.

Price inflation for labor, materials and services, further exacerbated by volatility in energy and commodity markets by the war in Ukraine, could adversely affect our business, results of operations and financial condition.

We experienced considerable price inflation in costs for labor, materials and services during fiscal 2022. We may not be able to continue to pass through inflationary cost increases and, if inflationary pressures are sustained, we may only be able to recoup a portion of our increased costs in future periods. Our ability to raise prices to reflect increased costs may also be limited by competitive conditions in the market for our products. The war in Ukraine and prolonged geopolitical conflict globally may continue to result in increased price inflation, escalating energy and commodity prices and increasing costs of materials and services (together with shortages or inconsistent availability of materials and services), which may also have the effect of heightening many of our other risks, such as those relating to cyber security, supply chain disruption, volatility in prices and market conditions, our ability to forecast demand, and our ability to successfully implement our global business strategies, any of which could negatively affect our business, results of operations and financial condition.

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 global and regional economic conditions, COVID-19, the war in Ukraine and related geopolitical conditions, 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 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.

In addition, a portion of our borrowings under the 2018 Coty Credit Agreement and senior notes indentures are denominated in euros and expose us to currency exchange rate risk. We have entered into derivative transactions in order to reduce currency exchange rate volatility. However, we may not enter into or maintain such derivatives with respect to all of our euro-denominated indebtedness, and any derivative transactions we enter into may not fully mitigate our currency exchange rate risk.

Legal and Regulatory Risks

We are subject to legal proceedings and legal compliance risks, including talc-related litigation alleging bodily injury.

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. Some of these actions may also 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, Hypermecas Brands, the Kylie Jenner business and the Kim Kardashian business that were previously outside our control and that we are now independently addressing, as well as retained liabilities relating to divested businesses, which may result in unanticipated or new liabilities. We also are involved in numerous lawsuits involving product liability issues, most involving allegations related to alleged asbestos in our talc-based cosmetic products, allegedly leading to mesothelioma. While we believe that we have valid defenses to these lawsuits, these risks will

continue to exist with respect to our business, and additional legal proceedings and other contingencies, the outcome and impact of which (including legal fees) cannot be predicted with certainty, will arise from time to time. In particular, the potential impact of talc-related litigation is highly uncertain, as nationwide trial results in similar cases filed against Coty and other manufacturers or retailers of cosmetic talc products have ranged from outright dismissals to very large settlements and jury awards of both compensatory and punitive damages. Additionally, our continued production and sale of talc-based cosmetic products could in the future subject us to additional legal claims related to the sale of one or more of our talc-based cosmetics products, including potential governmental inquiries, investigations, claims and consumer protection cases from state attorneys general. Any negative resolution of litigation to which we are subject to could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows.

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

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 and Other Contingencies for more information regarding our potential tax obligations in Brazil.

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 intellectual property, marketing, antitrust and competition, product liability, restrictions or requirements related to product content or formulation, labeling and packaging (including end-of-product-life responsibility), corruption, the environment or climate change (including increasing focus on the climate, water and waste impacts of operations and products), immigration, privacy, data protection, taxes, tariffs, 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, the Tax Act, enacted in 2017, introduced broad and complex changes to the U.S. tax laws that affect businesses operating internationally, and future tax law changes and regulatory, administrative or legislative guidance could adversely affect our financial results. See “—We are subject to risks related to our international operations”. In addition, increasing governmental and societal attention to environmental, social and governance matters, including expanding mandatory and voluntary reporting, diligence and disclosure on topics such as climate change, waste production, water usage, biodiversity, emerging technologies, human capital, labor, supply chain, and risk oversight, could expand the nature, scope and complexity of matters that we are required to control, assess and report. These and other rapidly changing laws, regulations, policies and related interpretations, as well as increased enforcement actions by various governmental and regulatory agencies, create challenges for us, including our compliance and ethics programs, may alter the environment in which we do business and may increase the ongoing costs of compliance, which could adversely impact our results of operations and cash flows. If we are unable to continue to meet these challenges and comply with all laws, regulations, policies and related interpretations, our reputation and our business results could be adversely impacted.

We are also subject to legal proceedings and legal compliance risks in connection with legacy matters related to 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, the Hypermecas Brands and the Burberry fragrance business, the joint venture with Kylie Jenner and the strategic partnership with Kim Kardashian. 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 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 ventures 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 continue to enhance our compliance program, including as a result of acquisitions and changes in the regulatory environment, but our compliance program may encounter problems or may not 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. has imposed and 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. For example, in April 2022, following the imposition of additional sanctions against Russia and Russian interests in connection with the war in Ukraine, we announced our Board's decision to wind down the operations of our Russian subsidiary as a result of the war and the related sanctions. For a further discussion of the impact of the wind down, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview — Russia-Ukraine War."

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 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, regardless of the ultimate outcome, we could suffer reputational harm.

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.

Risks Related to Ownership of Our Common Stock

We are subject to risks related to our common stock and our stock repurchase 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. In addition, we have entered into forward repurchase transactions to begin hedging for a potential \$200 million repurchase under our stock repurchase program currently planned for 2024 and an additional potential \$196 million repurchase planned for 2025. These forward repurchase transactions expose us to additional risks related to the price of our common stock, including a potential true-up in cash upon specified changes in the price of our common stock.

JAB Cosmetics B.V. (“JABC”) and its affiliates beneficially own approximately 53% of the fully diluted shares of our Class A Common Stock and, as such, have the ability to effect 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, JAB Beauty B.V., owns approximately 53% 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, JAB 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. In addition, 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 may be different from or conflict with our interests or the interests of our other stockholders. JABC and its affiliates are 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 may also pursue acquisition opportunities that are complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, JABC’s obligations under its credit facility may cause JABC to take actions which may be inconsistent with your interests. Accordingly, the interests of JABC may not always coincide with our interests or the interests of other stockholders, and JABC 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”.

For so long as 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.

If we elect to rely 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 would 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.

The dual-listing of our Class A Common Stock on the NYSE and on Euronext Paris’s Professional Segment may adversely affect the liquidity and value of our Class A Common Stock.

We have announced our intention to apply to list our Class A Common Stock on Euronext Paris’s Professional Segment. While the dual-listing of our Class A Common Stock is intended to promote additional liquidity for investors and provide greater access to our Class A Common Stock among investors in Europe who may be required to invest in Eurozone markets or certain currencies only, we cannot predict the effect of this dual-listing on the value of our Class A Common Stock on the NYSE and Euronext Paris’s Professional Segment. To the contrary, the dual-listing of our Class A Common Stock may dilute the liquidity of these securities in one or both markets and may adversely affect the development of an active trading market for Class A Common Stock on Euronext Paris’s Professional Segment. The price of our Class A Common Stock listed on Euronext Paris’s Professional Segment could also be adversely affected by trading in our Class A Common Stock on the NYSE. In addition, currency fluctuations between the Euro and U.S. dollar may have an adverse impact on the value of our Class A Common Stock traded on Euronext Paris’s Professional Segment.

Upon the completion of the dual-listing, it is expected that there will be, at least initially, limited liquidity on the Euronext Paris market insofar as the probability is very low that a counterparty for a transaction in euros will arise. As of the date of this Annual Report, we have not appointed any market maker on the Euronext Paris market but may do so in the future. On this basis, the liquidity of our Class A Common Stock traded on Euronext Paris may be uncertain and investors on the Euronext Paris market may need to assess their ability to adjust the size of their position given the then trading liquidity prior to investing in our securities.

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., Amsterdam, Netherlands, and Singapore.

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, 2023. The leases expire at various times subject to certain renewal options at our option.

<u>Location/Facility</u>	<u>Use</u>	<u>Segment</u>
Amsterdam, Netherlands (leased)	Corporate	Corporate
New York, New York, U.S. (leased)	Corporate/Commercial	Corporate / Consumer Beauty
Paris, France (3 locations) (leased)	Corporate/Commercial	Corporate / Prestige
Singapore, Singapore (leased)	Corporate/Commercial	Corporate
Ashford, England (land leased, building owned)	Manufacturing	Consumer Beauty
Chartres, France (owned)	Manufacturing	Prestige
Granollers, Spain (owned)	Manufacturing	Prestige
Hunt Valley, U.S. (owned)	Manufacturing	Consumer Beauty
Monaco, Monaco (leased)	Manufacturing /R&D	Prestige
Sanford, North Carolina, U.S. (owned)	Manufacturing	Prestige
Senador Canedo, Brazil (owned)	Manufacturing	Consumer Beauty
Wujiang, China (owned)	Manufacturing	Consumer Beauty
Morris Plains, New Jersey, U.S. (leased)	R&D	All segments

Item 3. Legal Proceedings.

For information on our legal matters, see Note 26—Legal and Other Contingencies in the notes to our Consolidated Financial Statements.

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, 2023 there were 690 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

On April 29, 2020, our Board of Directors suspended the payment of dividends on our common stock, in accordance with our 2018 Coty Credit Agreement, as amended. As we focus on preserving cash, we have continued to suspend the payment of Common Stock dividends. Any determination to pay dividends on our common stock in the future will be at the discretion of our Board of Directors and is subject to the restrictions under the terms of the Convertible Series B Preferred Stock described below.

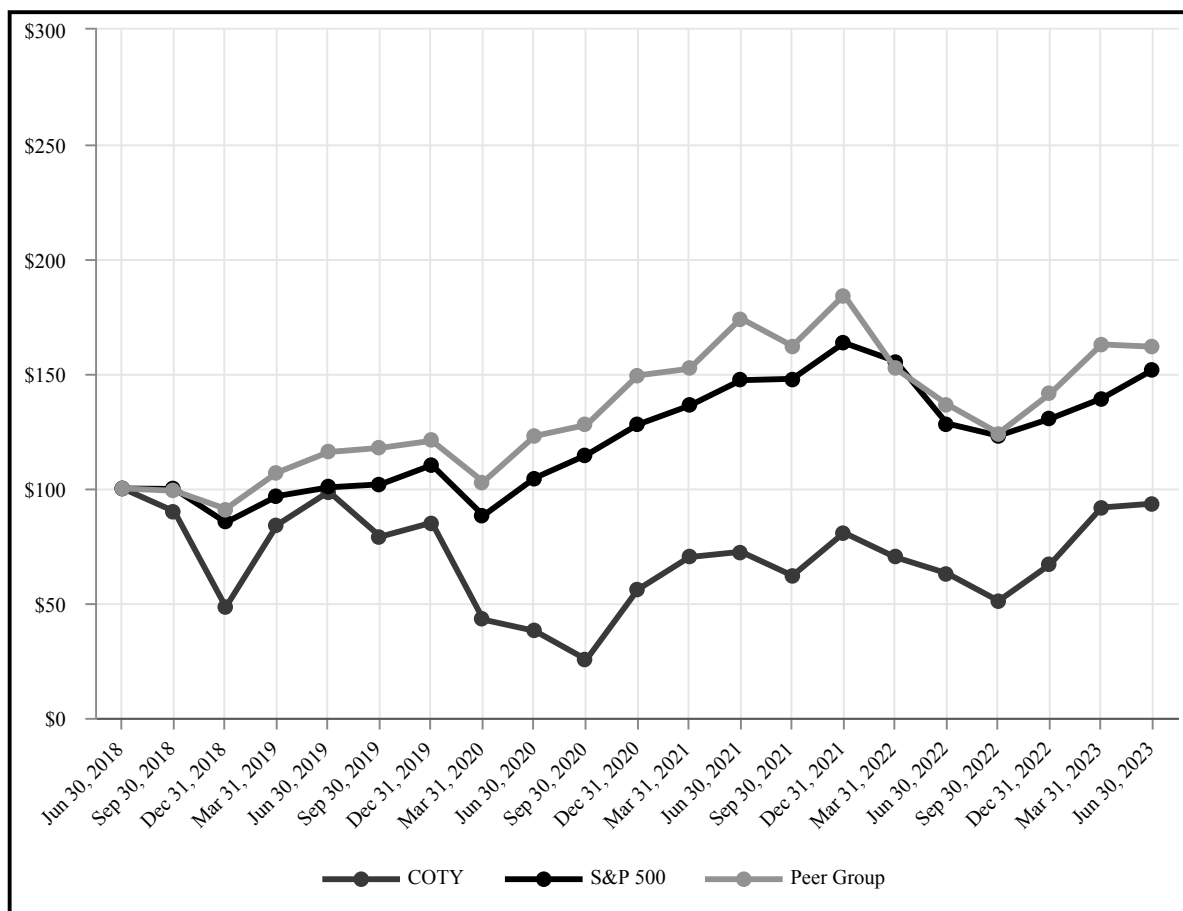
Dividends on the Convertible Series B Preferred Stock are payable in cash, or by increasing the amount of accrued dividends on Convertible Series B Preferred Stock, or any combination thereof, at the sole discretion of the Company. After the expiration of applicable restrictions under the 2018 Coty Credit Agreement, as amended, we began to pay dividends on the Convertible Series B Preferred Stock in cash for the period ending June 30, 2021, and we expect to continue to pay such dividends in cash on a quarterly basis, subject to the declaration thereof by our Board of Directors. The terms of the Convertible Series B Preferred Stock restrict our ability to declare cash dividends on our common stock until all accrued dividends on the Convertible Series B Preferred Stock have been declared and paid in cash.

Furthermore, we are required to comply with certain covenants contained within the agreements that govern our indebtedness, including our credit agreements and the indentures relating to our senior secured notes and 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 2023 Peer Group ^(b)



^(a) Total return assumes reinvestment of dividends at the closing price at the end of each quarter, since June 30, 2018.

^(b) The Peer Group includes L'Oréal S.A., Inc., Estée Lauder Companies, Inc., Beiersdorf AG, Shiseido Company, Limited and Inter Parfums Inc. We added Beiersdorf AG to our peer group to replace Revlon, Inc. following its delisting from the New York Stock Exchange.

The Market Performance Graph above assumes a \$100.00 investment on June 30, 2018, 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 the 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 ^(e) (excluding securities reflected in column(1))
Equity compensation plans approved by security holders			
Options ^(a)	5,084,137	\$ 13.06	
Restricted Stock Units ^(a)	33,932,994	N/A	
Performance Restricted Stock Units ^(f)	11,640,282	N/A	
Subtotal	50,657,413	—	35,856,976
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	—	—
Total	52,006,845	—	35,507,544

N/A is not applicable

^(a) For information about Options and Restricted Stock Units, 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. Each phantom unit has an economic value equivalent to one share of the Company's Class A Common Stock. The phantom units vested on the fifth anniversary of the grant date. 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.

^(f) Performance Restricted Stock Units are subject to the achievement of performance objectives and continued employment through vesting date.

Issuer Purchases of Equity Securities

No shares of Class A Common Stock were repurchased during the fiscal years ended June 30, 2023 and 2022.

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 one of the world’s largest beauty companies, with an iconic portfolio of brands across fragrance, color cosmetics, and skin and body care. We continue to make progress on our strategic priorities, including stabilizing and growing our Consumer Beauty brands through leading innovation and improved execution, accelerating our Prestige fragrance business and ongoing expansion into Prestige cosmetics, building a comprehensive skincare portfolio leveraging existing brands, enhancing our e-commerce and Direct-to-Consumer (“DTC”) capabilities, expanding our presence in China and travel retail through Prestige products and select Consumer Beauty brands, and establishing Coty as an industry leader in sustainability. Our brands empower people to express themselves freely, creating their own visions of beauty; and we are committed to making a positive impact on the planet.

We remain attentive to economic and geopolitical conditions that may materially impact our business. We continue to explore and implement risk mitigation strategies in the face of these unfolding conditions and remain agile in adapting to changing circumstances. Such conditions, including risks and uncertainties associated with the economy in China and the broader global economy, global inflation, and resulting impacts from the conflict between Russia and Ukraine, have or may have global implications that may impact the future performance and growth of our business in unpredictable ways.

Our operations outside of the United States account for a significant portion of our revenues and expenses. As a result, a substantial portion of our total revenue and expenses are denominated in currencies other than the U.S. dollar. Exchange rates between certain of these currencies and the U.S. dollar have fluctuated significantly and may continue to do so in the future.

Our revenues grew across both divisions in fiscal 2023 and benefited from price increases across our product portfolio despite stable year-over-year sales volumes and market share declines across certain major product categories. Fluctuations in foreign exchange rates may have a significant impact our operating results. During fiscal 2023, fluctuations in the U.S. dollar relative to certain other foreign currencies – such as the euro and British pound – reduced our reported revenue and expenses, such as those expenses principally related to cost of sales, fixed costs, and advertising and consumer promotional costs. Refer to Part I, Item 1A under the heading “Risk Factors” for a discussion of these factors and other risks.

We expect that our net revenue for fiscal year 2024 will grow in the mid-to-high single digits versus the prior year, excluding the impact of foreign exchange and the early termination of the *Lacoste* fragrance license.

Global Supply Chain Challenges

We experienced global supply chain challenges resulting from industry-wide component shortages and transportation delays. These challenges have negatively impacted order fill rates across our product categories, particularly prestige fragrances where there has been demand growth, especially in North America and certain European countries.

In the second half of fiscal 2023 we saw sequential quarterly improvements in our order fill rates on a company-wide basis and continue to take steps to improve order fill rates and mitigate the impact of these constraints, including working closely with our suppliers to ensure the availability of components such as glass and metal, and building our inventory levels to meet demand. We expect to sustain the progress made this fiscal year, into the first quarter of fiscal 2024, or make incremental improvements to our order fill rates on a divisional and company-wide basis.

Inflation

Inflationary trends in certain markets and global supply chain challenges may negatively affect our sales and operating performance. We experienced the impact of inflation on material, logistical and other costs during fiscal 2023. We will continue to implement mitigation strategies and price increases to offset these trends; however, such measures may not fully offset the impact to our operating performance.

Russia-Ukraine War

We recognized total pre-tax gains of \$17.0 in fiscal year 2023 related to our market exit of Russia primarily related to a bad debt accrual release due to better than expected collections. We also recognized \$0.4 of income tax benefits. We anticipate that we will incur an immaterial amount of additional costs through completion of the wind down. Additionally, we anticipate derecognizing the cumulative translation adjustment balance pertaining to the Russian subsidiary. We have substantially completed our commercial activities in Russia. However, we anticipate that the process related to the liquidation of the Russian legal entity will take an extended period of time.

Selected Financial Data

(in millions, except per share data)	Year Ended June 30,		
	2023	2022	2021
Net revenues	\$ 5,554.1	\$ 5,304.4	\$ 4,629.9
Gross profit	3,547.3	3,369.2	2,768.2
Restructuring costs	(6.5)	(6.5)	63.6
Acquisition- and divestiture-related costs	—	14.7	138.8
Asset impairment charges	—	31.4	—
Operating income (loss)	543.7	240.9	(48.6)
Interest expense, net	257.9	224.0	235.1
Other Income, net	(419.0)	(409.9)	(43.9)
Income (loss) from continuing operations before income taxes	704.8	426.8	(239.8)
Provision (benefit) for income taxes on continuing operations	181.6	164.8	(172.0)
Net income (loss) from continuing operations	523.2	262.0	(67.8)
Net income (loss) from discontinued operations	—	5.7	(137.3)
Net income (loss)	523.2	267.7	(205.1)
Net income (loss) attributable to Coty Inc.	\$ 508.2	\$ 259.5	\$ (201.3)
Amounts attributable to Coty Inc.:			
Net income (loss) from continuing operations attributable to common stockholders	\$ 495.0	\$ 55.5	\$ (166.3)
Net income (loss) from continuing operations attributable to common stockholders	\$ 495.0	\$ 61.2	\$ (303.6)
Per Share Data:			
Net income (loss) attributable to Coty Inc. per common share:			
Basic income (loss) from continuing operations	\$ 0.58	\$ 0.07	\$ (0.22)
Basic income (loss) for Coty Inc.	\$ 0.58	\$ 0.08	\$ (0.40)
Diluted income (loss) from continuing operations	\$ 0.57	\$ 0.07	\$ (0.22)
Diluted income (loss) for Coty Inc.	\$ 0.57	\$ 0.08	\$ (0.40)
Weighted-average common shares			
Basic	849.0	820.6	764.8
Diluted	886.5	834.1	764.8
(in millions)			
Consolidated Statements of Cash Flows Data:			
Net cash provided by operating activities	\$ 625.7	\$ 726.6	\$ 318.7
Net cash (used in) provided by investing activities	(118.2)	269.7	2,441.9
Net cash (used in) financing activities	(469.3)	(1,034.0)	(2,795.1)
As of June 30,			
(in millions)			
Consolidated Balance Sheets Data:			
Cash and cash equivalents	\$ 246.9	\$ 233.3	\$ 253.5
Total assets	12,661.6	12,116.1	13,691.4
Total debt, net of discount	4,265.9	4,473.9	5,476.9
Total Coty Inc. stockholders' equity	3,811.1	3,154.5	2,860.7

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 EBITDA, 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/Adjusted EBITDA from continuing operations excludes restructuring costs and business structure realignment programs, amortization, acquisition- and divestiture-related costs and acquisition accounting impacts, stock-based compensation, and asset impairment charges and other adjustments as described below. For adjusted EBITDA, in addition to the preceding, we exclude adjusted depreciation as defined 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 implement divestitures of components of our business, 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 items and preferred stock deemed dividends, 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 supplements 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 supplements 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 supplements 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.
- Gain on sale and termination of brand assets: We have excluded the impact of gain on sale and termination of brand assets as such amounts are inconsistent in amount and frequency and are significantly impacted by the size of the sale and termination of brand assets.
- Costs related to market exit: We have excluded the impact of direct incremental costs related to our decision to wind down our business operations in Russia. We believe that these direct and incremental costs are inconsistent and infrequent in nature. Consequently, our management believes that the adjustment of these items supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Gains on sale of real estate: We have excluded the impact of gains on sale of real estate as such amounts are inconsistent in amount and frequency and are significantly impacted by the size of the sale. Our management believes that the adjustment of these items supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Stock-based compensation: Although stock-based compensation is a key incentive offered to our employees, we have excluded the effect of these expenses from the calculation of adjusted operating income and adjusted EBITDA. This is due to their primarily non-cash nature; in addition, the amount and timing of these expenses may be highly variable and unpredictable, which may negatively affect comparability between periods.
- Depreciation and Adjusted depreciation: Our adjusted operating income excludes the impact of accelerated depreciation for certain restructuring projects that affect the expected useful lives of Property, Plant and Equipment, as such charges vary significantly based on the size and timing of the programs. Further, we have excluded adjusted depreciation, which represents depreciation expense net of accelerated depreciation charges, from our adjusted EBITDA. Our management believes that the adjustment of these items supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- Other (income) expense: We have 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. Further, we have excluded the change in fair value of the investment in Wella, as our management believes these unrealized (gains) and losses do not reflect our underlying ongoing business, and the adjustment of such impact helps investors and others compare and analyze performance from period to period. We have excluded the gain on the exchange of Series B Preferred Stock. Such transactions do not reflect our operating results and we have excluded the impact as our management believes that the adjustment of these items supplements the GAAP information with a measure that can be used to assess the sustainability of our operating performance.
- 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 noncontrolling 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. Additionally, adjustments are made for the tax impact of any intra-entity transfer of assets and liabilities.

- **Deemed Preferred Stock Dividends:** We have excluded preferred stock deemed dividends related to the First Exchange and the Second Exchange (as disclosed and defined in Note 13—Equity Investments in our Annual Report on Form 10-K for fiscal 2023) from our calculation of adjusted net income attributable to Coty Inc. These deemed dividends are nonmonetary in nature, the transactions were entered into to simplify our capital structure and do not reflect our underlying ongoing business. Management believes that this adjustment helps investors and others compare and analyze our performance from period to period.

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, Divestitures, Terminations and Market Exit from Russia

During the period when we complete an acquisition, divestiture, early license termination, or market exit, 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 or markets exited in the prior year period, to maintain comparable financial results with the current fiscal year period. Acquisitions, divestitures, early license terminations, and market exits 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, termination, or market exit	Acquisition, divestiture, termination, or market exit	Impact on basis of 2023/2022 presentation	Impact on basis of 2022/2021 presentation
Third quarter fiscal 2023	Market Exit from Russia	Third and fourth quarters fiscal 2022 net revenue excluded.	<i>n/a</i>

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

Financial results for the Wella Business for fiscal year 2021 are presented as discontinued operations.

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

NET REVENUES

In fiscal 2023, net revenues increased 5%, or \$249.7, to \$5,554.1 from \$5,304.4 in fiscal 2022. Excluding net revenue from the second half of the prior period from Russia, net revenues increased 6% or \$276.8 to \$5,554.1 from \$5,277.3, reflecting a positive price and mix impact of 11% partially offset by a negative foreign currency exchange translation impact of 5%.

Net revenues grew across both our segments. The growth in our Consumer Beauty segment was due to positive performance across the body care, skincare, and color cosmetics categories. Growth in our Prestige segment was primarily due to the positive performance in the prestige fragrance category due to the continued success of fragrance brands such as *Burberry*, *Calvin Klein*, *Hugo Boss*, *Gucci*, and *Marc Jacobs*. Although, the prestige make up category was negatively impacted by COVID-19 related to the lockdowns in China in the earlier portion of the fiscal period, this category began to show recovery in the last quarter of the fiscal period. The overall increase in net revenues reflects the successful implementation of global price increases across all product categories, our product premiumization strategy, and positive overall market trends.

Net revenues also grew across all of our major geographic regions led by growth in the U.S. and Brazil. Additionally, there was an increase in travel retail sales in all major regions due to increased leisure travel in the period.

The overall increase in net revenues was partially offset by the negative impact of foreign exchange headwinds on net revenues, primarily affecting the euro and British pound.

Our ongoing exit from Russia impacted the overall change in our reported net revenues. Considering total fiscal year-to-date net revenues from Russia in both the current and prior year periods, the net negative impact on our fiscal year-to-date reported net revenue was approximately 1% on a consolidated basis, 1% for our Prestige division, and 1% for our Consumer Beauty division.

In fiscal 2022, net revenues increased 15%, or \$674.5, to \$5,304.4 from \$4,629.9 in fiscal 2021, reflecting a positive price and mix impact of 10%, an increase in unit volume of 6%, partially offset by a negative foreign currency exchange translation impact of 1%. The increase in net revenues primarily reflects the reopening of stores across regions and increased leisure travel due to reduced COVID restrictions. The reduced travel restrictions have contributed to increased sales through travel retail channels. A number of countries continued to experience rolling lockdowns; however, these lockdowns were confined to certain localities. Increased foot traffic and demand had a favorable impact on both the Prestige and Consumer Beauty segments, with the highest impact on the Prestige segment. In addition, the Prestige segment benefited from various strong and successful launches such as *Gucci Flora*, *Burberry Hero*, *Tiffany Rose Gold*, *Hugo Boss The Scent* and the relaunch of *Kylie cosmetics*. The Consumer Beauty segment also experienced net revenue increase due to COVID-19 recovery and market share gains as a result of a repositioning and reinvestment in key color cosmetics brands. Furthermore, the continued growth of e-commerce across the regions and continued market growth in the U.S. and Europe contributed to the net revenue increase. China also contributed to net revenue increase despite a downturn in economic conditions due to increased COVID-19 restrictions impacting performance in the second half of the fiscal year.

(in millions)	Year Ended June 30,			Change %	
	2023	2022	2021	2023/2022	2022/2021
NET REVENUES					
Prestige	\$ 3,420.5	\$ 3,267.9	\$ 2,720.8	5%	20%
Consumer Beauty	2,133.6	2,036.5	1,909.1	5%	7%
Total	\$ 5,554.1	\$ 5,304.4	\$ 4,629.9	5%	15%

Prestige

In fiscal 2023, net revenues in the Prestige segment increased 5%, or \$152.6 to \$3,420.5 from \$3,267.9 in fiscal 2022. Excluding net revenue from the second half of the prior period from Russia, net revenues increased 6% or \$169.0 to \$3,420.5 from \$3,251.5, reflecting a positive price and mix impact of 11% partially offset by a negative foreign currency exchange translation impact of 5%. The increase in net revenues primarily reflects:

- (i) the continued success and growth of prestige fragrances, specifically *Burberry Hero*, *Burberry Her*, *Calvin Klein*, *Hugo Boss Boss Bottled*, *Gucci Flora*, and *Marc Jacobs Daisy*;
- (ii) the positive pricing impact as a result of global price increases and in line with the overall premiumization strategy;
- (iii) growth in travel retail net revenues in all major regions due to increased leisure travel compared to the prior year; and
- (iv) growth in the U.S due to positive market trends and innovation in the prestige fragrance brands.

These increases were partially offset by:

- (i) lower net revenues in the Prestige makeup category impacted by a decline in *Gucci* makeup travel retail sales in the Asia Pacific region as a result of slow recovery from the lockdowns in China; and
- (ii) lower net revenues for *philosophy* due to less innovation and repositioning of the brand.

In fiscal 2022, net revenues in the Prestige segment increased 20%, or \$547.1, to \$3,267.9 from \$2,720.8 in fiscal 2021, reflecting an increase in unit volume of 18%, a positive price and mix impact of 4%, partially offset by a negative foreign currency exchange translation impact of 2%. The increase in net revenues primarily reflects:

- (i) an increase in net revenues driven by market growth in the U.S. and Europe amid a post COVID-19 recovery, as well as from the travel retail business in many localities, particularly in North America, Europe, and China, had reduced travel restrictions and reopened for leisure travel as they emerge from the COVID-19 pandemic;
- (ii) an increase in net revenues from the new launches of *Gucci Flora*, *Burberry Hero*, *Tiffany Rose Gold*, *CK Defy*, *Hugo Boss The Scent*, and the global relaunch of *Kylie cosmetics* in the current fiscal year, as well as the continued success of *Gucci Makeup*, *Gucci Guilty*, *Burberry Her*, *Gucci Bloom*, *Chloe Atelier des Fleurs*, and *Marc Jacobs Perfect*;
- (iii) an increase in net revenues due to positive pricing impact and product mix as a result of global price increases and an overall premiumization strategy focusing on premium plus brands, selling new launches at higher prices, and reducing tail lines resulting in more optimized shelf space utilization; and
- (iv) an increase in net revenues due to the growth of e-commerce across the regions, distribution expansion in China, and additional shelf space in the U.S. retail stores.

These increases were partially offset by:

- (i) lower net revenues due to strategic initiatives to reduce sales through lower priced channels;
- (ii) lower net revenues in the last fiscal quarter from China due to increased COVID restrictions limiting travel and consumer spending;
- (iii) lower net revenues related to *Kylie Skin* products due to less innovation in the current fiscal year; and
- (iv) a decrease in the U.S. net revenues for improvements in returns trends for *philosophy* in the prior year.

Consumer Beauty

In fiscal 2023, net revenues in the Consumer Beauty segment increased 5%, or \$97.1, to \$2,133.6 from \$2,036.5 in fiscal 2022. Excluding net revenue from the second half of the prior period from Russia, net revenues increased 6% or \$107.8 to \$2,133.6 from \$2,025.8, reflecting a positive price and mix impact of 10% partially offset by a negative foreign currency exchange translation impact of 4%. The increase in net revenues primarily reflects:

- (i) an increase in net revenues from color cosmetics brands, including *CoverGirl* due to positive pricing impact and higher sell out resulting in lower returns and markdowns in the U.S., and *Rimmel Manhattan* due to brand innovation and positive price and mix impact in major European markets, such as Germany, Austria and Switzerland, and Australia;
- (ii) an increase in net revenues from the skin and body care brands in Brazil due to strong category momentum, and positive product mix impact, as well as due to innovation in brands such as *Monange* and market share gains for *Paixao*; and
- (iii) due to price increases across the Consumer Beauty product portfolio.

These increases were partially offset by lower net revenues from the mass fragrance category, primarily due to negative foreign currency exchange translation impacts.

In fiscal 2022, net revenues in the Consumer Beauty segment increased 7%, or \$127.4, to \$2,036.5 from \$1,909.1 in fiscal 2021, reflecting an increase in unit volume of 5%, and a positive price and mix impact of 3%, partially offset by a negative foreign currency exchange translation impact of 1%. The increase in net revenues primarily reflects:

- (i) an increase in net revenues due to market share gain from certain key color cosmetics brands as a result of new brand positioning and enhanced support for these brands;
- (ii) an increase in net revenues due to market recovery from COVID-19 and positive market share uplift in the color cosmetics and fragrance categories, increasing customer demand and store traffic, as well as a healthy growth in e-commerce, which positively impacted brands within the segment; and
- (iii) an increase in net revenues due to a reduction in sales returns, discounts and allowances, primarily as a result of actions implemented in connection to our Transformation Plan. These actions involved selectively reducing the level of incentives and price reductions on certain products, limiting the frequency and number of shelf resets in the period, and better focusing on planning for new products.

These increases were partially offset by lower net revenues from *Beyoncé* and *Stetson* as a result of license expiration. Also, the exit from the Russian market negatively impacted brands such as *Bourjois*, which experienced a decline in net revenue, as well as *Max Factor*. In addition, nail category declines had a negative impact on our *Sally Hansen* brand net revenue in the fourth quarter. This resulted from the closure of nail salons in the prior year due to COVID restrictions which increased demand for at-home nail care, positively impacting the nail category and the brand's net revenue in fiscal 2021.

COST OF SALES

In fiscal 2023, cost of sales increased 4%, or \$71.6, to \$2,006.8 from \$1,935.2 in fiscal 2022. Cost of sales as a percentage of net revenues decreased to 36.1% in fiscal 2023 from 36.5% in fiscal 2022 resulting in a gross margin percentage increase of approximately 40 basis points, primarily reflecting:

- (i) approximately 30 basis points primarily related to manufacturing and material costs due to productivity improvements;
- (ii) approximately 20 basis points related to designer license fees due to favorable royalty related activity; and
- (iii) approximately 10 basis points related to excess and obsolescence costs.

These increases were partially offset by approximately 20 basis points in increased freight costs.

The above includes the negative impact of inflation (principally for material costs) and the positive impact from pricing, estimated at approximately 200 basis points each.

In fiscal 2022, cost of sales increased 4%, or \$73.5, to \$1,935.2 from \$1,861.7 in fiscal 2021. Cost of sales as a percentage of net revenues decreased to 36.5% in fiscal 2022 from 40.2% in fiscal 2021 resulting in a gross margin percentage increase of approximately 370 basis points primarily reflecting:

- (i) approximately 130 basis points related to positive product and category mix associated with increased contribution from higher margin Prestige products, reduced sales of products through lower priced channels, as well as price increases within our product portfolio;
- (ii) approximately 120 basis points related to favorable manufacturing fixed-cost absorption, a favorable impact on variable costs due to increased manufacturing efficiencies, improvements in productivity, as well as procurement and material cost optimization;
- (iii) approximately 60 basis points related to decreased excess and obsolescence expense on inventory due to improvements in the current fiscal year in forecasting sales and better focus on planning for new products, as well as the impact of greater sales volume in the fiscal year;
- (iv) approximately 30 basis points primarily related to reductions in Consumer Beauty, as a percentage of revenues, in promotional allowances and other trade spend items, which are recorded as adjustments to net sales;
- (v) approximately 20 basis points related to designer license fees due to a favorable impact associated with higher Prestige brand sales in the current year; and
- (vi) approximately 10 basis points related to freight expense, reflecting both the contribution from our cost savings measures as well as the increased volume of higher priced Prestige products sold.

Included in the above is the negative impact of inflation on material, freight, and energy costs of approximately 120 basis points.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In fiscal 2023, selling, general and administrative expenses decreased 2%, or \$63.0, to \$2,818.3 from \$2,881.3 in fiscal 2022. Selling, general and administrative expenses as a percentage of net revenues decreased to 50.7% in fiscal 2023 from 54.3% in fiscal 2022, or approximately 360 basis points. This decrease was primarily due to:

- (i) 130 basis points in stock-based compensation cost primarily related to a reduction in expense recognized in connection with a prior year's grant made to the CEO;
- (ii) 100 basis points due to a decrease in advertising and consumer promotional costs as a percentage of net revenues primarily related to a reduction of working media in the fiscal period;
- (iii) 100 basis points due to a decrease in administrative costs as a percentage of net revenues primarily due to lower depreciation expense related to fully depreciated IT equipment and lower consulting fees;
- (iv) 70 basis points due to a decrease in bad debt expense as a percentage of net revenues; and

- (v) 40 basis points due to a decrease in logistics costs as a percentage of net revenues.

These decreases were partially offset by the following increases:

- (i) 60 basis points due to unfavorable transactional impact from our exposure to foreign currency exchange fluctuations; and
- (ii) 30 basis points due to gains on sale of real estate recorded in the comparative period, which represented a greater percentage of net revenues compared to the net gains recorded in the current period, which primarily related to the early termination of the *Lacoste* license.

In fiscal 2022, selling, general and administrative expenses increased 22%, or \$518.1, to \$2,881.3 from \$2,363.2 in fiscal 2021. Selling, general and administrative expenses as a percentage of net revenues increased to 54.3% in fiscal 2022 from 51.0% in fiscal 2021, or approximately 330 basis points. This increase was primarily due to:

- (i) 520 basis points due to increase in advertising and consumer promotional costs related to support for certain key brands and product launches, as well as increased store promotions coinciding with store reopenings as COVID restrictions ease;
- (ii) 310 basis points in stock-based compensation primarily related to the CEO grant made on June 30, 2021;
- (iii) 90 basis points primarily related to the write-down of working capital, long-term assets, as well as contract termination charges and legal costs, in connection with our decision to exit Russia; and
- (iv) 30 basis points related to higher bad debt expense.

These increases were partially offset by the following decreases:

- (i) 330 basis points in administrative costs primarily due to a decrease in compensation related to a reduction in employee headcount;
- (ii) 220 basis points related to gains on sale of real estate;
- (iii) 50 basis points related to lower logistics costs as a percentage of net revenue; and
- (iv) 20 basis points related to sale of rights associated with certain brands distributed by a subsidiary in South Africa.

OPERATING INCOME (LOSS) FROM CONTINUING OPERATIONS

In fiscal 2023, operating income from continuing operations was \$543.7 compared to a income of \$240.9 in fiscal 2022. Operating income as a percentage of net revenues, improved to 9.8% in fiscal 2023 as compared to Operating income as a percentage of net revenues of 4.5% in fiscal 2022. The improved operating margin is largely driven by lower fixed costs as a percentage of net revenues, lower stock-based compensation as a percentage of net revenues, lower advertising and consumer promotional spending as a percentage of net revenues, and an asset impairment charge related to the impairment of indefinite-lived intangibles recorded in the prior period.

In fiscal 2022, operating income from continuing operations was \$240.9 compared to a loss of \$48.6 in fiscal 2021. Operating income as a percentage of net revenues, improved to 4.5% in fiscal 2022 as compared to Operating loss as a percentage of net revenues of (1.0)% in fiscal 2021. The improved operating margin is largely driven by lower cost of goods sold as a percentage of net revenues, a reduction in fixed costs, decrease in acquisition and divestiture related expenses, gains recognized on sale of real estate, lower amortization expense, decrease in restructuring expense, partially offset by an increase in advertising and consumer promotional costs, higher stock-based compensation and asset impairment charges related to the impairment of indefinite-lived intangibles.

Operating Income (Loss) by Segment

(in millions)	Year Ended June 30,			Change %	
	2023	2022	2021	2023/2022	2022/2021
Operating income (loss) from continuing operations					
Prestige	\$ 483.7	\$ 367.2	\$ 158.1	32%	>100%
Consumer Beauty	63.3	9.5	26.9	>100%	(65%)
Corporate	(3.3)	(135.8)	(233.6)	98%	42%
Total	\$ 543.7	\$ 240.9	\$ (48.6)	>100%	>100%

Prestige

In fiscal 2023, operating income for Prestige was \$483.7 compared to income of \$367.2 in fiscal 2022. Operating margin improved to 14.1% of net revenues in fiscal 2023 as compared to 11.2% in fiscal 2022, driven primarily by lower fixed costs as a percentage of net revenues, lower cost of goods sold as a percentage of net revenues and lower amortization expense as a percentage of net revenues.

In fiscal 2022, operating income for Prestige was \$367.2 compared to income of \$158.1 in fiscal 2021. Operating margin improved to 11.2% of net revenues in fiscal 2022 as compared to 5.8% in fiscal 2021, driven primarily by higher sales volume, lower cost of goods sold as a percentage of net revenues, lower fixed costs as a percentage of net revenues and a decrease in amortization expense, partially offset by an increase in advertising and consumer promotional costs.

Consumer Beauty

In fiscal 2023, operating income for Consumer Beauty was \$63.3 compared to income of \$9.5 in fiscal 2022. Operating margin improved to 3.0% of net revenues in fiscal 2023 as compared to 0.5% in fiscal 2022, driven by lower advertising and consumer promotional costs as a percentage of net revenues, an impairment charge related to the impairment of indefinite-lived intangibles recorded in the prior period, and lower fixed costs as a percentage of net revenues, partially offset by an increase in cost of sales as a percentage of net revenues.

In fiscal 2022, operating income for Consumer Beauty was \$9.5 compared to income of \$26.9 in fiscal 2021. Operating margin worsened to 0.5% of net revenues in fiscal 2022 as compared to 1.4% in fiscal 2021, driven by an increase in advertising and consumer promotional costs and asset impairment charges related to the impairment of indefinite-lived intangibles, partially offset by higher sales volume, a reduction in fixed costs, lower cost of goods sold as a percentage of net revenues, and a decrease in amortization expense.

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 \$3.3, \$135.8 and \$233.6 in fiscal 2023, 2022 and 2021, respectively, as described under “Adjusted Operating Income” below. The operating loss of \$3.3 in fiscal 2023 declined in comparison to the prior year primarily due to lower stock based compensation, a gain recognized due to the early termination of the *Lacoste* fragrance license in the current period, and a reduction in acquisition and divestiture related costs, partially offset by a gain on sale of real estate recognized in the comparative period.

The operating loss of \$135.8 in fiscal 2022 includes stock-based compensation, costs related to the Russia market exit, restructuring and other business realignment costs, acquisition and divestiture related costs, partially offset by a gains on the sale of real estate.

The operating loss of \$233.6 in fiscal 2021 includes acquisition and divestiture related costs, restructuring and other business realignment costs, and stock-based compensation.

Continuing Operations by Segment

We believe that adjusted operating income (loss) 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, 2023		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted operating income (loss) from continuing operations			
Prestige	\$ 483.7	\$ 151.4	\$ 635.1
Consumer Beauty	63.3	40.4	103.7
Corporate	(3.3)	3.3	—
Total	\$ 543.7	\$ 195.1	\$ 738.8

(in millions)	Year Ended June 30, 2022		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted operating income (loss) from continuing operations			
Prestige	\$ 367.2	\$ 162.9	\$ 530.1
Consumer Beauty	9.5	75.9	85.4
Corporate	(135.8)	135.8	—
Total	\$ 240.9	\$ 374.6	\$ 615.5

(in millions)	Year Ended June 30, 2021		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Adjusted operating income (loss) from continuing operations			
Prestige	\$ 158.1	\$ 201.2	\$ 359.3
Consumer Beauty	26.9	50.0	76.9
Corporate	(233.6)	233.6	—
Total	\$ (48.6)	\$ 484.8	\$ 436.2

^(a) See a reconciliation of reported operating income (loss) to adjusted operating income and a description of the adjustments under "Adjusted Operating Income (Loss) 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 Prestige and Consumer Beauty segments.

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

Adjusted operating income (loss) 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 income (loss) is presented below:

(in millions)	Year Ended June 30,			Change %	
	2023	2022	2021	2023/2022	2022/2021
Reported operating income (loss) from continuing operations	\$ 543.7	\$ 240.9	\$ (48.6)	>100%	>100%
<i>% of Net revenues</i>	<i>9.8%</i>	<i>4.5%</i>	<i>(1.0%)</i>		
Amortization expense	191.8	207.4	251.2	(8%)	(17%)
Restructuring and other business realignment costs	(6.3)	4.7	67.0	<(100%)	(93%)
Stock-based compensation	135.9	195.5	27.8	(30%)	>100%
Costs related to acquisition and divestiture activities	—	14.7	138.8	(100%)	(89%)
Asset impairment charges	—	31.4	—	(100%)	N/A
(Gains) Costs related to market exit	(17.0)	45.9	—	<(100%)	N/A
Gains on sale and termination of brand assets	(104.4)	(9.5)	—	<(100%)	N/A
Gains on sale of real estate	(4.9)	(115.5)	—	96%	N/A
Total adjustments to reported operating loss	195.1	374.6	484.8	(48%)	(23)%
Adjusted operating income from continuing operations	\$ 738.8	\$ 615.5	\$ 436.2	20%	41 %
<i>% of Net revenues</i>	<i>13.3%</i>	<i>11.6%</i>	<i>9.4%</i>		
Adjusted depreciation	234.0	289.8	325.8	(19%)	(11)%
Adjusted EBITDA	\$ 972.8	\$ 905.3	\$ 762.0	7%	19 %
<i>% of Revenues</i>	<i>17.5%</i>	<i>17.1%</i>	<i>16.5%</i>	<i>2.3 %</i>	<i>3.6 %</i>

In fiscal 2023, adjusted operating income was \$738.8 compared to income of \$615.5 in fiscal 2022. Adjusted operating margin increased to 13.3% of net revenues in fiscal 2023 as compared to 11.6% in fiscal 2022. In fiscal 2023, adjusted EBITDA was \$972.8 compared to \$905.3 in fiscal 2022. Adjusted EBITDA margin increased to 17.5% of net revenues in 2023 as compared to 17.1% in fiscal 2022, primarily driven by lower fixed costs as a percentage of net revenues, and lower advertising and consumer promotional costs as a percentage of net revenues.

In fiscal 2022, adjusted operating income was \$615.5 compared to an income of \$436.2 in fiscal 2021. Adjusted operating margin increased to 11.6% of net revenues in fiscal 2022 as compared to 9.4% in fiscal 2021. In fiscal 2022, adjusted EBITDA was \$905.3 compared to \$762.0 in fiscal 2021. Adjusted EBITDA margin increased to 17.1% of net revenues in 2022 as compared to 16.5% in fiscal 2021, primarily driven by higher sales volume, lower cost of goods sold as a percentage of net revenues, and a reduction in fixed costs, partially offset by an increase in advertising and consumer promotional costs.

Amortization Expense

In fiscal 2023, amortization expense decreased to \$191.8 from \$207.4 in fiscal 2022. In fiscal 2023, amortization expense of \$151.4 and \$40.4, was reported in the Prestige and Consumer Beauty respectively. In fiscal 2022, amortization expense of \$162.9 and \$44.5, was reported in the Prestige and Consumer Beauty segments, respectively. The decrease was primarily driven by certain license and collaboration agreements, which fully amortized in early fiscal 2023 and fiscal 2022.

In fiscal 2022, amortization expense decreased to \$207.4 from \$251.2 in fiscal 2021. In fiscal 2021, amortization expense of \$201.2, \$50.0, was reported in the Prestige and Consumer Beauty segments, respectively. The decrease was primarily driven by finite intangible assets that are fully amortized as of fiscal 2021.

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 reached the end of the plan at the end of the fiscal period, however, we will continue looking for opportunities to improve our cost structure. Restructuring costs are initially based on estimates which may differ from actuals due to various factors including more than expected employee attrition and final negotiated severance packages. On May 11, 2020 we

announced an expansion of the Turnaround Plan to further reduce fixed costs, the Transformation Plan. We incurred \$517.7 of cash costs life-to-date as of June 30, 2023, which have been recorded in Corporate.

In fiscal 2023, we incurred a credit in restructuring and other business structure realignment costs of \$(6.3), as follows:

- We incurred a credit in restructuring costs of \$(6.5), related to the Transformation Plan, included in the Consolidated Statements of Operations and
- We incurred business structure realignment costs of \$0.2 primarily related to our Transformation Plan. This amount includes \$0.9 reported in cost of sales in the Consolidated Statement of Operations, and a credit of \$(0.7) reported in selling, general and administrative expenses.

In fiscal 2022, we incurred restructuring and other business structure realignment costs of \$4.7, as follows:

- We incurred a credit in restructuring costs of \$(6.5) primarily related to the Transformation Plan, included in the Consolidated Statements of Operations. Included within the credit in restructuring costs is \$(6.3) related to employee severances in connection with our exit of Russia; and
- We incurred business structure realignment costs of \$11.2 primarily related to our Transformation Plan and certain other programs. This amount includes \$11.6 reported in cost of sales due to an increase in accelerated depreciation as part of Transformation Plan, and a credit of \$(0.4) reported in selling, general and administrative expenses in the Consolidated Statement of Operations.

In fiscal 2021, we incurred restructuring and other business structure realignment costs of \$67.0, as follows:

- We incurred restructuring costs of \$63.6 primarily related to the Transformation Plan, included in the Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$3.4 primarily related to our Transformation Plan and certain other programs. This amount includes \$8.3 reported in cost of sales due to an increase in accelerated depreciation as part of Transformation Plan, and a credit of \$(4.9) reported included in selling, general and administrative expenses, which is a result of changes in estimate, in the Consolidated Statement of Operations.

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

Stock-based compensation

In fiscal 2023, stock-based compensation was \$135.9 as compared with \$195.5 in fiscal 2022. The decrease in stock-based compensation is primarily related to a reduction in expense recognized in connection with a prior year's grant made to the CEO.

In fiscal 2022, stock-based compensation was \$195.5 as compared with \$27.8 in fiscal 2021. The increase in stock-based compensation is primarily related to the CEO grant made on June 30, 2021.

In all reported periods, all costs related to stock-based compensation were reported in Corporate.

Acquisition- and divestiture-related costs

In fiscal 2023, we incurred no costs related to acquisition- and divestiture-activities.

In fiscal 2022, we incurred \$14.7 of acquisition- and divestiture-related costs which were associated with the Wella Transaction.

In fiscal 2021, we incurred \$138.8 of acquisition- and divestiture-related costs, of which \$135.8 were associated with the Wella Transaction, and \$3.0 were consulting and legal costs associated with the Kim Kardashian Transaction.

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

Asset Impairment Charges

In fiscal 2023, we did not incur any asset impairment charges.

In fiscal 2022, we incurred \$31.4 of asset impairment charges related to the impairment of indefinite-lived intangibles in connection with our decision to exit Russia, all of which was reported in Consumer Beauty.

In fiscal 2021, 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.

(Gains) Costs Related to Market Exit

In fiscal 2023, we recognized gains of \$(17.0) related to our decision to wind down our business operations in Russia which are included in Selling, general and administrative expenses and Cost of sales in the Consolidated Statements of Operations.

In fiscal 2022, we incurred costs of \$45.9 related to our decision to wind down our business operations in Russia which are included in Selling, general and administrative expenses and Cost of sales in the Consolidated Statements of Operations.

In fiscal 2021, we did not recognize costs related to a market exit.

Gains on Sale and Termination of Brand Assets

In fiscal 2023, we recognized a gain of \$104.4 related to the early termination of the *Lacoste* fragrance license.

In fiscal 2022, we recognized a gain of \$9.5 related to sale of brand assets in South Africa, which was reported in Corporate.

In fiscal 2021, we did not recognize any gain or loss on the sale and termination of brand assets.

Gains on Sale of Real Estate

In fiscal 2023, we recognized gains of \$4.9 related to sale of real estate, which was reported in Corporate.

In fiscal 2022, we recognized gains of \$115.5 related to sale of real estate, which was reported in Corporate.

In fiscal 2021, we did not recognize any gain or loss on the sale of real estate.

Adjusted depreciation expense

In fiscal 2023, adjusted depreciation expense of \$110.5 and \$123.5 was reported in the Prestige and Consumer Beauty segments, respectively.

In fiscal 2022, adjusted depreciation expense of \$138.7 and \$151.1 was reported in the Prestige and Consumer Beauty segments, respectively.

In fiscal 2021, adjusted depreciation expense of \$144.4 and \$181.4, was reported in the Prestige and Consumer Beauty segments, respectively.

INTEREST EXPENSE, NET

Net interest expense was \$257.9, \$224.0, and \$235.1 in fiscal 2023, fiscal 2022 and fiscal 2021, respectively. In fiscal year 2023, the increase in interest expense is primarily due to the impact of a higher average interest rate despite lower debt balances in the current period. In fiscal year 2022, the decrease in interest expense was primarily due to foreign currency exchange gains, offset by the impact of higher interest rates despite lower average debt balances.

OTHER EXPENSE (INCOME), NET

In fiscal 2023, net other income was \$419.0, primarily related to a favorable adjustment for the unrealized gain in the Wella investment of \$230.0 and unrealized gain on forward repurchase contracts of \$196.9.

In fiscal 2022, net other income was \$409.9, primarily related to a favorable adjustment for the unrealized gain in the Wella investment of \$403.9.

In fiscal 2021, net other income was \$43.9, primarily related to a favorable adjustment for the unrealized gain in the Wella investment of \$73.5, partially offset by write-off of deferred financing costs and debt discounts of \$24.2 as a result of prepayments of the 2018 Coty Term A and B Facilities.

INCOME TAXES

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

	2023	2022	2021
Provision (benefit) for income taxes	\$ 181.6	\$ 164.8	\$ (172.0)
Effective income tax rate	25.8 %	38.6 %	71.7 %

The effective income tax rate in fiscal 2023 is primarily due to the limitation on the deductibility of executive stock compensation, offset by fair value gains related to the investment in the Wella business at a lower tax rate.

The effective income tax rate in fiscal 2022 is primarily due to the limitation on the deductibility of executive stock compensation and tax costs associated with the Russia exit, offset by large fair value gains related to the investment in the Wella business at a lower rate.

The effective income tax rate in fiscal 2021 is primarily due to a preliminary benefit of \$234.4 recorded as a result of a tax rate differential on the deferred taxes recognized on the transfer of assets and liabilities, following the Company's relocation of the main principal location from Geneva to Amsterdam. The overall value of the assets and liabilities transferred was negotiated with both the Swiss and Dutch Tax Authorities and per terms of the agreements, will be reevaluated after three years. The Company also recorded an expense of \$130.0 related to an internal restructuring following the Wella divestiture, primarily intended to create a more efficient structure to hold its equity investment in Wella.

The effective rates vary from the U.S. Federal statutory rate of 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 Income (Loss) Before Income Taxes to Adjusted Income (Loss) Before Income Taxes and Effective Tax Rates from Continuing Operations:

(in millions)	Year Ended June 30, 2023			Year Ended June 30, 2022			Year Ended June 30, 2021		
	(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 income (loss) before income taxes	\$ 704.8	\$ 181.6	25.8 %	\$ 426.8	\$ 164.8	38.6 %	\$ (239.8)	\$ (172.0)	71.7 %
Adjustments to reported operating income (loss) ^(a)	195.1			374.6			484.8		
Change in fair value of investment in Wella Business ^(e)	(230.0)			(403.9)			(73.5)		
Other adjustments ^(f)	0.2			(2.4)			7.2		
Total Adjustments ^{(b)(c)(d)}	(34.7)	\$ (4.5)		(31.7)	(55.3)		418.5	204.3	
Adjusted income before income taxes	\$ 670.1	\$ 177.1	26.4 %	\$ 395.1	\$ 109.5	27.7 %	\$ 178.7	\$ 32.3	18.1 %

^(a) See a description of adjustments under "Adjusted Operating Income (Loss) 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 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. In connection with our decision to wind down our operations in Russia, we recognized tax charges related to certain direct incremental impacts of our decision, which are reflected in this amount, in fiscal 2023 and fiscal 2022.

^(c) The total tax impact on adjustments includes a tax benefit of \$0.4 and tax expense of \$24.1 for fiscal 2023 and fiscal 2022, respectively, recorded as the result of the Company's exit from Russia.

^(d) The total tax impact on adjustments in fiscal 2021 includes a \$234.4 benefit recorded as the result of the tax rate differential on the deferred taxes recognized on the transfer of assets and liabilities, following the relocation of our main principal location from Geneva to Amsterdam on July 1, 2020. It also includes a \$130.0 tax expense recorded as the result of an internal restructuring following the Wella divestiture, primarily intended to create a more efficient structure to hold its equity investment in Wella.

^(e) The amount represents the realized and unrealized (gain) loss recognized for the change in fair value of the investment in Wella.

^(f) See "Reconciliation of Reported Net Income (Loss) Attributable to Coty Inc. to Adjusted Net Income (Loss) Attributable to Coty Inc."

The adjusted effective tax rate was 26.4% compared to 27.7% in the prior-year period. The differences were primarily due to permanent adjustments and jurisdictional mix of income. Cash paid during the years ended June 30, 2023, 2022 and 2021, for income taxes was \$58.6, \$97.2 and \$15.9, respectively.

NET INCOME (LOSS) ATTRIBUTABLE TO COTY INC.

In fiscal 2023, net income attributable to Coty Inc. was \$508.2 compared to income of \$259.5 in fiscal 2022. The net income increase was primarily driven by higher operating income, incremental net gains associated with forward repurchase contracts, contingent consideration gains associated with the sale of Wella, partially offset by a less favorable adjustment related to the unrealized gain in the Wella investment in the current year, higher net interest expense in the current year and an increase in the provision for income taxes in the current year compared to the prior year.

In fiscal 2022, net income attributable to Coty Inc. was \$259.5 compared to a loss of \$201.3 in fiscal 2021. The net income increase was primarily driven by higher operating income in the current year, a favorable adjustment of \$403.9 related to the realized and unrealized gain in the Wella investment in the current year, and the loss on sale of the Wella Business, which was recorded in the comparative period, partially offset by a provision for income taxes in the current year compared to income tax benefit in the prior year.

ADJUSTED NET INCOME (LOSS) ATTRIBUTABLE TO COTY INC.

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

(in millions)	Year Ended June 30,			Change %	
	2023	2022	2021	2023/2022	2022/2021
Net income (loss) from Coty Inc. net of noncontrolling interests	\$ 508.2	\$ 259.5	\$ (201.3)	96%	>100%
Convertible Series B Preferred Stock dividends ^(a)	(13.2)	(198.3)	(102.3)	93%	(94%)
Reported net income (loss) attributable to Coty Inc.	495.0	61.2	(303.6)	>100%	>100%
Adjustments to reported operating income ^(b)	195.1	374.6	486.3	(48%)	(23%)
Adjustments to Loss on Sale of Business	—	(6.1)	246.4	100%	<(100%)
Change in fair value of investment in Wella Business ^(c)	(230.0)	(403.9)	(73.5)	43%	<(100%)
Adjustments to other expense (income) ^(d)	0.2	(2.4)	7.2	>100%	<(100%)
Adjustments to noncontrolling interest ^(c)	(6.9)	(7.0)	(11.3)	1%	38%
Change in tax provision due to adjustments to reported net income (loss) attributable to Coty Inc.	4.5	55.7	(170.0)	(92%)	>100%
Adjustment for deemed Series B Preferred Stock dividends related to the First and Second Exchanges	—	160.0	—	(100%)	N/A
Adjusted net income attributable to Coty Inc.	\$ 457.9	\$ 232.1	\$ 181.5	97%	28%
<i>% of Net revenues</i>	<i>8.2%</i>	<i>4.4%</i>	<i>3.2%</i>		
Per Share Data					
Adjusted weighted-average common shares					
Basic	849.0	820.6	764.8		
Diluted ^{(a)(f)}	862.8	834.1	764.8		
Adjusted net income attributable to Coty Inc. per common share					
Basic	\$ 0.54	\$ 0.28	\$ 0.24		
Diluted ^{(a)(f)}	\$ 0.53	\$ 0.28	\$ 0.24		

^(a) Diluted EPS is adjusted by the effect of dilutive securities, including awards under the Company's equity compensation plans, the convertible Series B Preferred Stock and the Forward Repurchase Contracts. When calculating any potential dilutive effect of stock options, Series A Preferred Stock, restricted stock, PRSUs and RSUs, the Company uses the treasury method and the if-converted method for the Convertible Series B Preferred Stock and the Forward Repurchase Contracts. The treasury method typically does not adjust the net income attributable to Coty Inc., while the if-converted method requires an adjustment to reverse the impact of the preferred stock dividends and the impact of fair market value (gains)/losses for contracts with the option to settle in shares or cash, if dilutive, on net income applicable to common stockholders during the period.

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

^(c) In fiscal 2023, 2022, and 2021, the amount represents the unrealized (gain) loss recognized for the change in fair value of the investment in Wella.

^(d) In fiscal 2023, the amount includes the amortization of basis differences in certain equity method investments and pension curtailment gains. In fiscal 2022, the amount includes a net gain on the exchange of Series B Preferred Stock partially offset by the amortization of basis differences in certain equity method investments and pension curtailment losses. In fiscal 2021, the Company incurred losses of \$13.8

due to the write-off of deferred financing fees related to the Wella sale, primarily offset by pension curtailment gains of \$6.9 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.

- (e) The amounts represent the after-tax impact of the non-GAAP adjustments included in Net (loss) income attributable to noncontrolling interests based on the relevant noncontrolling interest percentage in the Consolidated Statements of Operations.
- (f) As of June 30, 2023 and 2022, 23.7 and 65.4 million dilutive shares of Convertible Series B Preferred Stock were excluded in the computation of adjusted weighted-average diluted shares because their effect would be anti-dilutive. As of June 30, 2021, 171.1 million dilutive shares of RSUs and Convertible Series B Preferred Stock were excluded in the computation of adjusted weighted-average diluted shares because their effect would be anti-dilutive.

DISCONTINUED OPERATIONS

Due to the sale of the Wella Business on November 30, 2020, no net revenues or operating expenses from discontinued operations were recorded after November 30, 2020. As such, our results from discontinued operations for the fiscal year ended June 30, 2021 reflect only five months of operations.

In fiscal 2021, net revenues from discontinued operations was \$986.3 and operating income was \$220.8 in fiscal 2021. Net loss was \$137.3 in fiscal 2021.

The loss on sale of the Wella Business was \$246.4 in fiscal 2021. Factored into the loss on sale are the proceeds received from the sale of our majority interest in Wella, the book value of net assets sold and costs to sell. The book value of net assets sold was impacted by the seasonal effects on certain portions of the Wella Business during the months leading up to the sale, resulting in increases in the net assets sold. Additionally, certain legal and tax structuring matters were finalized in the final month of the closing of the transaction, resulting in a reduction to certain deferred tax assets and liabilities that were transferred at the date of sale and an increase in the tax liabilities retained by us. The loss on sale of the Wella Business also reflects certain purchase price working capital adjustments made during fiscal 2021.

In connection with the sale of a majority stake in the Wella Business, the Company recorded a tax cost of approximately \$34.3 in fiscal 2021. This cost is a combination of cash taxes incurred as well as a deferred tax expense due to the utilization of net operating loss carryforwards, capital loss carryforwards, and foreign tax credits.

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, 2023. 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.

Condensed Consolidated Statements of Operations Data:	Fiscal 2023				Fiscal 2022			
	Three Months Ended				Three Months Ended			
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
(in millions, except per share data)								
Net revenues	\$ 1,351.6	\$ 1,288.9	\$ 1,523.6	\$ 1,390.0	\$ 1,168.3	\$ 1,186.2	\$ 1,578.2	\$ 1,371.7
Gross profit	849.5	810.8	998.3	888.7	722.1	763.1	1,017.1	866.9
Restructuring costs	(1.1)	(1.3)	(2.9)	(1.2)	(8.0)	(6.8)	(4.1)	12.4
Acquisition-and divestiture-related costs	—	—	—	—	0.5	3.3	6.9	4.0
Asset impairment charges	—	—	—	—	31.4	—	—	—
Operating income (loss)	129.0	43.5	199.3	171.9	(77.4)	57.1	244.0	17.2
Interest expense, net	72.2	58.8	61.0	65.9	40.4	62.9	60.9	59.8
Income (Loss) from continuing operations before income taxes	78.8	141.6	280.2	204.2	(280.8)	54.8	309.3	343.5
Provision (benefit) for income taxes	43.3	29.8	38.8	69.7	0.3	0.5	49.4	114.6
Net (loss) income from continuing operations	35.5	111.8	241.4	134.5	(281.1)	54.3	259.9	228.9
Net (loss) income from discontinued operations	—	—	—	—	1.2	0.7	3.8	—
Net (loss) income attributable to noncontrolling interests	(1.4)	1.0	(1.4)	—	(2.8)	(0.9)	(0.9)	(0.5)
Net income attributable to redeemable noncontrolling interests	4.0	2.4	4.5	5.9	4.4	2.3	3.2	3.4
Net (loss) income attributable to Coty Inc.	<u>\$ 32.9</u>	<u>\$ 108.4</u>	<u>\$ 238.3</u>	<u>\$ 128.6</u>	<u>\$ (281.5)</u>	<u>\$ 53.6</u>	<u>\$ 261.4</u>	<u>\$ 226.0</u>
Amounts attributable to Coty Inc. common stockholders:								
Convertible Series B Preferred Stock dividends	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(68.7)	(123.0)
Net (loss) income from continuing operations attributable to common stockholders	29.6	105.1	235.0	125.3	(286.0)	49.6	188.9	103.0
Net (loss) income attributable to common stockholders	\$ 29.6	\$ 105.1	\$ 235.0	\$ 125.3	\$ (284.8)	\$ 50.3	\$ 192.7	\$ 103.0
Per Share Data:								
Weighted-average common shares:								
Basic	852.0	851.6	850.8	842.0	838.4	838.4	829.1	777.6
Diluted ^(a)	864.7	865.2	886.8	882.2	838.4	852.9	842.7	787.7
Dividends declared per common share	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net (loss) income attributable to Coty Inc. per common share:								
Basic for Continuing Operations	\$ 0.03	\$ 0.12	\$ 0.28	\$ 0.15	\$ (0.34)	\$ 0.06	\$ 0.23	\$ 0.13
Basic for Coty Inc	\$ 0.03	\$ 0.12	\$ 0.28	\$ 0.15	\$ (0.34)	\$ 0.06	\$ 0.23	\$ 0.13
Diluted for Continuing Operations	\$ 0.03	\$ 0.12	\$ 0.27	\$ 0.15	\$ (0.34)	\$ 0.06	\$ 0.23	\$ 0.13
Diluted for Coty Inc.	\$ 0.03	\$ 0.12	\$ 0.27	\$ 0.15	\$ (0.34)	\$ 0.06	\$ 0.23	\$ 0.13

^(a) The outstanding stock options and Series A/A-1 Preferred Stock with purchase or conversion rights to purchase shares of Common Stock, RSUs and Convertible Series B Preferred Stock were excluded in the computation of diluted shares when their effect would be antidilutive.

FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our primary sources of funds include cash expected to be generated from operations, borrowings from issuance of debt and lines of credit provided by banks and lenders in the U.S. and abroad.

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, dividends, share repurchases, any principal payments on debt, and from time to time, acquisitions, and business structure realignment expenditures. Working capital movements are influenced by the sourcing of materials related to the production of products. 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 remain focused on deleveraging our balance sheet using cash flows generated from our operations. We continue to take steps to permanently reduce our debt, in order to reduce interest costs and improve our long term profitability and cash flows. In addition, our 25.9% investment in Wella gives us the opportunity for further permanent debt reductions, when our equity position is divested. On July 18, 2023 we announced that we entered into a binding letter of intent to sell a 3.6% stake in Wella to investment firm IGF Wealth Management for \$150.0. The closing of the transaction is subject to, among other things, completion of due diligence and the satisfaction of certain closing conditions, including the approval of the transaction by KKR. If the transaction closes, we intend to use the net proceeds to pay down a portion of the outstanding principal balance of our Revolving Credit Facility. Assuming the transaction closes, we would retain 22.3% of the Wella Company.

Variable rate debt accounts for approximately 34% of our total debt outstanding as of June 30, 2023. We incurred higher average variable interest rates compared to the same period in the prior year. We have taken action to reduce variability in our interest payments including paying down variable interest rate debt outstanding under our 2018 Coty Term B Facility, issuing fixed rate bonds (as discussed in the Debt section below), and entering into floating to fixed interest rate swaps. Giving effect to transactions in July 2023 (as noted in the Debt section below) on our June 30, 2023 debt balances, the proportion of our fixed rate debt outstanding would have been approximately 84%.

During the fiscal year, we terminated our licensing arrangement for Lacoste fragrances and received termination payments from the licensor totaling €87.8 million (approximately \$93.9). We expect to receive an additional payment of €15.0 million (approximately \$16.3) in fiscal 2024. We used proceeds received to repay debt, as discussed below.

We continue to wind down the operations of our Russian subsidiary. We anticipate that we will incur an immaterial amount of additional costs through completion of the wind down, and future net cash costs of \$10.0 to \$20.0, which will be funded by our Russian subsidiary. The amount of future costs, including cash costs, will be subject to various factors, such as additional government regulation and the resolution of legal contingencies. We have substantially completed our commercial activities in Russia. However, we anticipate that the process related to the liquidation of the Russian legal entity will take an extended period of time.

We continue to experience inflationary pressures in most markets resulting in higher commodity and supply chain costs, including material, freight, and energy costs, as well as higher costs for services and labor. Further, inflationary trends in certain markets and global supply chain challenges, including component shortages, may negatively affect our future sales and operating performance. Supply chain constraints may impact the availability of raw materials used to manufacture our products which may negatively impact our ability to meet customer demands, thereby impacting our cash flows and profitability. To mitigate the impact of these supply chain constraints on our ability to meet demand for our products, we have increased inventory levels throughout the year. We continue to monitor supply chain and other factors impacting our ability to meet demand and we will take the necessary actions to optimize our inventory levels in light of these factors.

Debt

We are in the process of deleveraging our company and improving the maturity mix of our debt, including through refinancing or repayment of a portion of our debt. Actions that we have taken in fiscal 2023 and subsequently include the following.

Fiscal 2023

- **Senior Notes** – We completed cash tender offers and redeemed \$77.0 of our 2026 Dollar Notes and €69.7 million (approximately \$72.2) of our 2026 Euro Notes.
- **2018 Term B Facility** – We used proceeds associated with the termination of the Lacoste fragrances license to reduce the euro and U.S. dollar portions of the 2018 Term B Facility, in the amounts of €20.1 million (approximately \$21.5) and \$29.5, respectively.

In addition, on March 7, 2023, we amended the 2018 Coty Credit Agreement to effectuate the transition of the underlying variable interest rate from LIBOR to the Secured Overnight Financing Rate (“SOFR”). Interest payments on our debt agreements were not materially impacted by the transition to SOFR.

First Quarter of Fiscal 2024

July Transactions

- **2018 Revolving Credit Facility** – On July 11, 2023, we extended the maturity of the 2018 Revolving Credit Facility until July 2028.
- **Senior Notes** – On July 26, 2023, we completed a senior secured notes offering and received net proceeds of \$740.6. The new senior secured notes are due in 2030 and bear an annual interest rate of 6.625%.
- **2018 Term B Facility** – At the time we completed the senior secured noted offering, we used net proceeds to fully repay our U.S. dollar variable interest rate loans outstanding and repay a pro-rata portion of our euro variable interest rate loans outstanding under our existing 2018 Term B Facility.

August Transactions

- On August 3, 2023, we repaid €408.0 million of debt outstanding under our 2018 Term B Facility.

See Note 15—Debt in the notes to our Consolidated Financial Statements for additional information on our debt arrangements and prior period credit agreements, as well as definitions of capitalized terms. See Note 28—Subsequent Events in the notes to our Consolidated Financial Statements for disclosures of transactions occurring after June 30, 2023.

A significant portion of our long-term debt maturities (excluding capital lease obligations) have been extended from fiscal 2024 and 2025 to fiscal 2029 and thereafter following the July 2023 transactions. Following the transactions over 99% of our aggregate debt maturities have been pushed out to fiscal 2026 and beyond.

Factoring of Receivables

From time to time, we supplement the timing of our cash flows through the factoring of trade receivables. In this regard, we have entered into factoring arrangements with financial institutions.

The net amount utilized under the factoring facilities was \$202.9 and \$179.3 as of June 30, 2023 and 2022, respectively. The aggregate amount of trade receivable invoices factored on a worldwide basis amounted to \$1,579.2 and \$1,041.2 in fiscal 2023 and 2022, respectively. Remaining balances due from factors amounted to \$14.2 and \$11.2 as of June 30, 2023 and 2022, respectively.

Business Combinations

During fiscal 2023 and 2022, we did not enter into any business combinations or asset acquisitions.

During fiscal 2021, we completed the acquisition of a 20% ownership interest in KKW Holdings and the related collaboration agreement. Total cash paid in the transaction totaled \$200.0.

For additional information on our prior period activity from fiscal year 2022, see Note 4—Business Combinations, Asset Acquisitions and Divestitures in the notes to our Consolidated Financial Statements.

Dispositions

During fiscal 2023 and 2022, we did not enter into any business dispositions.

During fiscal 2021, we completed the sale of a majority stake in the Wella Business (as discussed below).

The Wella Business Divestiture

During fiscal 2021, we completed the sale of a majority stake in the Wella Business and received cash proceeds of \$2,451.7 and retained an initial ownership stake of 40% in Wella. Additionally, during fiscal 2021, we entered into a post-closing purchase consideration adjustment agreement for the Wella Business sale and received advanced contingent proceeds of \$34.0.

During fiscal 2022, our ownership stake in the Wella Company was reduced to 25.9%.

During fiscal 2023 and 2022, we earned \$30.8 and \$0.7, respectively of the contingent proceeds advanced to us from the sale of Wella. The remaining \$2.5 is unearned as of June 30, 2023.

For additional information on our prior period business dispositions from fiscal year 2021, see Note 4—Business Combinations, Asset Acquisitions and Divestitures in the notes to our Consolidated Financial Statements.

Cash Flows

(in millions)	Year Ended June 30,		
	2023	2022	2021
Consolidated Statements of Cash Flows Data^(a):			
Net cash provided by operating activities	\$ 625.7	\$ 726.6	\$ 318.7
Net cash (used in) provided by investing activities	(118.2)	269.7	2,441.9
Net cash (used in) financing activities	(469.3)	(1,034.0)	(2,795.1)

^(a) Balances presented herein represent the cash flows of Coty Inc.

Net cash provided by operating activities

Net cash provided by operating activities was \$625.7, \$726.6 and \$318.7 for fiscal 2023, 2022 and 2021, respectively.

The decrease in cash provided by operating activities of \$100.9 in fiscal 2023 as compared with fiscal 2022 is primarily driven by an overall net decrease in cash from working capital partially offset by an increase in cash related net income. The net decrease in cash from working capital was mainly the result of changes in accrued expenses and other current liabilities and increased inventory levels in fiscal 2023, partially offset by positive impacts from changes in trade receivables. The increase in cash related net income was due to an increase in net revenues and gross margin, and lower selling, general and administrative expenses in the current year compared to the prior year.

The increase in cash provided by operating activities of \$407.9 in fiscal 2022 as compared with fiscal 2021 is primarily driven by a year over year increase in cash related net income and overall increase in cash flows from changes in net working capital accounts. Higher net revenues in both segments, lower costs as percentage of revenues, lower costs for acquisition and divestiture related activities, and lower cash outflows associated with operating leases contributed to the higher year over year cash flows from operating activities which were partially offset by outflows from higher costs during fiscal 2022 for selling, general, and administrative expenses. Higher cash outflows during fiscal 2022 for net income tax payments is driven by the significant prior year tax overpayment collections and were primarily offset by lower year over year cash outflows for restructuring activity payments and payments for interest costs.

Net cash (used in) provided by investing activities

Net cash (used in) provided by investing activities was \$(118.2), \$269.7 and \$2,441.9 for fiscal 2023, 2022 and 2021, respectively.

The decrease in cash flows from investing activities of \$387.9 in fiscal 2023 as compared with fiscal 2022 was mainly attributable to the prior year cash received from return of capital from one of our equity investments which did not reoccur

during the year ended June 30, 2023. Additionally, the prior year included higher proceeds from the sales of long-lived assets and the positive impact from the receipt of contingent proceeds related to the Wella Business tax credits partially offset with higher capital expenditures in the current year.

The decrease in cash flows provided by investing activities of \$2,172.2 in fiscal 2022 as compared with fiscal 2021 was principally driven by higher cash proceeds associated with the sale of the discontinued Wella Business in the prior year. Cash proceeds from the sale of the business and related returns on capital associated with Coty's remaining stake in Wella whereby initial cash proceeds from the sale received were \$2,374.1 in fiscal 2021 compared to the \$34.0 proceeds from contingent consideration in the current fiscal year. Returns of capital from equity investments for Coty's remaining stake in Wella were \$448.0 in prior year compared to \$230.6 in the current year. Higher proceeds from the sale of other long lived assets in fiscal 2022 and outflows from the prior year related to the KKW Holdings asset acquisition and 20% equity investment helped to partially offset the year over year decrease in cash from investing activities

Net cash (used in) financing activities

Net cash (used in) financing activities was \$(469.3), \$(1,034.0) and \$(2,795.1) for fiscal 2023, 2022 and 2021, respectively.

The decrease in cash used in financing activities of \$564.7 in fiscal 2023 as compared to fiscal 2022 was primarily driven mainly by higher cash outflows in the prior year for net paydowns of the Company's revolving credit facility and other long term debt balances as well, as higher payments of deferred financing fees, and higher dividend payments on Series B Preferred Stock. Additionally, lower cash payments in the current year for the settlement of foreign currency contracts contributed to the overall decrease in use of cash but were partially offset by cash payments related to the Company's forward repurchase contracts.

The decrease in cash used in financing activities of \$1,761.1 in fiscal 2022 as compared to fiscal 2021 was primarily driven by lower net cash outflows for repayments associated with the Company's revolving credit facility and other long term debt outstanding under the Company's Credit Agreement. The year over year change in the level of debt repayments is primarily attributable to the impact of the use of prior year proceeds from the sale of the Wella discontinued business being used to prepay more than \$2,000.0 of the outstanding debt on the Company's term loan facilities. Net overall cash outflows also occurred in the current year but to a lesser extent and were offset by proceeds from the issuance of the 2029 Senior Secured Notes and the Brazilian Credit Facilities. Increases in cash outflows for the settlement of realized losses on foreign currency contracts in the current year and the prior year inflows from the issuance of Convertible Series B Preferred Stock only partially offset the impact of the year over year changes in debt activities

Dividends

On April 29, 2020, our Board of Directors 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 until we reach a Net debt to Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") of 2x. 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, or by increasing the amount of accrued dividends on Convertible Series B Preferred Stock, or any combination thereof, at the sole discretion of the Company. After the expiration of applicable restrictions under the 2018 Coty Credit Agreement, as amended, we began to pay dividends on the Convertible Series B Preferred Stock in cash for the period ending June 30, 2021, and we expect to continue to pay such dividends in cash on a quarterly basis, subject to the declaration thereof by our Board of Directors. The terms of the Convertible Series B Preferred Stock restrict our ability to declare cash dividends on our common stock until all accrued dividends on the Convertible Series B Preferred Stock have been declared and paid in cash. During the twelve months ended June 30, 2023, the Board of Directors declared dividends on the Series B Preferred Stock of \$13.2 of which \$9.9 was paid and \$3.3 was paid in July 2023.

For additional information on our dividends and dividend policy, respectively, see Note 23—Equity and Convertible Preferred Stock in the notes to our Consolidated Financial Statements and Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities—Dividend Policy".

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 are presented below as of June 30, 2023.

(in millions)	Total	Payments Due in Fiscal					Thereafter
		2024	2025	2026	2027	2028	
Long-term debt obligations	\$ 4,274.5	\$ 55.1	\$ 1,389.3	\$ 2,330.1	\$ —	\$ —	\$ 500.0
Interest on long-term debt obligations ^(a)	1,508.7	242.2	240.2	237.6	261.2	267.6	259.9
Operating lease obligations	368.2	78.6	60.0	48.8	41.0	32.7	107.1
License agreements: ^(b)							
Royalty payments	505.0	132.3	68.7	60.8	43.8	39.0	160.4
Other contractual obligations ^(c)	931.6	869.3	24.5	22.8	9.9	5.1	—
Other long-term obligations:							
Pension obligations (mandated) ^(d)	15.6	3.0	3.1	3.1	3.2	3.2	—
Total	\$ 7,603.6	\$ 1,380.5	\$ 1,785.8	\$ 2,703.2	\$ 359.1	\$ 347.6	\$ 1,027.4

^(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 \$22.0 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. Actual royalty payments 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. 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 \$218.6 as of June 30, 2023, 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 \$93.5 of RNCI which is reflected in Redeemable noncontrolling interest in the Consolidated Balance Sheet as of June 30, 2023 related to the 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 of this noncontrolling interest.

The table also excludes \$142.4 of preferred stock, which is reflected in Convertible Series B Preferred Stock in the Consolidated Balance Sheet as of June 30, 2023. 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.

Contingencies

From time to time, our Brazilian subsidiaries receive tax assessments from local, state, and federal tax authorities in Brazil. See Note 26—Legal and Other Contingencies for more details on these tax assessments. In relation to the appeal of our Brazilian tax assessments, we have entered into surety bonds of R\$423.8 million (approximately \$87.3) as of June 30, 2023. As of June 30, 2023, we are in the early stages of administrative action and expect the judicial process in Brazil to take a number of years to conclude.

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 gains (losses) of \$(32.3), \$3.3 and \$(7.8) in fiscal 2023, 2022 and 2021, 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. In July 2021, the Company entered into foreign exchange forward contracts to hedge up to 80% of our euro denominated external debt as part of management's strategy to minimize the impact of currency movements on those debt instruments. Net (losses) gains of \$(12.2), \$10.0 and \$(6.8) in fiscal 2023, 2022 and 2021, 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. We use a combination of foreign currency forward contracts and cross currency contracts to offset these exposures. As of June 30, 2023, in the event of a 10% 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 and cross currency contracts would result in a \$91.6 decrease in the fair value of these forward contracts, which would be offset by an increase in the 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.

We are exposed to changes in interest rates because of certain variable-rate debt discussed in Note 15—Debt. If interest rates had been 10% higher and all other variables were held constant, Income (loss) from continuing operations before income taxes in fiscal 2023 would decrease by \$8.4.

As of June 30, 2023, we also had fixed-rate senior notes (the “Notes”) outstanding. Since our Notes bear interest at fixed rates and are carried at amortized cost, fluctuations in interest rates do not have any impact on our consolidated financial statements. However, the fair value of the Notes will fluctuate with movements in market interest rates, increasing in periods of declining interest rates and declining in periods of increasing interest rates.

Equity Investment Risk

Our equity investments are investments in equity securities of privately-held companies without readily determinable fair values, including an investment of approximately \$1,060.0 that is valued using the fair value option and approximately \$8.9 that is accounted for using the equity method as of June 30, 2023. These investments are subject to a wide variety of market-related risks that could have a material impact on the carrying value of our holdings. We continually evaluate our equity investments in privately-held companies. See Note 13—Equity Investments for additional information.

In addition to the above equity investments, we entered into certain forward repurchase contracts to start hedging for two potential \$200.0 and \$196.0 share buyback programs, in 2024 and 2025, respectively. These forward repurchase contracts are accounted for at fair value, with changes in the fair value recorded in Other income, net within the Consolidated Statements of Operations. Our primary exposure is the movements of our stock price during the contract period, which may be volatile and is likely to fluctuate due to a number of factors beyond our control. These factors include actual or anticipated fluctuations in the quarterly and annual results of our Company or of other peer companies in the industry, market perceptions concerning the macroeconomic, social or political developments, industry conditions, changes in government regulation and the securities market trends. We estimate that an immediate, hypothetical 10% decline in our stock price would result in a \$60.9 decrease in the fair value of these forward repurchase contracts and reduce our Income (loss) from continuing operations before income

taxes. Any realized gains or losses resulting from such fair value changes would occur if we elect to terminate the forward repurchase contracts prior to or on maturity. Refer to Note 23—Equity and Convertible Preferred Stock.

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 \$225.5 as of June 30, 2023. Management believes risk of material loss under these hedging contracts is remote.

Inflation Risk

We experienced the impact of inflation on our business during the fiscal year. We believe that inflation may continue to have an effect on our business, financial condition or results of operations in fiscal year 2024. Inflation may negatively impact our business by raising cost and reducing profitability and 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 \$7.2 and \$14.3 and bank guarantees of \$16.3 and \$17.2 as of June 30, 2023 and 2022, 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 fair value of equity investments, the assessment of goodwill, other intangible and long-lived assets for impairment, 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 represented 2%, 2% and 2% of gross revenue after customer discounts and allowances in fiscal 2023, 2022 and 2021, respectively. Trade spending activities recorded as a reduction to gross revenue after customer discounts and allowances represent 10%, 10%, and 10% in fiscal 2023, 2022 and 2021, 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.

Equity Investments

We elected the fair value option to account for its investment in Wella to align with our strategy for this investment. The fair value is updated on a quarterly basis. The investments are classified within Level 3 in the fair value hierarchy because we estimate the fair value of the investments using a combination of the income approach, the market approach and private

transactions, when applicable. Changes in the fair value of equity investments under the fair value option are recorded in Other income, net within the Consolidated Statements of Operations (see Note 13—Equity Investments).

Some of the inherent estimates and assumptions used in determining fair value of the Wella Company are outside the control of management, including interest rates, cost of capital, tax rates, credit ratings and industry growth. While we believe we have made reasonable estimates and assumptions to calculate the fair value of the Wella Company, it is possible changes could occur. As for the Wella Company, if in future years, the actual results are not consistent with our estimates and assumptions used to calculate fair value, we may be required to recognize additional adjustments.

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. 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 in fiscal 2023, 2022 or fiscal 2021.

Based on the annual impairment test performed on May 1, 2023, we determined that the fair value of each of the reporting units exceeded their respective carrying values at that date by approximately 132.1% and 71.6% relating to the Prestige and Consumer Beauty reporting units, respectively. To determine the fair value of our reporting units, we have used annual revenue growth rates ranging from 3.0%-11.3% and 2.0%-9.2% for the Prestige and Consumer Beauty reporting units, respectively, and a discount rate of 9.75%.

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. 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 trademark. 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 demand, 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 \$950.8 as of June 30, 2023, and is comprised of trademarks for the following brands: CoverGirl of \$327.4, Max Factor of \$148.4, Sally Hansen of \$159.4, philosophy of \$124.0, Bourjois of \$36.7 and other trademarks totaling \$154.9.

As a result of the May 1, 2022 annual impairment test, total impairments on indefinite-lived other intangible assets of \$31.4 were recorded. On May 1, 2023, we performed our annual impairment testing of indefinite-lived other intangible assets and determined that no adjustments to carrying values were required.

As of May 1, 2023, we determined that the fair value of our Max Factor and Bourjois trademarks exceeded their carrying values by approximately 6.8% and 10.5%, respectively, using annual revenue growth rates ranging from 2.0%-10.5% and 2.0%-8.2%, respectively, and a discount rate of 10.3%. The fair value of the Max Factor and Bourjois trademarks would fall below their carrying values if the average annual revenue growth rate decreased by approximately 55 basis points and 80 basis points, respectively, or the discount rate increased by 60 basis points and 90 basis points, respectively.

The fair values of the remaining indefinite-lived trademarks exceeded their carrying values by amounts ranging from 26% to 868%.

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. 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 years 2023, 2022 and 2021, we recorded asset impairment charges of \$4.3, \$2.4 and \$5.2, respectively, to Property and equipment, net and \$1.1, \$1.0 and \$0.6, respectively to Operating lease right-of-use assets, primarily relating to the abandonment of equipment or leases no longer in use. These impairment charges are primarily recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations.

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 40 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, the Company is permanently reinvested. A determination of the unrecognized deferred taxes related to these components is not practicable.

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, 2023. Based on the evaluation of our disclosure controls and procedures as of June 30, 2023, 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.

Item 9B. Other Information

During the three months ended June 30, 2023, none of the Company’s directors or Section 16 reporting officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of the SEC’s Regulation S-K).

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 2023 Annual Meeting of Stockholders (the “2023 Proxy Statement”).

Executive Officers

Information regarding executive officers is incorporated by reference to the “Executive Officers” section of our 2023 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 2023 Proxy Statement.

Code of Ethics

This information is incorporated by reference to the “Corporate Governance Guidelines and Code of Business Conduct” section of our 2023 Proxy Statement.

Item 11. *Executive Compensation.*

This information is incorporated by reference to the “Executive Compensation” and “Director Compensation” sections of our 2023 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 2023 Proxy Statement.

For equity compensation plan information, see “Equity Compensation Plan Information” in Part II, Item 5 hereof, which is incorporated herein by reference.

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 2023 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 2023 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 (PCAOB ID No. 34) 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
<u>2.1</u>	<u>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).*</u>

- 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., Hypermarchas 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).
- 2.13 Amended and Restated Sale and Purchase Agreement, dated November 11, 2020, by and among Coty Inc., Coty International B.V. and Rainbow UK Bidco Limited (incorporated by reference to Exhibit 2.2 of the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 12, 2020).
- 2.14 Amended and Restated Separation Agreement, dated November 11, 2020, by and among Coty Inc., Coty International B.V., Waves UK Divestco Limited and Rainbow UK Bidco Limited (incorporated by reference to Exhibit 2.1 of the Company’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 12, 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	<u>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)</u>
4.2	<u>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).</u>
4.3	<u>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).</u>
4.4	<u>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).</u>
4.5	<u>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).</u>
4.6	<u>Form of 2026 Dollar Notes (included in Exhibit 4.5) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 10, 2018).</u>
4.7	<u>Form of 2026 Euro Notes (included in Exhibit 4.5) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 10, 2018).</u>
4.8	<u>Amended and Restated Stockholders Agreement, dated as of June 16, 2023, by and among Coty Inc., JAB Holdings B.V. and JAB Beauty B.V. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 16, 2023).</u>
4.9	<u>Description of Securities.</u>
4.10	<u>Indenture, dated as of April 21, 2021, among Coty Inc., the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 22, 2021).</u>
4.11	<u>Form of 5.000% Senior Secured Notes due 2026 (included in Exhibit 4.10) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 22, 2021).</u>
4.12	<u>First Lien/First Lien Intercreditor Agreement, dated as of April 21, 2021, among JPMorgan Chase Bank, N.A., as the credit facility agent, Deutsche Bank Trust Company Americas, as the initial other authorized representative, and each additional authorized representative from time to time party thereto, as consented to by Coty Inc. and the other grantors party to the Consent of Grantors attached thereto (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on April 22, 2021).</u>
4.13	<u>Pledge and Security Agreement, dated as of April 21, 2021, by and among Coty Inc., the other grantors from time to time party thereto and Deutsche Bank Trust Company Americas, as collateral agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on April 22, 2021).</u>
4.14	<u>Indenture, dated as of June 16, 2021, among Coty Inc., the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee and Collateral Agent and Deutsche Bank AG, London Branch as paying agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K file on June 16, 2021).</u>
4.15	<u>Form of 3.875% Senior Secured Notes due 2026 (included in Exhibit 4.14) (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K file on June 16, 2021).</u>
4.16	<u>Joinder Agreement No. 1, dated as of June 16, 2021 among and acknowledged by JPMorgan Chase Bank, N.A., as credit facility agent, Deutsche Bank Trust Company Americas as initial other authorized representative, and the Company to the First Lien/First Lien Intercreditor Agreement, dated as of April 21, 2021 among JPMorgan Chase Bank, N.A., as credit facility agent and Deutsche Bank Trust Company Americas as initial other authorized representative (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on June 16, 2021).</u>
4.17	<u>Pledge and Security Agreement, dated as of June 16, 2021, by and among Coty Inc., the other grantors from time to time party thereto and Deutsche Bank Trust Company Americas, as collateral agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on June 16, 2021).</u>
4.18	<u>Indenture, dated as of November 30, 2021, among Coty Inc., HFC Prestige Products, Inc., HFC Prestige International U.S. LLC, the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee, Paying Agent and Collateral Agent. (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on November 30, 2021).</u>
4.19	<u>Form of 4.750% Senior Secured Notes due 2029. (included in Exhibit 4.18) (incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on November 30, 2021).</u>

- 4.20 Joinder Agreement No. 2, dated as of November 30, 2021 among JPMorgan Chase Bank, N.A., as credit facility agent, Deutsche Bank Trust Company Americas as initial other authorized representative, and the Company to the First Lien/First Lien Intercreditor Agreement, dated as of April 21, 2021, as modified by the Joinder Agreement No. 1, dated as of June 16, 2021, among JPMorgan Chase Bank, N.A., as credit facility agent, and Deutsche Bank Trust Company Americas, as initial other authorized representative. (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on November 30, 2021).
- 4.21 Pledge and Security Agreement, dated as of November 30, 2021, by and among Coty Inc., HFC Prestige Products, Inc., HFC Prestige International U.S. LLC, the other grantors from time to time party thereto and Deutsche Bank Trust Company Americas, as collateral agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on November 30, 2021).
- 4.22 Indenture, dated as of July 26, 2023, among Coty Inc., HFC Prestige Products, Inc., HFC Prestige International U.S. LLC, the guarantors named therein, and Deutsche Bank Trust Company Americas, as Trustee, Paying Agent and Collateral Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 26, 2023).
- 4.23 Form of 6.625% Senior Secured Notes due 2030 (included in Exhibit 4.22)(incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on July 26, 2023).
- 4.24 Joinder Agreement No. 3, dated as of July 26, 2023 among JPMorgan Chase Bank, N.A., as credit facility agent, Deutsche Bank Trust Company Americas as initial other authorized representative, and the Company to the First Lien/First Lien Intercreditor Agreement, dated as of April 21, 2021, as modified by the Joinder Agreement No. 1, dated as of June 16, 2021, among JPMorgan Chase Bank, N.A., as credit facility agent, and Deutsche Bank Trust Company Americas, as initial other authorized representative and Joinder Agreement No. 2, dated as of November 30, 2021, among JPMorgan Chase Bank, N.A., as credit facility agent, and Deutsche Bank Trust Company Americas as initial other authorized representative (incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on July 26, 2023).
- 4.25 Pledge and Security Agreement, dated as of July 26, 2023, by and among Coty Inc., HFC Prestige Products, Inc., HFC Prestige International U.S. LLC, the other grantors from time to time party thereto and Deutsche Bank Trust Company Americas, as collateral agent (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on July 26, 2023).
- 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 (incorporated 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	<u>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).</u>
10.9	<u>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).</u>
10.10	<u>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).</u>
10.11	<u>Amendment No. 3 to Credit Agreement (Incremental Assumption Agreement), dated as of June 4, 2021, by and among Coty Inc., Coty B.V., the other loan parties party thereto, the incremental revolving 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 June 7, 2021).</u>
10.12	<u>Refinancing Amendment, dated as of November 30, 2021, by and among Coty Inc., Coty B.V., the other loan parties party thereto, the refinancing revolving lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent. (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on November 30, 2021)</u>
10.13	<u>Amendment No. 5 to Amended and Restated Credit Agreement, dated March 7, 2023, by and among Coty Inc., Coty B.V., the lenders from time to time party thereto and JPMorgan Chase Bank, N.A. as administrative agent (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on May 9, 2023).</u>
10.14	<u>Amendment No. 6 (Refinancing Amendment), dated as of July 11, 2023, by and among Coty Inc., Coty B.V., the other loan parties party thereto, the refinancing revolving lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on July 14, 2023)</u>
10.15	<u>Shareholders' Agreement, dated as of November 30, 2020, by and between Coty Inc., Coty International B.V., Rainbow Capital Group Limited, Rainbow JVCo Limited and Rainbow UK Bidco Limited (incorporated by reference to Exhibit 10.2 to the Company's 8-K filed on December 1, 2020).</u>
10.16	<u>IP Cross-License Agreement, dated as of November 30, 2020, by and between Coty International B.V. and Wella International Operations Switzerland S.á.r.l. (incorporated by reference to Exhibit 10.1 to the Company's 8-K filed on December 1, 2020).</u>
10.17	<u>Redemption Agreement dated as of September 30, 2021, by and among Coty Inc., KKR Rainbow Aggregator L.P., Rainbow Capital Group Limited and Coty JV Holdings S.a.r.l (incorporated by reference to Exhibit 10.1 to the Company's Current Report on on Form 8-K filed on October 1, 2021).</u>
10.18	<u>Redemption Agreement dated as of November 6, 2021, by and among Coty Inc., KKR Rainbow Aggregator L.P., Rainbow Capital Group Limited and Coty JV Holdings S.a.r.l (incorporated by reference to Exhibit 10.1 to the Company's Current Report on on Form 8-K filed on November 8, 2021).</u>
10.19	<u>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).†</u>
10.20	<u>Employment Agreement, dated June 3, 2020, between Coty Management B.V. and Gordon Von Bretten (incorporated by reference to Exhibit 10.17 to the Company's Annual Report on Form 10-K filed on August 27, 2020).†</u>
10.22	<u>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).†</u>
10.23	<u>Employment Agreement, dated May 7, 2020, between Coty International B.V. and Laurent Mercier (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on February 9, 2021).†</u>
10.24	<u>Offer Letter, dated October 21, 2019, between Coty International B.V. and Laurent Mercier (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on February 9, 2021).†</u>

<u>10.25</u>	<u>Offer Letter, dated December 5, 2020, Coty International B.V. and Laurent Mercier (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q filed on February 9, 2021).†</u>
<u>10.26</u>	<u>Offer Letter dated as of November 26, 2021 between Coty Management B.V. and Laurent Mercier (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on February 8, 2022).†</u>
<u>10.27</u>	<u>Offer Letter dated as of June 14, 2022 between Coty Management B.V. and Laurent Mercier (incorporated by reference to Exhibit 10.28 to the Company’s Annual Report on Form 10-K filed on August 25, 2022).†</u>
<u>10.28</u>	<u>Offer Letter dated as of June 8, 2023, between Coty Management B.V. and Laurent Mercier.†</u>
<u>10.29</u>	<u>Employment Agreement, dated December 21, 2020, between Coty Italia S.r.l. and Anna von Bayern (incorporated by reference to Exhibit 10.3 to the Company’s Quarterly Report on Form 10-Q filed on May 10, 2021).†</u>
<u>10.30</u>	<u>Employment Agreement, dated January 1, 2021, between Coty Italia S.r.l. and Anna von Bayern (incorporated by reference to Exhibit 10.4 to the Company’s Quarterly Report on Form 10-Q filed on May 10, 2021).†</u>
<u>10.31</u>	<u>Employment Agreement, dated October 13, 2020, between Coty Inc. and Sue Nabi (incorporated by reference to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q filed on May 10, 2021).†</u>
<u>10.33</u>	<u>Equity Transfer Agreement, dated July 2, 2020, among Cottage Holdco B.V., Coty Inc. and Sue Nabi (incorporated by reference to Exhibit 10.2 to the Company’s Quarterly Report on Form 10-Q filed on May 10, 2021).†</u>
<u>10.34</u>	<u>Restricted Stock Unit Award between Coty Inc. and Sue Nabi. (incorporated by reference to Exhibit 10.28 to the Company’s Annual Report on Form 10-K filed on August 26, 2021) †</u>
<u>10.35</u>	<u>Amended Employment Agreement, dated May 4, 2023, between Coty Inc. and Sue Nabi..†</u>
<u>10.36</u>	<u>Form of Performance Restricted Stock Unit Award Terms and Conditions for Sue Nabi.†</u>
<u>10.37</u>	<u>Form of Restricted Stock Unit Award Terms and Conditions for Sue Nabi.†</u>
<u>10.38</u>	<u>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).</u>
<u>10.39</u>	<u>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).†</u>
<u>10.40</u>	<u>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).†</u>
<u>10.41</u>	<u>Amended and Restated Coty Inc. Equity and Long-Term Incentive Plan, as amended and restated on November 3, 2020 (incorporated by reference to Exhibit 10.1 to the Company’s Current Report on Form 8-Q filed on November 6, 2020).†</u>
<u>10.42</u>	<u>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).†</u>
<u>10.43</u>	<u>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).†</u>
<u>10.44</u>	<u>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).†</u>
<u>10.45</u>	<u>Amended and Restated Coty Inc. Stock Plan for Directors, as adopted November 3, 2020. (incorporated by reference to Exhibit 10.40 to the Company’s Annual Report on Form 10-K filed on August 26, 2021) †</u>
<u>10.46</u>	<u>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).†</u>
<u>10.47</u>	<u>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).†</u>

10.48	<u>Form of Restricted Stock Award Agreement under the Amended and Restated Coty Inc. Equity and Long Term-Incentive Plan (incorporated by reference to Exhibit 10.52 to the Company's Annual Report on Form 10-K filed on August 27, 2020) †</u>
10.49	<u>Form of Restricted Stock Unit Terms and Conditions, as adopted on December 17, 2020, under the Amended and Restated Coty Inc. Equity and Long-Term Incentive Plan. (incorporated by reference to Exhibit 10.47 to the Company's Annual Report on Form 10-K filed on August 26, 2021) †</u>
21.1	<u>List of significant subsidiaries.</u>
23.1	<u>Consent of Deloitte & Touche LLP.</u>
24.1	<u>Power of Attorney (included in signature page).</u>
31.1	<u>Certification of Chief Executive Officer, pursuant to Rules 13a-14a and 15d-14(a)</u>
31.2	<u>Certification of Chief Financial Officer, pursuant to Rules 13a-14(d) and 15d-14(d)</u>
32.1	<u>Certification of Chief Executive Officer, pursuant to 18 U.S. C. Section 1350</u>
32.2	<u>Certification of Chief Financial Officer, pursuant to 18 U.S. C. Section 1350</u>
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 22, 2023.

COTY INC.

By: /s/ Laurent Mercier

Name: Laurent Mercier

Title: 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 their 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 they might or could do in person, hereby ratifying and confirming that all said attorney-in-fact and agent, or their 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:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/Sue Nabi</u> (Sue Nabi)	Chief Executive Officer and Director (Principal Executive Officer)	August 22, 2023
<u>/s/Laurent Mercier</u> (Laurent Mercier)	Chief Financial Officer (Principal Financial Officer)	August 22, 2023
<u>/s/Ayesha Zafar</u> (Ayesha Zafar)	Senior Vice President, Group Controller (Principal Accounting Officer)	August 22, 2023
<u>/s/Maria Asuncion Aramburuzabala</u> (Maria Asuncion Aramburuzabala)	Director	August 22, 2023
<u>/s/Beatrice Ballini</u> (Beatrice Ballini)	Director	August 22, 2023
<u>/s/Joachim Creus</u> (Joachim Creus)	Director	August 22, 2023
<u>/s/Olivier Goudet</u> (Olivier Goudet)	Director	August 22, 2023
<u>/s/Peter Harf</u> (Peter Harf)	Chairman of the Board of Directors	August 22, 2023
<u>/s/Johannes Huth</u> (Johannes Huth)	Director	August 22, 2023
<u>/s/Anna Makanju</u> (Anna Makanju)	Director	August 22, 2023
<u>/s/Isabelle Parize</u> (Isabelle Parize)	Director	August 22, 2023
<u>/s/Lubomira Rochet</u> (Lubomira Rochet)	Director	August 22, 2023
<u>/s/Robert Singer</u> (Robert Singer)	Director	August 22, 2023

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, 2023 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, 2023.

The Company's internal control over financial reporting as of June 30, 2023 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their attestation report which appears herein.

/s/Sue Nabi
Sue Nabi
Chief Executive Officer

/s/Laurent Mercier
Laurent Mercier
Chief Financial Officer

August 22, 2023

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, 2023, 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, 2023, 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, 2023, of the Company and our report dated August 22, 2023, 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 22, 2023

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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended June 30, 2023, 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, 2023, 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 22, 2023, 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 Intangible Assets, net – Max Factor Trademark Valuation – Refer to Notes 2 and 12 to the financial statements

Critical Audit Matter Description

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, and discount rates, especially those related to the Max Factor trademark. Changes in these assumptions could have a significant impact on the fair value of the Max Factor trademark, the amount of any impairment charge, or both. As of June 30, 2023, the carrying value of the indefinite-lived intangible assets was \$950.8 million, of which \$148.4 million related to the Max Factor trademark. The fair value of the Max Factor trademark exceeded its' carrying value by 6.8%.

Given the significant estimates and assumptions made by management to estimate the fair value and the difference between the fair value and carrying value for the Max Factor trademark, performing audit procedures to evaluate the reasonableness of such estimates and assumptions, particularly the estimated cash flows, and the selection of the royalty and discount rate, 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 estimated cash flows, the selection of the royalty and discount rate for the Max Factor trademark included the following, among others:

- We tested the effectiveness of controls over indefinite-lived intangible assets, including those over the estimated cash flows for the Max Factor trademark and the selection of the respective royalty and discount rate.
- 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 2023 forecasts with actual results for those months.
- We evaluated the reasonableness of management's estimated cash flows for the Max Factor trademark, 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 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 Max Factor trademark, including consideration of the effects related to the current macro-economic environment.
- We evaluated the impact of changes in management's forecasts from the May 1, 2023 annual measurement date to June 30, 2023.
- With the assistance of our fair value specialists, we evaluated the valuation approach and royalty and discount rate for the Max Factor trademark, including testing the underlying source information and the mathematical accuracy of the calculations, and developing independent estimates and comparing those to the respective royalty and discount rate selected by management.

/s/ Deloitte & Touche LLP

New York, New York

August 22, 2023

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

COTY INC. & SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

<u>Consolidated Statements of Operations</u>	<u>F-1</u>
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	<u>F-2</u>
<u>Consolidated Balance Sheets</u>	<u>F-3</u>
<u>Consolidated Statements of Equity</u>	<u>F-4</u>
<u>Consolidated Statements of Cash Flows</u>	<u>F-7</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-9</u>
Financial Statement Schedule:	
<u>Schedule II—Valuation and Qualifying Accounts</u>	<u>S-1</u>

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

	Year Ended June 30,		
	2023	2022	2021
Net revenues	\$ 5,554.1	\$ 5,304.4	\$ 4,629.9
Cost of sales	2,006.8	1,935.2	1,861.7
Gross profit	3,547.3	3,369.2	2,768.2
Selling, general and administrative expenses	2,818.3	2,881.3	2,363.2
Amortization expense	191.8	207.4	251.2
Restructuring costs	(6.5)	(6.5)	63.6
Acquisition- and divestiture- related costs	—	14.7	138.8
Asset impairment charges	—	31.4	—
Operating income (loss)	543.7	240.9	(48.6)
Interest expense, net	257.9	224.0	235.1
Other income, net	(419.0)	(409.9)	(43.9)
Income (loss) from continuing operations before income taxes	704.8	426.8	(239.8)
Provision (benefit) for income taxes on continuing operations	181.6	164.8	(172.0)
Net income (loss) from continuing operations	523.2	262.0	(67.8)
Net income (loss) from discontinued operations	—	5.7	(137.3)
Net income (loss)	523.2	267.7	(205.1)
Net loss attributable to noncontrolling interests	(1.8)	(5.1)	(16.1)
Net income attributable to redeemable noncontrolling interests	16.8	13.3	12.3
Net income (loss) attributable to Coty Inc.	\$ 508.2	\$ 259.5	\$ (201.3)
Amounts attributable to Coty Inc.			
Net income (loss) from continuing operations	\$ 508.2	\$ 253.8	\$ (64.0)
Convertible Series B Preferred Stock dividends	(13.2)	(198.3)	(102.3)
Net income (loss) from continuing operations attributable to common stockholders	495.0	55.5	(166.3)
Net income (loss) from discontinued operations, net of tax	—	5.7	(137.3)
Net income (loss) from continuing operations attributable to common stockholders	\$ 495.0	\$ 61.2	\$ (303.6)
Earnings (losses) per common share			
Earnings (losses) from continuing operations per common share - basic	\$ 0.58	\$ 0.07	\$ (0.22)
Earnings (losses) from continuing operations per common share - diluted	\$ 0.57	\$ 0.07	\$ (0.22)
Earnings (losses) from discontinued operations - basic	\$ 0.00	\$ 0.01	\$ (0.18)
Earnings (losses) from discontinued operations - diluted	\$ 0.00	\$ 0.01	\$ (0.18)
Earnings (losses) per common share - basic	\$ 0.58	\$ 0.08	\$ (0.40)
Earnings (losses) per common share - diluted	\$ 0.57	\$ 0.08	\$ (0.40)
Weighted-average common shares outstanding:			
Basic	849.0	820.6	764.8
Diluted	886.5	834.1	764.8

See notes to Consolidated Financial Statements.

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

	Year Ended June 30,		
	2023	2022	2021
Net income (loss)	\$ 523.2	\$ 267.7	\$ (205.1)
Other comprehensive income (loss):			
Foreign currency translation adjustment	49.4	(476.1)	130.3
Net unrealized derivative (loss) gain on cash flow hedges, net of taxes of \$1.4, \$(6.0) and \$(8.4), respectively	(3.6)	19.8	27.5
Pension and other post-employment benefits, net of taxes of \$(4.9), \$(24.7) and \$9.0, respectively	10.1	59.4	(23.6)
Total other comprehensive income (loss), net of tax	55.9	(396.9)	134.2
Comprehensive income (loss)	579.1	(129.2)	(70.9)
Comprehensive (loss) attributable to noncontrolling interests:			
Net loss	(1.8)	(5.1)	(16.1)
Foreign currency translation adjustment	0.3	(0.5)	(0.1)
Total comprehensive loss attributable to noncontrolling interests	(1.5)	(5.6)	(16.2)
Comprehensive income (loss) attributable to redeemable noncontrolling interests:			
Net income	16.8	13.3	12.3
Foreign currency translation adjustment	0.1	(0.4)	—
Total comprehensive income attributable to redeemable noncontrolling interests	16.9	12.9	12.3
Comprehensive income (loss) attributable to Coty Inc.	\$ 563.7	\$ (136.5)	\$ (67.0)

See notes to Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In millions, except per share data)

	June 30, 2023	June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 246.9	\$ 233.3
Restricted cash	36.9	30.5
Trade receivables—less allowances of \$23.2 and \$53.4, respectively	360.9	364.6
Inventories	853.4	661.5
Prepaid expenses and other current assets	553.6	392.0
Total current assets	2,051.7	1,681.9
Property and equipment, net	712.9	715.5
Goodwill	3,987.9	3,914.7
Other intangible assets, net	3,798.0	3,902.8
Equity investments	1,068.9	842.6
Operating lease right-of-use assets	286.7	320.9
Deferred income taxes	589.9	651.8
Other noncurrent assets	165.6	85.9
TOTAL ASSETS	\$ 12,661.6	\$ 12,116.1
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,444.7	\$ 1,268.3
Accrued expenses and other current liabilities	1,042.0	1,097.1
Short-term debt and current portion of long-term debt	57.9	23.0
Current operating lease liabilities	65.6	67.8
Income and other taxes payable	126.6	109.4
Total current liabilities	2,736.8	2,565.6
Long-term operating lease liabilities	247.5	282.2
Long-term debt, net	4,178.2	4,409.1
Pension and other post-employment benefits	280.7	292.2
Deferred income taxes	659.7	669.0
Other noncurrent liabilities	325.4	340.0
TOTAL LIABILITIES	8,428.3	8,558.1
COMMITMENTS AND CONTINGENCIES (Note 26)		
CONVERTIBLE SERIES B PREFERRED STOCK , \$0.01 par value; 1.0 shares authorized; 0.1 and 0.1 issued and 0.1 and 0.1 outstanding, at June 30, 2023 and 2022, respectively	142.4	142.4
REDEEMABLE NONCONTROLLING INTERESTS	93.5	69.8
EQUITY:		
Preferred stock, \$0.01 par value; 20.0 shares authorized; 1.0 and 1.5 issued and outstanding, at June 30, 2023 and 2022, respectively	—	—
Class A Common Stock, \$0.01 par value; 1,250.0 shares authorized, 919.3 and 905.5 issued and 852.8 and 839.2 outstanding at June 30, 2023 and 2022, respectively	9.1	9.0
Additional paid-in capital	10,898.6	10,805.8
Accumulated deficit	(4,987.9)	(5,496.1)
Accumulated other comprehensive loss	(662.4)	(717.9)
Treasury stock—at cost, shares: 66.5 and 66.3 at June 30, 2023 and 2022, respectively	(1,446.3)	(1,446.3)
Total Coty Inc. stockholders' equity	3,811.1	3,154.5
Noncontrolling interests	186.3	191.3
Total equity	3,997.4	3,345.8
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY	\$ 12,661.6	\$ 12,116.1

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, 2020	1.5	\$ —	830.6	\$ 8.3	\$ 10,447.4	\$ (5,548.6)	\$ (456.2)	65.5	\$ (1,446.3)	\$ 3,004.6	\$ 224.2	\$ 3,228.8	\$ 79.1	\$ 715.8
Adjustment due to the adoption of ASU No. 2016-13						(5.7)				(5.7)		(5.7)		
Balance as adjusted—July 1, 2020	1.5	\$ —	830.6	\$ 8.3	\$ 10,447.4	\$ (5,554.3)	\$ (456.2)	65.5	\$ (1,446.3)	\$ 2,998.9	\$ 224.2	\$ 3,223.1	\$ 79.1	\$ 715.8
Issuance of Preferred Stock										—		—		242.4
Reacquired Class A Common Stock for employee taxes								0.1		—		—		
Cancellation of Restricted Stock								0.7	—	—		—		
Exercise of employee stock options and restricted stock units			1.7	—	—					—		—		
Share based compensation expense					27.4					27.4		27.4		
Changes in dividends accrued					1.2					1.2		1.2		
Shares withheld for employee taxes					(5.0)					(5.0)		(5.0)		
Deemed Dividends- Convertible Series B Preferred Stock					(10.5)					(10.5)		(10.5)		10.5
Dividends Accrued- Convertible Series B Preferred Stock					(67.6)					(67.6)		(67.6)		67.6
Dividends Paid-Convertible Series B Preferred Stock					(24.2)					(24.2)		(24.2)		
Net income (loss)						(201.3)				(201.3)	(16.1)	(217.4)	12.3	
Other comprehensive income							134.3			134.3	(0.1)	134.2		
Distribution to noncontrolling interests, net										—	(6.5)	(6.5)	(2.1)	
Adjustment of redeemable noncontrolling interests to redemption value					5.2					5.2		5.2	(5.2)	
Equity Investment contribution for share-based compensation					2.3					2.3		2.3		
BALANCE—June 30, 2021	1.5	\$ —	832.3	\$ 8.3	\$ 10,376.2	\$ (5,755.6)	\$ (321.9)	66.3	\$ (1,446.3)	\$ 2,860.7	\$ 201.5	\$ 3,062.2	\$ 84.1	\$ 1,036.3

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 adjusted—July 1, 2021	1.5	\$ —	832.3	\$ 8.3	\$ 10,376.2	\$ (5,755.6)	\$ (321.9)	66.3	\$ (1,446.3)	\$ 2,860.7	\$ 201.5	\$ 3,062.2	\$ 84.1	\$ 1,036.3
Exercise of employee stock options and restricted stock units and issuance of restricted stock			3.3											
Shares withheld for employee taxes					(12.7)					(12.7)		(12.7)		
Share-based compensation expense					195.4					195.4		195.4		
Equity investment contribution for share-based compensation					0.7					0.7		0.7		
Changes in dividends accrued					0.8					0.8		0.8		
Conversion of Convertible Series B Preferred Stock			69.9	0.7	428.8					429.5		429.5		(429.5)
Exchange Transaction														(606.9)
Dividends Accrued- Convertible Series B Preferred Stock					(35.2)					(35.2)		(35.2)		35.2
Deemed Dividends and Contributions- Convertible Series B Preferred Stock					(163.1)					(163.1)		(163.1)		163.1
Dividends Paid- Convertible Series B Preferred Stock														(55.8)
Net income (loss)						259.5				259.5	(5.1)	254.4	13.3	
Other comprehensive loss							(396.0)			(396.0)	(0.5)	(396.5)	(0.4)	
Distribution to noncontrolling interests, net											(4.6)	(4.6)	(12.3)	
Adjustment of redeemable noncontrolling interests to redemption value					14.9					14.9		14.9	(14.9)	
BALANCE—June 30, 2022	1.5	\$ —	905.5	\$ 9.0	\$ 10,805.8	\$ (5,496.1)	\$ (717.9)	66.3	\$ (1,446.3)	\$ 3,154.5	\$ 191.3	\$ 3,345.8	\$ 69.8	\$ 142.4

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—July 1, 2022	<u>1.5</u>	<u>—</u>	<u>905.5</u>	<u>9.0</u>	<u>\$ 10,805.8</u>	<u>\$ (5,496.1)</u>	<u>\$ (717.9)</u>	<u>66.3</u>	<u>\$(1,446.3)</u>	<u>\$ 3,154.5</u>	<u>\$ 191.3</u>	<u>\$ 3,345.8</u>	<u>\$ 69.8</u>	<u>\$ 142.4</u>
Cancellation of Preferred Stock	(0.5)	—	—	—	—	—	—	—	—	—	—	—	—	—
Reacquired Class A Common Stock for employee taxes	—	—	—	—	—	—	—	0.2	—	—	—	—	—	—
Exercise of employee stock options and restricted stock units and issuance of restricted stock	—	—	13.8	0.1	0.8	—	—	—	—	0.9	—	0.9	—	—
Shares withheld for employee taxes	—	—	—	—	(13.6)	—	—	—	—	(13.6)	—	(13.6)	—	—
Share-based compensation expense	—	—	—	—	134.7	—	—	—	—	134.7	—	134.7	—	—
Equity investment contribution for share-based compensation	—	—	—	—	4.6	—	—	—	—	4.6	—	4.6	—	—
Changes in dividends accrued	—	—	—	—	0.1	—	—	—	—	0.1	—	0.1	—	—
Dividends Accrued - Convertible Series B Preferred Stock	—	—	—	—	(13.2)	—	—	—	—	(13.2)	—	(13.2)	—	13.2
Dividends Paid- Convertible Series B Preferred Stock	—	—	—	—	—	—	—	—	—	—	—	—	—	(13.2)
Net income (loss)	—	—	—	—	—	508.2	—	—	—	508.2	(1.8)	506.4	16.8	—
Other comprehensive loss	—	—	—	—	—	—	55.5	—	—	55.5	0.3	55.8	0.1	—
Distribution to noncontrolling interests, net	—	—	—	—	—	—	—	—	—	—	(3.5)	(3.5)	(13.8)	—
Adjustment of redeemable noncontrolling interests to redemption value	—	—	—	—	(20.6)	—	—	—	—	(20.6)	—	(20.6)	20.6	—
BALANCE—June 30, 2023	<u>1.0</u>	<u>\$ —</u>	<u>919.3</u>	<u>\$ 9.1</u>	<u>\$ 10,898.6</u>	<u>\$ (4,987.9)</u>	<u>\$ (662.4)</u>	<u>66.5</u>	<u>\$(1,446.3)</u>	<u>\$ 3,811.1</u>	<u>\$ 186.3</u>	<u>\$ 3,997.4</u>	<u>\$ 93.5</u>	<u>\$ 142.4</u>

See notes to Consolidated Financial Statements.

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

	Year Ended June 30,		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 523.2	\$ 267.7	\$ (205.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	426.7	516.4	585.3
Non-cash lease expense	63.6	78.5	81.2
Asset impairment charges	—	31.4	—
Deferred income taxes	56.3	12.1	(218.1)
(Release) provision for bad debts	(18.9)	20.5	(13.2)
Provision for pension and other post-employment benefits	8.5	12.7	17.8
Share-based compensation	135.9	195.5	29.9
(Gain) loss on sale of business in discontinued operations and other business divestiture	—	(6.1)	246.4
(Gains) losses on disposals of long-lived assets and license terminations, net	(99.7)	(115.8)	15.4
Realized and unrealized gains from equity investments, net	(226.3)	(400.3)	(70.3)
Foreign exchange effects	29.9	(16.8)	26.7
Unrealized gains on forward repurchase contracts, net	(196.9)	(16.1)	—
Other	8.9	21.3	54.6
Change in operating assets and liabilities:			
Trade receivables	36.8	(77.2)	10.5
Inventories	(180.3)	(48.3)	81.2
Prepaid expenses and other current assets	(15.2)	(12.7)	(136.5)
Accounts payable	138.4	140.5	(49.7)
Accrued expenses and other current liabilities	(21.9)	129.6	(45.8)
Operating lease liabilities	(61.0)	(70.7)	(125.3)
Income and other taxes payable	59.9	91.7	19.9
Other noncurrent assets	(7.5)	(6.7)	40.2
Other noncurrent liabilities	(34.7)	(20.6)	(26.4)
Net cash provided by operating activities	625.7	726.6	318.7
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(222.8)	(174.1)	(173.9)
Proceeds from sale of long-lived assets and license termination	104.6	179.2	4.3
Proceeds related to the sale of discontinued business, net of cash acquired and related contingent consideration	—	34.0	2,374.1
Return of capital from equity investments	—	230.6	448.0
Payments for equity investment and asset acquisition	—	—	(200.0)
Proceeds from sale of business, net of cash disposed	—	—	27.0
Termination of currency swaps designated as net investment hedges	—	—	(37.6)
Net cash (used in) provided by investing activities	(118.2)	269.7	2,441.9
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds of short-term debt, original maturity less than three months	—	0.6	—
Proceeds from revolving loan facilities	1,558.0	943.0	2,759.8
Repayments of revolving loan facilities	(1,600.1)	(1,338.8)	(3,593.3)
Proceeds from issuance of other long term debt	—	542.4	1,748.8
Repayments of term loans and other long term debt	(226.1)	(868.3)	(3,894.5)
Dividend payments on Class A Common Stock and Convertible Series B Preferred Stock	(13.7)	(57.2)	(25.7)
Proceeds from issuance of Class A Common Stock and Convertible Series B Preferred Stock	0.9	—	227.2

Net (payments) proceeds for foreign currency contracts	(128.1)	(178.5)	18.5
Distributions to mandatorily redeemable financial interests, redeemable noncontrolling interests and noncontrolling interests	(17.3)	(16.9)	(8.6)
Payments related to forward repurchase contracts	(26.4)	—	—
Purchase of remaining mandatorily redeemable financial interest	—	(7.1)	—
Payment of deferred financing fees	—	(39.6)	(21.9)
All other	(16.5)	(13.6)	(5.4)
Net cash (used in) financing activities	(469.3)	(1,034.0)	(2,795.1)
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(18.2)	(8.9)	(7.1)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	20.0	(46.6)	(41.6)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	263.8	310.4	352.0
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 283.8	\$ 263.8	\$ 310.4
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Cash paid during the year for interest	\$ 229.1	\$ 215.4	\$ 230.6
Cash paid during the year for income taxes, net of refunds received	58.6	97.2	15.9
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:			
Accrued capital expenditure additions	\$ 107.8	\$ 100.1	\$ 69.7
Redemption of Series B Preferred Stock in exchange for Wella Equity Investment	—	603.3	—
Conversion of Series B Preferred Stock into Class A Common Stock	—	429.5	—
Non-cash Series B Preferred Stock dividends and deemed (contributions) dividends	—	(1.1)	78.1

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 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 2023” refer to the fiscal year ended June 30, 2023. 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.

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.

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 control. Ownership interests of noncontrolling parties are presented as 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 net realizable value of inventory, the fair value of equity investments, 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.

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, 2023 and 2022, the Company had restricted cash of \$36.9 and \$30.5, respectively, included in Restricted cash in the Consolidated Balance Sheets. The restricted cash balances as of June 30, 2023 and 2022 primarily provide 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, 2023 and 2022. Restricted cash is included as a component of Cash, cash equivalents, and restricted cash in the Consolidated Statement of Cash Flows.

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

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. We make estimates of expected credit and collectibility trends for the allowance for doubtful accounts based upon our assessment of historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. 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.

Equity Investments

The Company elected the fair value option to account for its investment in Rainbow JVCO LTD and subsidiaries (together, "Wella" or the "Wella Company") to align with the Company's strategy for this investment. The fair value is updated on a quarterly basis. The investments are classified within Level 3 in the fair value hierarchy because the Company estimates the fair value of the investments using a combination of the income approach, the market approach and private transactions, when applicable. Changes in the fair value of equity investments under the fair value option are recorded in Other (income) expense, net within the Consolidated Statements of Operations (see Note 13—Equity Investments).

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:

Description	Estimated Useful Lives
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:

Description	Estimated Useful Lives
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

All of the Company's material leases are operating leases. These are primarily for real estate properties, including corporate offices, retail stores and facilities to support the Company's manufacturing, research and development and distribution operations.

For any new or modified lease, the Company, at the inception of the contract, determines whether a contract is or contains a lease. The Company records right-of-use ("ROU") assets and lease obligations for its operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. Variable lease payments are not included in the measurement of ROU assets and lease liabilities. As the rate implicit in the Company's leases is not easily determinable, the Company's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. The Company has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less.

As an accounting policy election for all asset classes, the Company elected the practical expedient related to lease and non-lease components, 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.

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-

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

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

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 the Company expects 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 the Company's customers, store closings by retailers, changes in the retail environment, and the Company's decision to continue to support new and existing brands. Returns represented 2%, 2% and 2% of gross revenue after customer discounts and allowances in fiscal 2023, 2022 and 2021, respectively. Trade spending activities recorded as a reduction to gross revenue after customer discounts and allowances represented 10%, 10%, and 10% in fiscal 2023, 2022 and 2021, respectively.

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.

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.

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

Advertising and promotional costs are expensed as incurred and totaled \$1,479.6, \$1,465.1 and \$1,029.4 in fiscal 2023, 2022 and 2021, respectively. Included in advertising and promotional costs are \$103.0, \$119.4, and \$130.3 of depreciation of marketing furniture and fixtures, such as product displays, in fiscal 2023, 2022 and 2021, respectively. Research and development costs are expensed as incurred and totaled \$105.2, \$97.3 and \$96.5 in fiscal 2023, 2022 and 2021, 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 performance restricted stock units (“PRsUs”), 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 and, for PRsUs, when it is probable that the performance condition will be achieved.

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 and PRsUs are determined on the date of grant based on the Company’s stock price.

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.

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. The Company does 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, the Company is permanently reinvested. A determination of the unrecognized deferred taxes related to these components is not practicable.

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. 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

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

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.

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.

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.

Apart from Coty's equity investment in Wella (see Note 13—Equity Investments), 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

All derivatives are recognized as assets or liabilities and measured at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For derivative instruments designated as cash flow hedges under FASB ASC Topic 815, "Derivatives and Hedging" ("ASC 815"), the change in fair value of the derivative is initially recorded in Accumulated other comprehensive (loss) income in the Consolidated Balance Sheets and is subsequently recognized in earnings when the hedged exposure impacts earnings. For derivative instruments that are not designated as hedges, gains (losses) from changes in fair values are recognized in Net income (loss). The Company does not enter into derivatives for trading or speculative purposes.

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)/gains of \$(32.3), \$3.3 and \$(7.8) in fiscal 2023, 2022 and 2021, 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 \$(12.2), \$10.0 and \$(6.8) in fiscal 2023, 2022 and 2021, respectively, resulting from financing foreign exchange currency transactions are included in Interest expense, net in the Consolidated Statements of Operations.

Lacoste Fragrances License Termination

During fiscal 2023, the Company terminated its licensing arrangement for Lacoste fragrances and received termination payments from the licensor totaling €87.8 million (approximately \$93.9). The Company is expected to receive an additional payment of €15.0 million (approximately \$16.3) in fiscal 2024. The Company recognized a net gain within Selling, general and

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

administrative expenses of \$104.4 reflecting the termination proceeds, net of estimated expenses for contractual termination obligations and non-recoverable assets associated with the license termination. Amounts due to the Company from the licensor are reflected in Prepaid expenses and other current assets as of June 30, 2023. The Company will continue to sell remaining Lacoste fragrances inventory through December of calendar year 2023, as per a contractual inventory sell-off arrangement.

Russia Market Exit

On April 27, 2022, the Company announced the Board of Directors’ decision to wind down its Russian operations. During fiscal 2022, the Company recognized total pre-tax charges in the Condensed Consolidated Statements of Operations of \$83.6 associated with its exit of Russia. These charges are primarily related to the net realizable value of assets associated with the Russian business. These charges consisted of \$45.5 in Selling, general and administrative expenses, primarily related to the write-down of working capital, long-term assets, as well as contract termination charges, contingent liabilities and legal costs, \$31.4 in Asset impairment charges related to the impairment of indefinite-lived intangibles, \$6.3 in Restructuring costs related to employee severances, and \$0.4 in Cost of sales related to inventory write-downs. The Company incurred \$24.1 of income tax charges associated with its decision to exit Russia, in fiscal 2022. Additionally, the Company recognized total pre-tax gains in the Condensed Consolidated Statements of Operations of \$17.0 in the fiscal year ended June 30, 2023. These amounts are primarily related to a bad debt accrual release due to better than expected collections. The Company recognized \$0.4 of income tax benefits associated with the decision to exit Russia in the fiscal year ended June 30, 2023.

The Company anticipates that it will incur an immaterial amount of additional costs through completion of the wind down. Additionally, management anticipates derecognizing the cumulative translation adjustment balance pertaining to the Russian subsidiary. The Company has substantially completed its commercial activities in Russia. However, the Company anticipates that the process related to the liquidation of the Russian legal entity will take an extended period of time.

Recently Adopted Accounting Pronouncements

In August 2020, the FASB issued Accounting Standards Update (“ASU”) No. 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging- Contracts in Entity’s Own Equity (Subtopic 815-40), which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. The Company adopted this guidance using the modified retrospective method in the first quarter of fiscal year 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In July 2021, the FASB issued ASU No. 2021-05, Leases (Topic 842): Lessors-Certain Leases with Variable Lease Payments, which requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate as an operating lease on the commencement date of the lease if specified criteria are met. The Company adopted this guidance in the first quarter of fiscal year 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Recently Issued and Not Yet Adopted Accounting Pronouncements

Accounting Standard Update(s)	Topic	Effective Period	Summary
2023-01	Leases (Topic 842) - Common Control Arrangements	Fiscal 2025	The FASB issued ASU No. 2023-01, Leases (Topic 842) - Common Control Arrangements, which clarifies the accounting for leasehold improvements associated with common control leases. The guidance will be effective for the Company in fiscal 2025 with early adoption permitted. The Company does not expect this ASU will have a material effect on its consolidated financial position, results of operations or cash flows.

3. DISCONTINUED OPERATIONS

On June 1, 2020, the Company entered into a definitive agreement with Rainbow UK Bidco Limited (“KKR Bidco”), regarding a strategic transaction for the sale of Coty’s Professional and Retail Hair businesses, including the Wella, Clairol, OPI and ghd brands, (together, the “Wella Business”), valuing the business at \$4,300.0 on a cash- and debt-free basis. The transaction was completed on November 30, 2020 and Coty retained an initial ownership of 40% of the Wella Company. As of June 30, 2023, the Company owned a 25.9% stake in the Wella Company. See Note 13—Equity Investments for additional information.

In accordance with applicable accounting guidance for the disposal of long-lived assets, the results of the Wella Business are presented as discontinued operations in the prior period leading up to the date of the sale, and, as such, have been excluded

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

from both continuing operations and segment results for all periods presented. The Wella Business was comprised of the Professional Beauty and Retail Hair businesses.

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

	Year Ended June 30,		
	2023	2022 ^(a)	2021 ^(b)
Net revenues	\$ —	\$ —	\$ 986.3
Cost of sales	—	—	322.5
Gross profit	—	—	663.8
Selling, general and administrative expenses	—	—	443.7
Restructuring costs	—	—	(0.7)
Operating income	—	—	220.8
Interest expense, net	—	—	21.3
(Gain) loss on sale of business	—	(6.1)	246.4
Other (income) expense, net	—	—	(1.0)
Income (loss) from discontinued operations before income taxes	—	6.1	(45.9)
Income tax on discontinued operations	—	0.4	91.4
Net income (loss) from discontinued operations	<u>\$ —</u>	<u>\$ 5.7</u>	<u>\$ (137.3)</u>

^(a) Net income from discontinued operations for the year ended June 30, 2022 reflect certain working capital adjustments net of the related income tax impact.

^(b) As the sale of the Wella Business occurred on November 30, 2020, discontinued operations activity, other than the Loss on sale of business, comprises five months for the fiscal year ended 2021.

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

	Year Ended June 30,		
	2023	2022	2021
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditures	\$ —	\$ —	\$ 8.7

The gain/(loss) on sale of the Wella Business included in Net income (loss) from discontinued operations in the Consolidated Statements of Operations was nil, \$6.1, and \$(246.4) for the years ended June 30, 2023, 2022 and 2021, respectively. Initial cash proceeds received by the Company for the sale of its 60% stake in the Wella Business were \$2,451.7 and the Company retained an equity interest of 40%. The loss on sale reflects the net assets sold, taxes and other costs to sell the Wella Business.

On December 22, 2021, the Company entered into an agreement with KKR Bidco related to post-closing adjustments to the purchase consideration for the Wella Business. As part of this agreement, the Company may receive future contingent proceeds, based on the future recovery of certain tax credits of the Wella Business.

The Company accounts for the initial measurement of contingent consideration under a loss recovery approach. As of the time the contingent consideration arrangement was entered into, the Company was unable to determine that it was probable that any of the contingent consideration would be earned. Therefore, no contingent consideration gain was initially recognized. Subsequent measurement of the contingent consideration is based on the guidance for gain contingencies and any gain will be recorded at the time the consideration is earned.

In fiscal 2022, a \$34.0 advance of future contingent proceeds was paid to the Company and subject to claw back if recovery targets related to the Wella Business tax credits are not achieved. During fiscal 2023 and 2022, certain recovery targets were achieved and the Company recognized gains of \$30.8 and \$0.7, respectively, reported in Other income, net. The remaining \$2.5 is unearned and is included in Other noncurrent liabilities in the Consolidated Balance Sheet until the contingency is resolved.

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

4. BUSINESS COMBINATIONS, ASSET ACQUISITIONS AND DIVESTITURES

Business Combinations and Asset Acquisitions

There were no business combination or asset acquisition transactions during the years ended June 30, 2023 and 2022.

KKW Beauty Business Transaction

On January 4, 2021, the Company completed its purchase of 20% of the outstanding equity of KKW Holdings, LLC (“KKW Holdings”), pursuant to a purchase agreement entered into between the Company, KKW Holdings and other parties listed as signatories (the “KKW Purchase Agreement”). On the same date, as contemplated by the KKW 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 Kim Kardashian products outside of the existing KKW Holdings scope of fragrances and cosmetics, and use certain intellectual property owned by or licensed to KKW Holdings in connection with the development, manufacture, labelling, packaging, advertising, display, distribution and sale of such products (the “KKW Collaboration Agreement”). Under the KKW Collaboration Agreement, products will be sold by the Company’s consolidated subsidiaries. Therefore, the related revenues generated and expenses incurred by such subsidiaries will be reported in the Company’s Consolidated Statements of Operations.

The KKW Purchase Agreement also gives the Company an option to acquire, and the sellers the option to compel the Company to acquire, an additional 31% of the outstanding equity of KKW Holdings (the “KKW Call Option” and “KKW Put Option”, respectively). The seller’s ability to exercise the KKW Put Option is contingent upon the achievement of certain contractually defined targets. The KKW Call Option and KKW Put Option expire on the seventh anniversary of the KKW Collaboration Agreement. Future exercise of the KKW Call Option or KKW Put Option has been deemed by the Company to be remote. However, if exercise were to occur such exercise may result in a material cash outflow for the Company.

The purchase consideration paid for the equity interest, the KKW Call Option and rights under the KKW Collaboration Agreement was \$200.0 and was allocated as follows using a relative fair value approach at the acquisition date:

	Estimated fair value	Estimated useful life (in years)
KKW Collaboration Agreement	\$ 180.6	20
20% equity interest in KKW Holdings	19.4	
Total purchase consideration	<u>\$ 200.0</u>	

The initial fair value of the KKW Collaboration Agreement and the Company’s 20% equity investment were estimated using an income approach. The Company accounts for its 20% investment in the equity of KKW Holdings under the equity method. The initial fair value of the KKW Collaboration Agreement is recognized within Other intangible assets, net and the Company’s equity investment in KKW Holdings is recognized within Equity investments, each within the Consolidated Balance Sheets. The fair value of the KKW Call Option was deemed to be de minimis.

Business Divestitures

There were no divestiture transactions during the years ended June 30, 2023 and 2022.

Wella Business

On November 30, 2020, the Company completed the strategic transaction with Kohlberg Kravis Roberts & Co. L.P. and its affiliates (“KKR”) for the sale of a majority stake in the Wella Business (see Note 3—Discontinued Operations). Following the sale, Coty deconsolidated the Wella Business as KKR owned approximately 60% of the separately managed business, and the Company owned the remaining 40%. As of June 30, 2023, the Company owned a 25.9% stake in the Wella Company. See Note 13—Equity Investments for additional information. Initial cash proceeds received for the sale of the 60% stake in the Wella Business were \$2,451.7 (less cash disposed of \$65.5, resulted in net cash proceeds of \$2,386.2).

Coty utilized \$2,015.5 of the net proceeds to pay down its 2018 Coty Term A and B Facilities (as defined in Note 15—Debt) on a pro rata basis and reserved \$500.0 for reinvestment in the Company’s business, pursuant to the 2018 Coty Credit Agreement, as amended (as defined in Note 15—Debt). In connection with the November 30, 2021 amendment to the 2018

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

Coty Credit Agreement, the Company received consent from the participating banks to eliminate the requirements to utilize or repay the Reinvestment Balance (as defined in Note 15—Debt).

Additionally, as contemplated in the Sale and Purchase Agreement (as amended) relating to the sale of the Wella Business (the “Wella SPA”), the purchase consideration was subject to further adjustments for other working capital and contractually specified items. See Note 3—Discontinued Operations for more information.

As a result of the sale of the majority interest in the Wella Business, the Company determined that it no longer had a controlling interest in the Wella Business. The Company, therefore, deconsolidated its ownership of the Wella Business assets and liabilities and no longer reported the assets and liabilities of the Wella Business in its Consolidated Balance Sheet as of December 1, 2020. The operations of the Wella Business were consolidated in the results of the Company through the date of sale. The Company accounted for its stake in Wella under the fair value option (see Note 13—Equity Investments).

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 chief operating decision maker (“CODM”) in deciding how to allocate resources and assess performance. The Company has designated its Chief Executive Officer as the CODM.

Certain income and shared costs and the results of corporate initiatives are managed by Corporate. Corporate primarily includes stock compensation expense, 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. Corporate costs are not used by the CODM to measure the underlying performance of the segments.

With the exception of goodwill and acquired intangible assets, 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,		
	2023	2022	2021
Net revenues:			
Prestige	\$ 3,420.5	\$ 3,267.9	\$ 2,720.8
Consumer Beauty	2,133.6	2,036.5	1,909.1
Total	<u>\$ 5,554.1</u>	<u>\$ 5,304.4</u>	<u>\$ 4,629.9</u>
Depreciation and amortization:			
Prestige	\$ 262.4	\$ 313.4	\$ 350.4
Consumer Beauty	164.3	203.0	234.9
Total	<u>\$ 426.7</u>	<u>\$ 516.4</u>	<u>\$ 585.3</u>
Operating income (loss) from continuing operations			
Prestige	\$ 483.7	\$ 367.2	\$ 158.1
Consumer Beauty	63.3	9.5	26.9
Corporate	(3.3)	(135.8)	(233.6)
Total	<u>\$ 543.7</u>	<u>\$ 240.9</u>	<u>\$ (48.6)</u>
Reconciliation:			
Operating income (loss) from continuing operations	\$ 543.7	\$ 240.9	\$ (48.6)
Interest expense, net	257.9	224.0	235.1
Other income, net	(419.0)	(409.9)	(43.9)
Income (loss) from continuing operations before income taxes	<u>\$ 704.8</u>	<u>\$ 426.8</u>	<u>\$ (239.8)</u>

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

	As of June 30,	
	2023	2022
Long-lived assets:		
U.S.	\$ 3,597.3	\$ 3,724.7
Netherlands	3,367.5	3,313.5
Brazil	495.0	467.9
All other	1,039.0	1,026.9
Total	<u>\$ 8,498.8</u>	<u>\$ 8,533.0</u>

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 2023, 2022 and 2021. The United States had net revenues of \$1,547.7, \$1,477.7 and \$1,288.9 in fiscal 2023, 2022 and 2021, respectively. No customer or group of affiliated customers accounted for more than 10% of the Company's Net revenues in fiscal 2023, 2022 and 2021 or are otherwise deemed significant.

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.

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,		
	2023	2022	2021
Fragrances	59.4 %	58.9 %	57.4 %
Color Cosmetics	27.9 %	28.7 %	29.3 %
Body Care, Skin & Other	12.7 %	12.4 %	13.3 %
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

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 nil, nil and \$3.0 for the fiscal years ended 2023, 2022 and 2021, respectively.

Divestiture-related costs, which are expensed as incurred, represent non-restructuring costs directly related to divesting and selling an entity, including partial sales, 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, the Company includes write-offs of assets that are no longer recoverable and contract related costs due to the divestiture. The Company recognized divestiture-related costs of nil, \$14.7 and \$135.8 for the fiscal 2023, 2022 and 2021, respectively. Divestiture-related costs incurred during the fiscal years 2022 and 2021 were primarily related to the strategic transaction with KKR for the sale of a majority stake in the Wella Business. See Note 4—Business Combinations, Asset Acquisitions and Divestitures for information on the strategic transaction.

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

7. RESTRUCTURING COSTS

Restructuring costs for the fiscal years ended June 30, 2023, 2022 and 2021 are presented below:

	Year Ended June 30,		
	2023	2022	2021
Transformation Plan	\$ (6.5)	\$ (6.5)	\$ 73.2
Other Restructuring	—	—	(9.6)
Total	<u>\$ (6.5)</u>	<u>\$ (6.5)</u>	<u>\$ 63.6</u>

Transformation Plan

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

On July 1, 2019, the Company announced a four-year plan to drive substantial improvement in and optimization in the Company's businesses (the "Turnaround Plan"). This plan was expanded on May 11, 2020 to further reduce fixed costs (the "Transformation Plan"). Of the expected costs, the Company has incurred cumulative restructuring charges of \$216.8 related to approved initiatives through June 30, 2023, which have been recorded in Corporate.

As of June 30, 2023, the Company does not expect to incur any additional restructuring charges pertaining to the Transformation Plan.

The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Fixed Asset Write-offs	Other Exit Costs	Total
Fiscal 2020	\$ 151.2	\$ (1.1)	\$ 6.5	\$ 156.6
Fiscal 2021	\$ 73.4	\$ (0.5)	\$ 0.3	\$ 73.2
Fiscal 2022	(6.2)	—	(0.3)	\$ (6.5)
Fiscal 2023	(6.5)	—	—	(6.5)
Cumulative through June 30, 2023	211.9	(1.6)	6.5	216.8

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

	Severance and Employee Benefits	Total Program Costs
Balance—July 1, 2022	\$ 55.2	\$ 55.2
Restructuring charges	4.6	4.6
Payments	(37.8)	(37.8)
Changes in estimates	(11.1)	(11.1)
Effect of exchange rates	(0.9)	(0.9)
Balance—June 30, 2023	<u>\$ 10.0</u>	<u>\$ 10.0</u>

The Company currently estimates that the total remaining accrual of \$10.0 will result in cash expenditures of approximately \$8.9 and \$1.1 in fiscal 2024 and thereafter, respectively.

Other Restructuring

The Company executed a number of other restructuring activities in prior years, which are substantially completed. The Company recognized expenses (income) of \$0.0, \$0.0, and \$(9.6) in fiscal 2023, 2022 and 2021, respectively, which have been recorded in Corporate. The related liability balances were \$0.0 at both June 30, 2023 and June 30, 2022.

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 accounts for trade receivable transfers as sales and derecognizes the sold receivables from the Consolidated Balance Sheets. The net amount utilized under factoring facilities was \$202.9 and \$179.3 as of June 30, 2023 and 2022, respectively. The aggregate amount of trade receivable invoices on a worldwide basis amounted to \$1,579.2 and \$1,041.2 in fiscal 2023 and 2022, respectively. Remaining balances due from factors amounted to \$14.2 and \$11.2 as of June 30, 2023 and 2022, respectively, and are included in Trade receivables, net in the Consolidated Balance Sheets. Factoring fees paid under these arrangements were \$8.5, \$3.0 and \$1.2 in fiscal 2023, 2022 and 2021, respectively, which were recorded in Selling, general and administrative expenses in the Consolidated Statements of Operations. Cash received from the selling of receivables 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

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

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 date. 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.

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 the Company's European subsidiaries, in exchange for cash (the "European Receivables Purchase Agreement"). The total outstanding amount permitted among such subsidiaries is €102.6 million. Factoring of such receivables under the European Receivables Purchase Agreement is executed on a non-recourse basis.

Other Factoring Agreements

In addition to the Company's main factoring facilities described above, from time to time, certain of the Company's subsidiaries may enter into local factoring agreements with local financial institutions. Based on the terms of such arrangements entered into during fiscal 2023 and 2022, the Company has derecognized receivables sold pursuant to these arrangements from the Consolidated Balance Sheets.

9. INVENTORIES

Inventories as of June 30, 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Raw materials	\$ 224.1	\$ 171.5
Work-in-process	15.6	13.2
Finished goods	613.7	476.8
Total inventories	<u>\$ 853.4</u>	<u>\$ 661.5</u>

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of June 30, 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Due from related party	\$ 70.6	\$ 70.2
Value added tax, sales and other non-income tax assets	60.2	59.4
Expected income tax refunds, credits and prepaid income taxes	102.4	116.3
Prepaid marketing, copyright and agency fees	88.7	66.9
Non-trade receivables	18.4	15.3
Prepaid rent, leases, maintenance and insurance	17.5	10.3
Interest rate swap asset	2.8	7.6
Forward Repurchase Contracts Asset	137.6	—
Other	55.4	46.0
Total prepaid expenses and other current assets	<u>\$ 553.6</u>	<u>\$ 392.0</u>

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

11. PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of June 30, 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Land, buildings and leasehold improvements	\$ 432.1	\$ 424.2
Machinery and equipment	676.4	670.7
Marketing furniture and fixtures	531.8	501.8
Computer equipment and software	751.5	737.9
Construction in progress	81.6	65.2
Property and equipment, gross	2,473.4	2,399.8
Accumulated depreciation and amortization	(1,760.5)	(1,684.3)
Property and equipment, net	<u>\$ 712.9</u>	<u>\$ 715.5</u>

Depreciation expense of property and equipment totaled \$235.0, \$309.0 and \$334.1 in fiscal 2023, 2022 and 2021, respectively. Depreciation expense is recorded in Cost of sales and Selling, general and administrative expenses in the Consolidated Statements of Operations.

During fiscal 2023, 2022 and 2021, the Company recorded asset impairment charges of \$4.3, \$2.4 and \$5.2 respectively, which are included in Selling, general and administrative expenses in the Consolidated Statements of Operations. The fiscal 2023, 2022, and 2021 impairment charges primarily relate to the abandonment of distribution equipment and IT software, the abandonment of computer software, and the abandonment of machinery and equipment, respectively.

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. During fiscal years 2023, 2022 and 2021, the Company recorded no impairments of goodwill at the Company's reporting units. During fiscal years 2023, 2022 and 2021, the Company recorded total impairments on indefinite-lived other intangible assets of nil, \$31.4 and nil, respectively. Additionally, the Company recorded no impairments on finite-lived other intangible assets during fiscal years 2023, 2022 or 2021.

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

Goodwill

Goodwill as of June 30, 2023, 2022 and 2021 is presented below:

	Prestige	Consumer Beauty	Total
Gross balance at June 30, 2021	\$ 6,384.0	\$ 1,774.2	\$ 8,158.2
Accumulated impairments	(3,110.3)	(929.8)	(4,040.1)
Net balance at June 30, 2021	<u>\$ 3,273.7</u>	<u>\$ 844.4</u>	<u>\$ 4,118.1</u>
Changes during the year ended June 30, 2022			
Foreign currency translation	(163.3)	(40.1)	(203.4)
Gross balance at June 30, 2022	\$ 6,220.7	\$ 1,734.1	\$ 7,954.8
Accumulated impairments	(3,110.3)	(929.8)	(4,040.1)
Net balance at June 30, 2022	<u>\$ 3,110.4</u>	<u>\$ 804.3</u>	<u>\$ 3,914.7</u>
Changes during the year ended June 30, 2023			
Foreign currency translation	58.5	14.7	73.2
Gross balance at June 30, 2023	\$ 6,279.2	\$ 1,748.8	\$ 8,028.0
Accumulated impairments	(3,110.3)	(929.8)	(4,040.1)
Net balance at June 30, 2023	<u>\$ 3,168.9</u>	<u>\$ 819.0</u>	<u>\$ 3,987.9</u>

Other Intangible Assets, net

Other intangible assets, net as of June 30, 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Indefinite-lived other intangible assets	\$ 950.8	\$ 936.6
Finite-lived other intangible assets, net	2,847.2	2,966.2
Total Other intangible assets, net	<u>\$ 3,798.0</u>	<u>\$ 3,902.8</u>

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

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

	Trademarks	Total
Gross balance at June 30, 2021	\$ 1,932.2	\$ 1,932.2
Accumulated impairments	(913.5)	(913.5)
Net balance at June 30, 2021	<u>\$ 1,018.7</u>	<u>\$ 1,018.7</u>
Changes during the year ended June 30, 2022		
Impairment charges ^(a)	(31.4)	(31.4)
Foreign currency translation	(50.7)	(50.7)
Gross balance at June 30, 2022	\$ 1,881.5	\$ 1,881.5
Accumulated impairments	(944.9)	(944.9)
Net balance at June 30, 2022	<u>\$ 936.6</u>	<u>\$ 936.6</u>
Changes during the year ended June 30, 2023		
Foreign currency translation	14.2	14.2
Gross balance at June 30, 2023	\$ 1,895.7	\$ 1,895.7
Accumulated impairments	(944.9)	(944.9)
Net balance at June 30, 2023	<u>950.8</u>	<u>950.8</u>

^(a) During fiscal 2022, the Company recognized asset impairment charges of \$31.4 relating to the Max Factor and Bourjois trademarks.

Intangible assets subject to amortization are presented below:

	Cost	Accumulated Amortization	Accumulated Impairment	Net
June 30, 2022				
License and collaboration agreements	\$ 3,861.9	\$ (1,302.2)	\$ (19.6)	\$ 2,540.1
Customer relationships	740.0	(473.5)	(5.5)	261.0
Trademarks	320.5	(177.1)	(0.5)	142.9
Product formulations and technology	83.9	(61.7)	—	22.2
Total	<u>\$ 5,006.3</u>	<u>\$ (2,014.5)</u>	<u>\$ (25.6)</u>	<u>\$ 2,966.2</u>
June 30, 2023				
License and collaboration agreements	\$ 3,756.2	\$ (1,282.6)	\$ (19.6)	\$ 2,454.0
Customer relationships	750.6	(505.9)	(5.5)	239.2
Trademarks	313.0	(180.6)	(0.5)	131.9
Product formulations and technology	85.6	(63.5)	—	22.1
Total	<u>\$ 4,905.4</u>	<u>\$ (2,032.6)</u>	<u>\$ (25.6)</u>	<u>\$ 2,847.2</u>

Amortization expense totaled \$191.8, \$207.4 and \$251.2 for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

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

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	20.2 years
Customer relationships	15.4 years
Trademarks	14.9 years
Product formulations and technology	21.3 years

As of June 30, 2023, the remaining weighted-average life of all intangible assets subject to amortization is 19.6 years.

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

2024	\$ 190.0
2025	185.7
2026	154.8
2027	145.5
2028	142.1

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 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.

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

13. EQUITY INVESTMENTS

The Company's equity investments, classified as Equity investments on the Consolidated Balance Sheets, as of June 30, 2023 are represented by the following:

	June 30, 2023	June 30, 2022
<i>Equity method investments:</i>		
KKW Holdings ^(a)	\$ 8.9	\$ 12.6
<i>Equity investments at fair value:</i>		
Wella ^(b)	1,060.0	830.0
Total equity investments	<u>\$ 1,068.9</u>	<u>\$ 842.6</u>

^(a) On January 4, 2021, the Company completed its purchase of 20% of the outstanding equity of KKW Holdings. (See Note 4—Business Combinations, Asset Acquisitions and Divestitures).

During the years ended June 30, 2023 and 2022, the Company recognized \$3.7 and \$3.6, respectively, representing its share of the investee's net loss and the amortization of basis differences in Other income, net within the Consolidated Statements of Operations.

^(b) On November 30, 2020, the Company completed the strategic transaction with KKR for the sale of a 60% stake in Coty's Wella Business. As of June 30, 2023 and 2022, the Company's stake in the Wella Company was 25.9%.

The following table presents summarized financial information of the Company's equity method investees for the years ended June 30, 2023 and 2022. Amounts presented represent combined totals at the investee level and not the Company's proportionate share:

Summarized Statements of Operations information:	Year Ended June 30, 2023	Year Ended June 30, 2022
Net revenues	\$ 2,477.7	\$ 2,505.1
Gross profit	1,616.2	1,706.5
Operating income (loss)	163.6	91.9
Loss before income taxes	(33.6)	(137.8)
Net loss	(76.2)	(171.7)

Summarized Balance Sheets information:	June 30, 2023	June 30, 2022
Current assets	\$ 1,093.4	\$ 951.4
Noncurrent assets	4,554.5	4,577.5
Total assets	5,647.9	5,528.9
Current liabilities	1,038.9	985.7
Noncurrent liabilities	2,708.5	2,525.6
Total liabilities	3,747.4	3,511.3

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

As of June 30, 2023, the Wella Company had 30.0 million shares of issued common stock and 1,843.2 million shares of issued redeemable preferred stock, of which Coty held 25.9% of each class of shares. The Wella Company had total equity inclusive of redeemable preferred stock of \$1,938.8 as of June 30, 2023.

The following table summarizes movements in equity investments with fair value option that are classified within Level 3 for the period ended June 30, 2023. There were no internal movements to or from Level 3 from Level 1 or Level 2 for the period ended June 30, 2023.

Equity investments at fair value:

Balance as of June 30, 2022	\$ 830.0
Total gains/(losses) included in earnings	230.0
Balance as of June 30, 2023	<u>\$ 1,060.0</u>

Level 3 significant unobservable inputs sensitivity

The following table summarizes the significant unobservable inputs used in Level 3 valuation of the Company's investments carried at fair value as of June 30, 2023. Included in the table are the inputs or range of possible inputs that have an effect on the overall valuation of the financial instruments.

	Fair value	Valuation Technique	Unobservable input	Range
Equity investments at fair value	\$ 1,060.0	Discounted cash flows	Discount rate	10.75% ^(a)
			Growth rate	1.8% - 9.2% ^(a)
Equity investments at fair value	\$ 1,060.0	Market multiple	Revenue multiple	2.5x-3.0x ^(b)
			EBITDA multiple	12.0x – 15.0x ^(b)

^(a) The primary unobservable inputs used in the fair value measurement of the Company's equity investments with fair value option, when using a discounted cash flow method, are the discount rate and revenue growth rate. Significant increases (decreases) in the discount rate in isolation would result in a significantly lower (higher) fair value measurement. The Company estimates the discount rate based on the investees' projected cost of equity and debt. The revenue growth rate is forecasted for future years by the investee based on their best estimates. Significant increases (decreases) in the revenue growth rate in isolation would result in a significantly higher (lower) fair value measurement.

^(b) The primary unobservable inputs used in the fair value measurement of the Company's equity investments with fair value option, when using a market multiple method, are the revenue multiple and EBITDA multiple. Significant increases (decreases) in the revenue multiple or EBITDA multiple in isolation would result in a significantly higher (lower) fair value measurement. The market multiples are derived from a group of guideline public companies.

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

14. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities as of June 30, 2023 and 2022 consist of the following:

	June 30, 2023	June 30, 2022
Advertising, marketing and licensing	\$ 338.4	\$ 314.9
Customer returns, discounts, allowances and bonuses	261.5	254.1
Compensation and other compensation related benefits	171.1	131.7
Value added, sales and other non-income taxes	71.5	83.1
Derivative liability for foreign currency	4.3	62.1
Restructuring costs	8.9	54.1
Interest	47.0	47.8
Auditing, consulting, legal and litigation accruals	25.2	30.8
Deferred income	6.9	21.5
Factoring - due to counterparty	23.0	12.8
Unfavorable contract liability	10.5	10.1
Due to related party	8.3	4.7
Cross currency swap liability	0.5	3.5
Other	64.9	65.9
Total accrued expenses and other current liabilities	<u>\$ 1,042.0</u>	<u>\$ 1,097.1</u>

15. DEBT

	June 30, 2023	June 30, 2022
Short-term debt	\$ —	\$ —
Senior Secured Notes		
2026 Dollar Senior Secured Notes due April 2026	900.0	900.0
2026 Euro Senior Secured Notes due April 2026	761.0	731.8
2029 Dollar Senior Secured Notes due January 2029	500.00	500.0
2018 Coty Credit Agreement		
2021 Coty Revolving Credit Facility due April 2025	228.9	273.6
2018 Coty Term B Facility due April 2025	1,183.7	1,239.2
Senior Unsecured Notes		
2026 Dollar Notes due April 2026	473.0	550.0
2026 Euro Notes due April 2026	196.0	261.4
Brazilian Credit Facility	31.9	42.4
Other long-term debt and finance lease obligations	7.1	0.1
Total debt	4,281.6	4,498.5
Less: Short-term debt and current portion of long-term debt	(57.9)	(23.0)
Total Long-term debt	4,223.7	4,475.5
Less: Unamortized financing fees	(29.8)	(41.8)
Less: Discount on long-term debt	(15.7)	(24.6)
Total Long-term debt, net	<u>\$ 4,178.2</u>	<u>\$ 4,409.1</u>

Short-Term Debt

The Company maintains short-term lines of credit with financial institutions around the world. Total available lines of credit were \$49.2 and \$43.1, of which nil and nil were outstanding at June 30, 2023 and 2022, respectively. Interest rates on

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

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 4.8% to 16.4% and from 1.2% to 15.9% as of June 30, 2023 and 2022, respectively. The weighted-average interest rate on short-term debt outstanding was 0.0% and 0.0% as of June 30, 2023 and 2022, respectively. In addition, the Company had undrawn letters of credit of \$7.2 and \$14.3 and bank guarantees of \$16.3 and \$17.2 as of June 30, 2023 and 2022, respectively.

Long-Term Debt

The Company's long-term debt facilities consisted of the following as of June 30, 2023 and 2022:

Facility	Maturity Date	Borrowing Capacity (in millions) as of June 30, 2023	Interest Rate Terms	Applicable Interest Rate Spread as of June 30, 2023	Debt Discount	Repayment Schedule
<i>Fiscal 2023 and 2022</i>						
2029 Dollar Senior Secured Notes	January 2029	\$500.0	4.75% per annum, payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2022	4.75%	N/A ^(b)	Payable in full at maturity date
2021 Coty Revolving Credit Facility ^{(f)(g)}	April 2025	\$2,000.0	SOFR ^(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)	Payable in full at maturity date
Brazilian Credit Facilities - October 2023	October 2023	\$31.9	3.48% per annum, payable quarterly in arrears beginning on July 5, 2022	3.48%	N/A ^(b)	Payable in full at maturity date
Brazilian Credit Facilities - September 2023	September 2023	\$—	3.74% per annum, payable quarterly in arrears beginning on June 30, 2022	3.74%	N/A ^(b)	Repaid in full
2026 Dollar Senior Secured Notes	April 2026	\$900.0	5.0% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2021	5.000%	N/A ^(b)	Payable in full at maturity date
2026 Euro Senior Secured Notes	April 2026	€700.0	3.875% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, beginning on October 15, 2021	3.875%	N/A ^(b)	Payable in full at maturity date
2018 Coty Term B Facility - USD Portion ^(g)	April 2025	\$715.5	SOFR ^(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 ^(g)	April 2025	€430.6	SOFR ^(a) plus a margin of 2.50% per annum ^(d)	2.50%	0.25%	
2026 Dollar Notes	April 2026	\$473.0	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
2026 Euro Notes	April 2026	€180.3	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)	Payable in full at maturity date

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

^(b) N/A - Not Applicable.

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

^(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, 2023 and 2022, the applicable rate on the unused commitment fee was 0.25% and 0.25%, respectively.

^(f) As a result of the amendments entered into in fiscal 2022, the 2018 Coty Revolving Credit Facility was refinanced and replaced by the 2021 Coty Revolving Credit Facility due April 5, 2025 (as described below).

^(g) Except as described below in amendments to the 2018 Coty Credit Agreement (as defined below), original terms of the 2018 Coty Credit Agreement apply to these debt facilities.

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

Recent Developments

Early Paydown of Brazilian Credit Facility

On June 23, 2023, a wholly-owned subsidiary of the Company utilized cash on hand to fully paid down one of the existing U.S. Dollar-denominated credit facilities in Brazil in the amount of \$10.5. This facility was set to mature in September 2023.

Financing Activities

The Company completed certain financing activities in the first quarter of fiscal 2024, as discussed in Note 28—Subsequent Events.

Senior Secured Notes

On November 30, 2021, the Company issued an aggregate principal amount of \$500.0 of 4.75% senior secured notes due 2029 ("2029 Dollar Senior Secured Notes"). Coty received gross proceeds of \$500.0 in connection with the offering of the 2029 Dollar Senior Secured Notes. In accordance with the 2018 Coty Credit Agreement, as amended, a portion of the gross proceeds received were utilized to pay down the remaining outstanding principal balance of the 2018 Coty Revolving Credit Facility of \$394.0 and the 2018 Coty Term A Facility of €89.5 million (approximately \$100.4).

On June 16, 2021, the Company issued an aggregate principal amount of €700.0 million of 3.875% senior secured notes due 2026 (the "2026 Euro Senior Secured Notes") in a private offering. Coty received gross proceeds of €700.0 million in connection with the offering of the 2026 Euro Senior Secured Notes.

On April 21, 2021, the Company issued an aggregate principal amount of \$900.0 of 5.00% senior secured notes due 2026 (the "2026 Dollar Senior Secured Notes" and, together with the 2026 Euro Senior Secured Notes and 2029 Dollar Senior Secured Notes, the "Senior Secured Notes"). Coty received gross proceeds of \$900.0 in connection with the offering of the 2026 Dollar Senior Secured Notes.

Coty used the gross proceeds of the offerings of the Senior Secured Notes to repay a portion of the term loans outstanding under the existing credit facilities and to pay related fees and expenses thereto.

The Senior Secured Notes are senior secured obligations of Coty and are guaranteed on a senior secured basis by each of Coty's wholly-owned domestic subsidiaries that guarantees Coty's obligations under its existing senior secured credit facilities and are secured by first priority liens on the same collateral that secures Coty's obligations under its existing senior secured credit facilities, as described below. The Senior Secured Notes and the guarantees are equal in right of payment with all of Coty's and the guarantors' respective existing and future senior indebtedness and are pari passu with all of Coty's and the guarantors' respective existing and future indebtedness that is secured by a first priority lien on the collateral, including the existing senior secured credit facilities, to the extent of the value of such collateral.

Optional Redemption

Applicable Premium

The indentures governing the Senior Secured Notes specify the Applicable Premium (as defined in the respective indentures) to be paid upon early redemption of some or all of the Senior Secured Notes prior to, and on or after, April 15, 2023 for the 2026 Euro Senior Secured Notes and 2026 Dollar Senior Secured Notes, and January 15, 2025 for the 2029 Dollar Senior Secured Notes (the "Early Redemption Dates").

The Applicable Premium related to the respective Senior Secured 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 Senior Secured Notes; and
- (2) the excess, if any, of (a) the present value at such redemption date of (i) the redemption price of such respective Senior Secured Notes that would apply if such respective notes were redeemed on the respective Early Redemption Dates, (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 respective Senior Secured Notes to and including the respective Early Redemption Dates, (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 Senior Secured Notes and 2029 Dollar Senior Secured Notes, or Bund Rate in the case of the 2026 Euro Senior Secured Notes (both Treasury Rate and Bund Rate as defined in the

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

respective indentures) as of such redemption date plus 50 basis points; over (b) the principal amount of the respective Senior Secured Notes.

Redemption Pricing

At any time and from time to time prior to the Early Redemption Dates, the Company may redeem some or all of the respective notes 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 the Early Redemption Dates, the Company may redeem some or all of the respective notes 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 respective dates of each of the years indicated below:

For the period beginning	Price		
	2026 Dollar Senior Secured Notes	2026 Euro Senior Secured Notes	2029 Dollar Senior Secured Notes
Year	April 15,		January 15,
2024	101.250%	100.969%	N/A
2025	100.000%	100.000%	102.375%
2026	N/A	N/A	101.188%
2027 and thereafter	N/A	N/A	100.000%

2018 Coty Credit Agreement

On April 5, 2018, the Company entered into an amended and restated credit agreement (the "2018 Coty Credit Agreement"), which, as previously disclosed, was amended in June 2019, September 2021 and November 2021. On March 7, 2023, the Company further amended the 2018 Coty Credit Agreement to effectuate the transition of the underlying variable interest rate from LIBOR to the Secured Overnight Financing Rate ("SOFR").

As amended and restated through March 2023, the 2018 Coty Credit Agreement matures on April 5, 2025 and provides for (a) the incurrence by the Company of (1) a senior secured term A facility in an aggregate principal amount of (i) \$1,000.0 million denominated in U.S. dollars and (ii) €2,035.0 million 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 million denominated in U.S. dollars and (ii) €850.0 million 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 \$2,000.0 million denominated in U.S. dollars, specified alternative currencies or other currencies freely convertible into U.S. dollars (the "2021 Coty Revolving Credit Facility") (as amended through March 2023, the 2018 Coty Term A Facility, together with the 2018 Coty Term B Facility and the 2021 Coty Revolving Credit Facility, the "2018 Coty Credit Facilities").

The 2018 Coty Credit Agreement provides that with respect to the 2021 Coty Revolving Credit Facility, up to \$150.0 million is available for letters of credit and up to \$150.0 million 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 million 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.

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

As previously disclosed, the Company utilized proceeds from certain transactions to pay down portions of the outstanding balances of the 2018 Coty Term A Facility and 2018 Coty Term B Facility in November 2020, October 2021 and January 2022. In December 2022, in connection with the Lacoste license termination, a portion of the termination payment totaling €52.5 million (approximately \$55.6 at the time) was advanced to the Company. In accordance with the 2018 Coty Credit Agreement, as amended, the Company utilized a portion of the advance proceeds to pay down €13.5 million (approximately \$14.3) and \$21.5, respectively, of the outstanding balances of the euro and U.S. dollar portions of the 2018 Term B Facility on December 23, 2022. In June 2023, in connection with the Lacoste license termination, a portion of the termination payment totaling €35.3 (approximately \$38.3) was paid to the Company. In accordance with the 2018 Coty Credit Agreement, as amended, the Company utilized a portion of the proceeds to pay down €6.6 million (approximately \$7.2) and \$8.0, respectively, of the outstanding balances of the euro and U.S. dollar portions of the 2018 Term B Facility on June 30, 2023. No balances remain outstanding under the 2018 Coty Term A Facility.

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 million of 4.00% senior unsecured notes due 2023 (the “2023 Euro Notes”) and €250.0 million 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). The Senior Unsecured Notes are guaranteed, jointly and severally, on a senior basis by the Guarantors. 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 and Euro Notes will mature on April 15, 2026. The 2026 Dollar Notes will bear interest at a rate of 6.50% per annum. The 2026 Euro Notes will bear interest at a rate of 4.75% per annum. Interest on the 2026 Dollar and Euro Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

The Company issued a notice of full redemption of the 2023 Euro Notes (as defined below) on February 15, 2022 and redeemed the 2023 Euro Notes on April 15, 2022 in the amount of €550.0 million (approximately \$606.4). The Company utilized cash on hand of \$480.7 and drew down \$125.7 on the 2021 Coty Revolving Credit Facility (as defined below) for the redemption. On December 7, 2022, the Company redeemed \$77.0 of the 2026 Dollar Notes and €69.7 million (approximately \$72.2) of the 2026 Euro Notes.

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

As of June 30, 2023, the Company may at any time redeem some or all of the 2026 Dollar 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

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

each of the years indicated below:

Year	Price	
	2026 Dollar Notes	2026 Euro Notes
2023	101.6250%	101.1875%
2024 and thereafter	100.0000%	100.0000%

Deferred Issuance Costs

For the fiscal years ended June 30, 2023, 2022 and 2021, the Company capitalized deferred financing fees of nil, \$9.2, and \$25.4, respectively. The Company incurred nil, \$27.0 and nil in third-party debt issuance costs during the fiscal years ended June 30, 2023, 2022 and 2021, respectively, which were recorded as Other income, net in the Consolidated Statement of Operations.

Write-offs

In fiscal 2023, the Company wrote off unamortized deferred financing fees of \$0.7 and \$0.1 of unamortized debt discounts. In fiscal 2022, the Company wrote off \$4.7 of unamortized deferred financing fees and \$0.4 of unamortized debt discounts. In fiscal 2021, the Company wrote off \$21.1 of unamortized deferred financing fees and \$3.1 of unamortized debt discounts. The write-offs of the unamortized deferred financing fees and unamortized debt discounts are included in Other income, net 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:

- SOFR 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
- Alternate base rate ("ABR") plus the applicable margin.

In the case of the 2021 Coty Revolving Credit 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:	SOFR 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:	SOFR 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 U.S. dollar portion of the 2018 Coty Term B Facility, the applicable margin means 2.25% per annum, in the case of SOFR 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 SOFR be deemed to be less than 0.00% per annum.

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

Fair Value of Debt

	June 30, 2023		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior Secured Notes	\$ 2,161.0	\$ 2,066.9	\$ 2,131.8	\$ 1,914.1
2018 Coty Credit Agreement	1,412.6	1,393.5	1,512.8	1,451.5
Senior Unsecured Notes	669.0	661.5	811.4	733.5
Brazilian Credit Facility	31.9	32.2	42.4	48.2

The Company uses the market approach to value its debt instruments. The Company obtains fair values from independent pricing services or utilizes the USD SOFR curve 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 as Level 2 in the fair value hierarchy.

Debt Maturities Schedule

Aggregate maturities of the Company's long-term debt, including the current portion of long-term debt and excluding capital lease obligations as of June 30, 2023, are presented below:

Fiscal Year Ending June 30,	
2024	\$ 55.1
2025	1,389.3
2026	2,330.1
2027	—
2028	—
Thereafter	500.0
Total	\$ 4,274.5

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^(a)
June 30, 2023 through April 5, 2025	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, unusual events such as COVID-19, operating expense reductions and future unrealized synergies subject to certain limits and conditions as specified in the 2018 Coty Credit Agreement, as amended.

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 the Company's 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.

As of June 30, 2023, the Company was in compliance with all covenants contained within the 2018 Coty Credit Agreement, as amended.

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

16. LEASES

The Company leases office facilities under non-cancelable operating leases with terms generally ranging between 5 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.

Due to the divestiture of the Wella Business, lease assets, liabilities and expenses specific to this business for the fiscal year ended June 30, 2021 are excluded from the subsequent tables.

The following table provides additional information about the Company's operating leases for the fiscal years ended June 30, 2023, 2022 and 2021.

Lease Cost:	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021
Operating lease cost	\$ 76.2	\$ 90.4	\$ 87.1
Short-term lease cost	0.9	1.2	0.8
Variable lease cost	40.3	39.3	49.5
Sublease income	(15.8)	(20.0)	(14.9)
Net lease cost	\$ 101.6	\$ 110.9	\$ 122.5
Other information:			
Operating cash outflows from operating leases	(73.8)	(83.8)	\$ (132.4)
Right-of-use assets obtained in exchange for lease obligations	25.7	104.9	\$ 27.8
Weighted-average remaining lease term - real estate	7.2 years	7.6 years	6.4 years
Weighted-average discount rate - real estate leases	4.13 %	3.85 %	3.57 %

Future minimum lease payments for the Company's operating leases as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	
2024	\$ 78.6
2025	60.0
2026	48.8
2027	41.0
2028	32.7
Thereafter	107.1
Total future lease payments	368.2
Less: imputed interest	(55.1)
Total present value of lease liabilities	<u>\$ 313.1</u>
Current operating lease liabilities	65.6
Long-term operating lease liabilities	247.5
Total operating lease liabilities	<u>\$ 313.1</u>

Table excludes obligations for leases with original terms of twelve months or less which have not been recognized as ROU assets or liabilities in the Consolidated Balance Sheets.

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

17. INCOME TAXES

Income (loss) from continuing operations before income taxes in fiscal 2023, 2022 and 2021 is presented below:

	Year Ended June 30,		
	2023	2022	2021
United States	\$ (253.6)	\$ (277.5)	\$ (434.4)
Foreign	958.4	704.3	194.6
Total	<u>\$ 704.8</u>	<u>\$ 426.8</u>	<u>\$ (239.8)</u>

The components of the Company's total provision (benefit) for income taxes from continuing operations during fiscal 2023, 2022 and 2021 are presented below:

	Year Ended June 30,		
	2023	2022	2021
Provision (benefit) for income taxes on continuing operations:			
Current:			
Federal	\$ 2.6	\$ 6.6	\$ 3.8
State and local	2.6	(6.0)	14.9
Foreign	120.1	152.1	55.2
Total	<u>125.3</u>	<u>152.7</u>	<u>73.9</u>
Deferred:			
Federal	(61.1)	(2.7)	41.1
State and local	1.0	(12.8)	5.4
Foreign	116.4	27.6	(292.4)
Total	<u>56.3</u>	<u>12.1</u>	<u>(245.9)</u>
Provision (benefit) for income taxes on continuing operations	<u>\$ 181.6</u>	<u>\$ 164.8</u>	<u>\$ (172.0)</u>

During fiscal 2023, the Company recorded a provision of \$181.6 primarily due to the limitation on the deductibility of executive stock compensation, offset by fair value gains related to the investment in the Wella business at a lower rate.

During fiscal 2022, the Company recorded a provision of \$164.8 primarily due to the limitation on the deductibility of executive stock compensation and tax costs associated with the Russia exit, offset by large fair value gains related to the investment in the Wella business at a lower rate.

During fiscal 2021, the Company recorded a benefit of \$234.4 as a result of a tax rate differential on the deferred taxes recognized on the transfer of assets and liabilities, following the Company's relocation of the main principal location from Geneva to Amsterdam. The overall value of the assets and liabilities transferred was negotiated with both the Swiss and Dutch tax authorities and per terms of the agreements, will be reevaluated after three years. The Company also recorded an expense of \$130.0 related to an internal restructuring following the Wella divestiture, primarily intended to create a more efficient structure to hold its equity investment in Wella.

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

The reconciliation of the U.S. Federal statutory tax rate to the Company's effective income tax rate during fiscal 2023, 2022 and 2021 is presented below:

	Year Ended June 30,		
	2023	2022	2021
Income (loss) from continuing operations before income taxes	\$ 704.8	\$ 426.8	\$ (239.8)
Provision (benefit) for income taxes at statutory rate	\$ 148.0	\$ 89.6	\$ (50.4)
State and local taxes—net of federal benefit	2.8	(14.9)	26.3
Foreign tax differentials	(10.1)	(16.4)	(23.3)
Change in valuation allowances	10.2	(2.3)	(3.8)
Change in unrecognized tax benefit	32.5	(10.6)	(18.0)
Permanent differences—net	(4.9)	25.4	(13.1)
Non-deductible executive stock compensation	27.7	37.1	—
Currency Loss	(13.6)	(0.2)	—
Dispositions of business assets	—	12.7	—
Russia exit	(7.0)	24.1	—
Principal relocation	—	—	(234.4)
Post-divestiture restructuring	—	—	130.0
Other	(4.0)	20.3	14.7
Provision (benefit) for income taxes on continuing operations	\$ 181.6	\$ 164.8	\$ (172.0)
Effective income tax rate	25.8 %	38.6 %	71.7 %

Significant components of deferred income tax assets and liabilities as of June 30, 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Deferred income tax assets:		
Inventories	\$ 7.5	\$ 8.3
Accruals and allowances	54.9	58.6
Sales returns	19.1	17.3
Share-based compensation	4.8	5.1
Employee benefits	55.6	60.3
Net operating loss carry forwards and tax credits	241.4	296.4
Capital loss carry forwards	0.3	1.1
Interest expense limitation carry forward	47.5	28.5
Lease liability	28.6	30.6
Principal relocation lease liability	424.0	434.0
Property, plant and equipment	13.0	—
Other	48.4	31.7
Less: valuation allowances	(60.7)	(41.7)
Net deferred income tax assets	884.4	930.2
Deferred income tax liabilities:		
Intangible assets	817.4	811.9
Property, plant and equipment	—	9.2
Licensing rights	27.8	25.7
Right of use asset	28.6	31.2
Other	80.5	69.4
Deferred income tax liabilities	954.3	947.4
Net deferred income tax (liability) asset	\$ (69.9)	\$ (17.2)

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

The expirations of tax loss carry forwards, amounting to \$686.9 as of June 30, 2023, 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
2024	\$ —	\$ 7.9	\$ 0.6	\$ 8.5
2025	—	3.1	3.9	7.0
2026	—	—	9.5	9.5
2027	—	245.9	27.8	273.7
2028 and thereafter	—	115.5	272.7	388.2
Total	<u>\$ —</u>	<u>\$ 372.4</u>	<u>\$ 314.5</u>	<u>\$ 686.9</u>

The total valuation allowances recorded are \$60.7 and \$41.7 as of June 30, 2023 and 2022, respectively. In fiscal 2023, the change in the valuation allowance was primarily due to an increase in valuation allowance on certain state and foreign net operating losses.

A reconciliation of the beginning and ending amount of UTBs is presented below:

	Year Ended June 30,		
	2023	2022	2021
UTBs—July 1	\$ 251.6	\$ 279.9	\$ 277.9
Additions based on tax positions related to the current year	6.7	1.7	32.1
Additions for tax positions of prior years	0.7	20.8	—
Reductions for tax positions of prior years	(1.4)	(29.4)	(4.5)
Settlements	(4.6)	(0.2)	(0.4)
Lapses in statutes of limitations	(13.8)	(14.1)	(33.3)
Foreign currency translation	(3.7)	(7.1)	8.1
UTBs—June 30	<u>\$ 235.5</u>	<u>\$ 251.6</u>	<u>\$ 279.9</u>

As of June 30, 2023, the Company had \$235.5 of UTBs of which \$184.9 represents the amount that, if recognized, would impact the effective income tax rate in future periods. As of June 30, 2023 and 2022, the liability associated with UTBs, including accrued interest and penalties, is \$218.6 and \$191.8, respectively, which is recorded in Income and other taxes payable and Other non-current liabilities in the Consolidated Balance Sheets.

The Company accrued interest of \$7.8, \$4.2 and \$0.8, respectively, in fiscal 2023, 2022 and 2021. The Company accrued immaterial penalties in fiscal 2023 and no penalties in fiscal 2022, and released penalties of \$0.5 in fiscal 2021. 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, 2023 and 2022 is \$33.1 and \$26.4, respectively.

The Company is present in approximately 40 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 2023 and 2022, the Company recognized a tax benefit of \$18.4 and \$14.3 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, 2023, it is reasonably possible that a decrease of up to \$21.5 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.

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

18. INTEREST EXPENSE, NET

Interest expense, net for the years ended June 30, 2023, 2022 and 2021 is presented below:

	Year Ended June 30,		
	2023	2022	2021
Interest expense	\$ 261.1	\$ 241.2	\$ 231.8
Foreign exchange losses (gains), net of derivative contracts	12.2	(10.0)	6.8
Interest income	(15.4)	(7.2)	(3.5)
Total interest expense, net	<u>\$ 257.9</u>	<u>\$ 224.0</u>	<u>\$ 235.1</u>

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 2023, 2022 and 2021, the defined contribution expense for Coty Inc. for the U.S. defined contribution plan was \$13.7, \$13.6 and \$15.8, respectively, and the defined contribution expense for the international savings plans was \$9.6, \$9.7 and \$12.0, 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 Transformation Plan, the Company concluded that restructuring actions resulted in a significant reduction of future services of active employees in certain of the Company's non-U.S. pension plans. As a result, the Company recognized curtailment gains of \$0.7, \$1.3 and \$6.9 during the years ended June 30, 2023, 2022 and 2021, respectively. Additionally, the Company recognized settlement losses of \$0.2, \$1.8, and \$3.8, of which \$0.0, \$1.4, and \$2.3 were related to restructuring actions during the years ended June 30 2023, 2022 and 2021, respectively. The impact of settlement and curtailment activity on the current and prior comparative periods is included in Other income, net in the Consolidated Statements of Operations.

Plan Amendments for Pension Plans - There were no Plan amendments as of June 30, 2023.

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.

All of the disclosures below include amounts related to discontinued operations through November 30, 2020, except when otherwise noted.

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

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		2023	2022	2023	2022
	2023	2022	2023	2022				
Change in benefit obligation								
Benefit obligation—July 1	\$ 14.5	\$ 18.9	\$ 343.7	\$ 515.9	\$ 38.8	\$ 50.2	\$ 397.0	\$ 585.0
Service cost	—	—	4.8	9.1	0.6	0.8	5.4	9.9
Interest cost	0.7	0.5	10.9	5.9	1.7	0.8	13.3	7.2
Plan participants' contributions	—	—	1.1	1.5	0.2	0.2	1.3	1.7
Benefits paid	(1.4)	(2.1)	(14.5)	(15.1)	(1.9)	(2.2)	(17.8)	(19.4)
New employees transfers in	—	—	1.0	4.2	—	—	1.0	4.2
Premiums paid	—	—	(0.5)	(0.5)	—	—	(0.5)	(0.5)
Pension curtailment	—	—	(0.7)	(1.6)	—	—	(0.7)	(1.6)
Other ^(a)	—	—	16.2	—	—	—	16.2	—
Pension settlement	—	—	(4.2)	(39.3)	—	—	(4.2)	(39.3)
Actuarial loss (gain)	(0.8)	(2.8)	(16.6)	(86.8)	(3.3)	(10.9)	(20.7)	(100.5)
Effect of exchange rates	—	—	14.4	(49.6)	(0.1)	(0.1)	14.3	(49.7)
Benefit obligation—June 30	<u>\$ 13.0</u>	<u>\$ 14.5</u>	<u>\$ 355.6</u>	<u>\$ 343.7</u>	<u>\$ 36.0</u>	<u>\$ 38.8</u>	<u>\$ 404.6</u>	<u>\$ 397.0</u>
Change in plan assets								
Fair value of plan assets—July 1	\$ —	\$ —	\$ 101.5	\$ 159.1	\$ —	\$ —	\$ 101.5	\$ 159.1
Actual return on plan assets	—	—	1.5	(11.6)	—	—	1.5	(11.6)
Employer contributions	1.4	2.1	13.7	15.7	1.8	2.0	16.9	19.8
Plan participants' contributions	—	—	1.1	1.5	0.2	0.2	1.3	1.7
Benefits paid	(1.4)	(2.1)	(14.5)	(15.1)	(1.9)	(2.2)	(17.8)	(19.4)
New employees transfers in	—	—	1.0	4.2	—	—	1.0	4.2
Premiums paid	—	—	(0.5)	(0.5)	—	—	(0.5)	(0.5)
Plan settlements	—	—	(4.2)	(39.1)	—	—	(4.2)	(39.1)
Other ^(a)	—	—	16.2	—	—	—	16.2	—
Effect of exchange rates	—	—	5.1	(12.7)	—	—	5.1	(12.7)
Fair value of plan assets—June 30	<u>—</u>	<u>—</u>	<u>120.9</u>	<u>101.5</u>	<u>0.1</u>	<u>—</u>	<u>121.0</u>	<u>101.5</u>
Funded status—June 30	<u>\$ (13.0)</u>	<u>\$ (14.5)</u>	<u>\$ (234.7)</u>	<u>\$ (242.2)</u>	<u>\$ (35.9)</u>	<u>\$ (38.8)</u>	<u>\$ (283.6)</u>	<u>\$ (295.5)</u>

^(a) In connection with the P&G Beauty business acquisition in 2016, the Company assumed certain international pension and OPEB obligations and assets (the "P&G plans"). At that time, the P&G plans had an active legal dispute that has been resolved during fiscal 2023, resulting in \$16.2 of additional assets being paid to the Coty plans. The projected benefit obligation has also increased \$16.2 to reflect the liability to distribute these funds to the employees who were originally in the P&G plans. We expect that most of these assets will be paid out in fiscal 2024.

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

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, 2023 and 2022, are presented below:

	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International		2023	2022	2023	2022
	2023	2022	2023	2022				
Noncurrent assets	\$ —	\$ —	\$ 1.4	\$ 1.4	\$ —	\$ —	\$ 1.4	\$ 1.4
Current liabilities	(1.3)	(1.3)	(0.5)	(0.8)	(2.5)	(2.6)	(4.3)	(4.7)
Noncurrent liabilities	(11.7)	(13.2)	(235.6)	(242.8)	(33.4)	(36.2)	(280.7)	(292.2)
Funded status	(13.0)	(14.5)	(234.7)	(242.2)	(35.9)	(38.8)	(283.6)	(295.5)
AOC(L)/I	1.4	3.5	56.1	39.8	18.5	17.6	76.0	60.9
Net amount recognized	<u>\$ (11.6)</u>	<u>\$ (11.0)</u>	<u>\$ (178.6)</u>	<u>\$ (202.4)</u>	<u>\$ (17.4)</u>	<u>\$ (21.2)</u>	<u>\$ (207.6)</u>	<u>\$ (234.6)</u>

The projected benefit obligation actuarial gain of \$17.4 for the fiscal year ended June 30, 2023 was primarily driven by increases in discount rates offset by an increase in inflation since the fiscal year ended June 30, 2022. The actuarial gain in the projected benefit obligation was partially offset by an asset loss of \$1.9 as a result of worse than expected asset performance. For the fiscal year ended June 30, 2022, the projected benefit obligation actuarial gain of \$89.6 was primarily driven by a significant increase in discount rates since June 30, 2021. The actuarial gain in the projected benefit obligation was partially offset by the asset loss of \$16.0 as a result of worse than expected asset performance, particularly in Switzerland and Germany.

During fiscal 2023 the retiree medical and life insurance plan experienced a gain on the liability of \$3.3 primarily driven by the increase in the discount rate. Retirees waiving medical coverage and changes in the pre-65 medical claim costs also contributed to the gain, which was slightly offset by increases in the medical trend assumption. During fiscal 2022 the retiree medical and life insurance plan experienced a gain on the liability of \$10.9 primarily driven by the increase in the discount rate. Retirees waiving medical coverage, updated medical trend, and a change in the plan participation assumption for active participants to 50% HSA and 50% OAP also contributed to the gain. The gain was slightly offset due to updated claims and mortality assumption changes.

The accumulated benefit obligation for the U.S. defined benefit pension plans was \$13.0 and \$14.5 as of June 30, 2023 and 2022, respectively. The accumulated benefit obligation for international defined benefit pension plans was \$346.3 and \$333.0 as of June 30, 2023 and 2022, 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	
	2023	2022	2023	2022	2023	2022	2023	2022
Projected benefit obligation	\$ 13.0	\$ 14.5	\$ 342.0	\$ 328.8	\$ 13.0	\$ 14.5	\$ 342.0	\$ 328.8
Accumulated benefit obligation	13.0	14.5	333.7	319.0	13.0	14.5	333.7	319.0
Fair value of plan assets	—	—	106.2	85.3	—	—	106.2	85.3

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

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									
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Service cost	\$ —	\$ —	\$ —	\$ 4.8	\$ 9.1	\$ 18.4	\$ 0.6	\$ 0.8	\$ 1.0	\$ 5.4	\$ 9.9	\$ 19.4
Interest cost	0.7	0.5	0.5	10.9	5.9	8.4	1.7	0.8	1.3	13.3	7.2	10.2
Expected return on plan assets	—	—	—	(3.4)	(4.5)	(6.3)	—	—	—	(3.4)	(4.5)	(6.3)
Amortization of prior service (credit) cost	—	—	—	(0.1)	(0.1)	(0.3)	(0.2)	(0.3)	(3.3)	(0.3)	(0.4)	(3.6)
Amortization of net (gain) loss	(2.9)	0.4	1.5	(0.7)	(0.2)	(0.2)	(2.4)	(0.2)	(0.1)	(6.0)	—	1.2
Settlements (gain) loss recognized	—	—	—	0.2	1.8	3.8	—	—	—	0.2	1.8	3.8
Curtailed (gain) loss recognized	—	—	—	(0.7)	(1.3)	(6.9)	—	—	—	(0.7)	(1.3)	(6.9)
Net periodic benefit cost	<u>\$ (2.2)</u>	<u>\$ 0.9</u>	<u>\$ 2.0</u>	<u>\$ 11.0</u>	<u>\$ 10.7</u>	<u>\$ 16.9</u>	<u>\$ (0.3)</u>	<u>\$ 1.1</u>	<u>\$ (1.1)</u>	<u>\$ 8.5</u>	<u>\$ 12.7</u>	<u>\$ 17.8</u>

Net periodic benefit costs include amounts related to discontinued operations of \$0.0, \$0.0, and \$6.2 for the years ended June 30, 2023, 2022 and 2021, 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					
	2023	2022	2023	2022	2023	2022	2023	2022
Net actuarial (loss) gain	\$ 1.4	\$ 3.5	\$ 55.3	\$ 39.0	\$ 18.2	\$ 17.1	\$ 74.9	\$ 59.6
Prior service credit (cost)	—	—	0.8	0.8	0.3	0.5	1.1	1.3
Total recognized in AOC(L)/I	<u>\$ 1.4</u>	<u>\$ 3.5</u>	<u>\$ 56.1</u>	<u>\$ 39.8</u>	<u>\$ 18.5</u>	<u>\$ 17.6</u>	<u>\$ 76.0</u>	<u>\$ 60.9</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					
	2023	2022	2023	2022	2023	2022	2023	2022
Net actuarial (loss) gain	\$ 0.8	\$ 2.8	\$ 14.7	\$ 71.1	\$ 3.3	\$ 10.9	\$ 18.8	\$ 84.8
Amortization or curtailment recognition of prior service (credit) cost	—	—	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)	(0.4)
Recognized net actuarial (gain) loss	(2.9)	0.4	(0.5)	1.7	(2.4)	(0.2)	(5.8)	1.9
Prior service credit (cost)	—	—	—	—	—	—	—	—
Effect of exchange rates	—	—	2.1	(1.7)	0.2	(0.5)	2.3	(2.2)
Total recognized in OCI/(L)	<u>\$ (2.1)</u>	<u>\$ 3.2</u>	<u>\$ 16.2</u>	<u>\$ 71.0</u>	<u>\$ 0.9</u>	<u>\$ 9.9</u>	<u>\$ 15.0</u>	<u>\$ 84.1</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			
	2023	2022	2023	2022	2023	2022
Discount rates	4.9%-5.3%	4.0%-4.7%	2.0%-4.2%	2.3%-3.4%	4.1%-5.1%	2.9%-4.7%
Future compensation growth rates	N/A	N/A	1.3%-3.2%	1.1%-3.2%	N/A	N/A

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

The weighted-average assumptions used to determine the Company's net periodic benefit cost in fiscal 2023, 2022 and 2021 are presented below:

	Pension Plans						Other Post-Employment Benefits		
	U.S.			International			2023	2022	2021
	2023	2022	2021	2023	2022	2021			
Discount rates	4.0%-4.7%	2.4%-2.6%	2.5%-2.8%	2.3%-3.4%	0.3%-1.6%	0.4%-6.7%	2.9%-4.7%	1.5%-2.8%	1.7%-2.8%
Future compensation growth rates	N/A	N/A	N/A	1.1%-3.2%	1.0%-2.5%	1.5%-6.7%	N/A	N/A	N/A
Expected long-term rates of return on plan assets	N/A	N/A	N/A	2.7%-3.8%	1.3%-3.8%	1.0%-5.8%	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,		
	2023	2022	2021
Health care cost trend rate assumed for next year	7.1%	6.7%	7.5%-7.6%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	2030	2029	2027

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, 2023 and 2022, by asset category are presented below:

	Target	% of Plan Assets at Year Ended	
		2023	2022
Equity securities	40%	32%	38%
Fixed income securities	49%	37%	42%
Cash and other investments	11%	31%	20%

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

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, 2023 and 2022 are presented below:

	Level 1		Level 2		Level 3		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Equity securities	\$ 32.1	\$ 32.5	\$ —	\$ —	\$ —	\$ —	\$ 32.1	\$ 32.5
Fixed income securities:								
Corporate securities	37.3	33.8	—	—	—	—	37.3	33.8
Other:								
Cash and cash equivalents	0.2	1.6	—	—	—	—	0.2	1.6
Insurance contracts and other	—	—	—	—	51.4	33.6	51.4	33.6
Total pension plan assets	\$ 69.6	\$ 67.9	\$ —	\$ —	\$ 51.4	\$ 33.6	\$ 121.0	\$ 101.5

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.

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

The reconciliations of Level 3 plan assets measured at fair value in fiscal 2023 and 2022 are presented below:

	June 30, 2023	June 30, 2022
Insurance contracts:		
Fair value—July 1	\$ 33.6	\$ 75.2
Return on plan assets	(0.3)	(7.5)
Purchases, sales and settlements, net	15.5	(31.6)
Effect of exchange rates	2.6	(2.5)
Fair value—June 30	<u>\$ 51.4</u>	<u>\$ 33.6</u>

Contributions

The Company plans to contribute approximately \$1.3 to its remaining U.S. pension plan and expects to contribute approximately \$16.2 and \$2.4 to its international pension and other post-employment benefit plans, respectively, during fiscal 2024.

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		
2024	\$ 1.3	\$ 21.7	\$ 2.5	\$ 25.5
2025	1.3	18.3	2.7	22.3
2026	1.2	19.0	2.8	23.0
2027	1.2	19.6	2.9	23.7
2028	1.2	19.8	3.0	24.0
2029 - 2032	5.3	106.9	15.6	127.8

20. DERIVATIVE INSTRUMENTS

Foreign Exchange Risk

The Company is exposed to foreign currency exchange fluctuations through its global operations. The Company reduces its exposure to fluctuations in foreign exchange rates by creating offsetting positions through the use of derivative instruments, including forward foreign exchange contracts and 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.

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. In September 2020, the Company terminated these net investment cross currency swap derivatives in exchange for cash payment of \$37.6. The related loss from this termination is included in AOCI/(L) until the sale or substantial liquidation of the underlying investments.

As of June 30, 2023 and 2022, the notional amounts of the outstanding forward foreign exchange contracts designated as cash flow hedges were \$28.0 and \$30.0, respectively.

The Company also uses certain derivatives not designated as hedging instruments consisting primarily of foreign currency forward contracts and cross currency swaps to hedge intercompany transactions and foreign currency denominated external debt. Although these derivatives were not designated for hedge accounting, the overall objective of mitigating foreign currency exposure is the same for all derivative instruments. 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. As of June 30, 2023 and 2022, the notional amounts of these outstanding non-designated foreign currency forward and cross currency forward contracts were \$1,653.5 and \$2,403.8, respectively.

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

Interest Rate Risk

The Company is exposed to interest rate fluctuations related to its variable rate debt instruments. The Company reduces 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 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.

In fiscal 2021 and 2022, the Company terminated certain existing interest rate swaps with notional amounts of \$700.0 and \$200.0 in exchange for cash payments of \$4.9 and \$1.9, respectively. The related losses from these terminations are included in Interest expense, net, within the Consolidated Statement of Operations.

As of June 30, 2023 and 2022, the Company had interest rate swap contracts designated as effective hedges in the notional amounts of \$200.0 and \$800.0, respectively. These interest rate swaps are designated and qualify as cash flow hedges and were highly effective.

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. As of June 30, 2023 and 2022, the nominal exposures of foreign currency denominated borrowings designated as net investment hedges were €701.3 million and €289.0 million, respectively. The designated hedge amounts were considered highly effective.

Forward Repurchase Contracts

In June and December 2022, the Company entered into certain forward repurchase contracts to start hedging for two potential \$200.0 and \$196.0 share buyback programs, in 2024 and 2025, respectively. These forward repurchase contracts are accounted for at fair value, with changes in the fair value recorded in Net income (loss) in the Consolidated Statements of Operations. Refer to Note 23—Equity and Convertible Preferred Stock.

Derivative and non-derivative financial instruments which are designated as hedging instruments:

The accumulated (loss) gain on foreign currency borrowings classified as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$(12.2) and \$41.7 as of June 30, 2023 and 2022, respectively.

The accumulated loss on cross currency swaps designated as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$(37.6) as of June 30, 2023 and 2022.

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,		
	2023	2022	2021
Foreign exchange forward contracts	\$ (3.7)	\$ (1.0)	\$ (0.3)
Interest rate swap contracts	5.4	13.9	1.0
Cross-currency swap contracts	—	—	(25.1)
Net investment hedges	(53.9)	36.3	(256.5)

The accumulated gain on derivative instruments classified as cash flow hedges in AOCI/(L), net of tax, was \$0.7 and \$4.3 as of June 30, 2023 and 2022, respectively. The estimated net gain 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 \$0.2. As of June 30, 2023, all of the Company's remaining foreign currency forward contracts designated as hedges were highly effective.

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

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,								
	2023			2022			2021		
	Net Revenues	Cost of sales	Interest expense, net	Net Revenues	Cost of sales	Interest expense, net	Net Revenues	Cost of sales	Interest expense, net
Foreign exchange forward contracts:									
Amount of gain reclassified from AOCI into income	\$ —	\$ (1.6)	\$ —	\$ —	\$ 1.7	\$ —	\$ 1.0	\$ —	\$ —
Interest rate swap contracts:									
Amount of loss reclassified from AOCI into income	—	—	8.3	—	—	(13.0)	—	—	(36.1)

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		Fiscal Year Ended June 30,		
Classification of Gain (Loss) Recognized in Operations		2023	2022	2021
Foreign exchange contracts	Selling, general and administrative expenses	\$ (5.1)	\$ (0.1)	\$ 0.1
Foreign exchange contracts	Interest income (expense), net	(69.3)	2.7	26.3
Foreign exchange and forward repurchase contracts	Other income (expense), net	168.7	18.4	(0.6)

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 on December 31, 2020. The final purchase price of \$7.1 was paid in July 2021.

22. REDEEMABLE NONCONTROLLING INTERESTS

As of June 30, 2023, the redeemable noncontrolling interests ("RNCI") consist of interests in a consolidated subsidiary in the Middle East ("Middle East Subsidiary"). The noncontrolling interest holder in the Company's 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 \$93.5 and \$69.8

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

as the redeemable noncontrolling interest balances as of June 30, 2023 and 2022, respectively.

	Middle East
Percentage of redeemable noncontrolling interest	25%
Earliest exercise date(s)	December 2028
Formula of redemption value ^(a)	3-year average of EBIT * 6

^(a) 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, 2023, 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, 2023, total authorized shares of Class A Common Stock was 1,250.0 million and total outstanding shares of Class A Common Stock was 852.8 million.

In the fiscal years ended June 30, 2023, 2022, and 2021, the Company issued 13.8, 3.3, and 1.7 million shares of its Class A Common Stock, respectively, and received \$0.9, nil, and nil in cash, in connection with the exercise of employee stock options and settlement of RSUs.

During the fiscal year ended June 30, 2022, the Company issued 69.9 million shares of its Class A Common Stock as a result of conversions of Series B Preferred Stock.

During the fiscal year ended June 30, 2021, the Company reacquired 0.8 million of the 1.4 million shares of Class A Common Stock issued for the restricted stock awards granted during the year ended June 30, 2020. Of the 0.8 million shares of Class A Common Stock reacquired, 0.1 million were withheld for employee taxes due on vested restricted stock awards and 0.7 million were for restricted stock awards forfeited during the year ended, June 30, 2021.

During the fiscal years ended June 30, 2023, 2022 and 2021, JAB Beauty B.V. (formerly known as Cottage Holdco B.V.), a wholly-owned subsidiary of JAB Cosmetics B.V. ("JABC"), and JABC acquired 0.0, 0.0 and 0.3 million shares, respectively, of Class A Common Stock in the open market.

As of June 30, 2023, the Company's largest stockholder was JAB Beauty B.V., which owned approximately 53% of Coty's outstanding Class A Common Stock. JAB Beauty B.V., a wholly-owned subsidiary of JAB Cosmetics B.V. ("JABC"), is indirectly controlled by Lucesca SE, Agnaten SE and JAB Holdings B.V. ("JAB"). The Company's CEO, Sue Nabi, was granted a one-time sign-on award of restricted stock units (the "Award") on June 30, 2021. On October 29, 2021, JAB Beauty B.V. completed the transfer of 10.0 million shares of Common Stock to Ms. Nabi in connection with her sign-on award of restricted stock units. See Note 24—Share-Based Compensation Plans for additional information.

Series A and A-1 Preferred Stock

As of June 30, 2023, total authorized shares of preferred stock are 20.0 million. There are two classes of Preferred Stock, Series A Preferred Stock and Series A-1 Preferred Stock, both with a par value of \$0.01 per share.

As of June 30, 2023, there were 1.0 million shares of Series A and no shares of Series A-1 Preferred Stock authorized, issued and outstanding. Series A Preferred Stock and Series A-1 Preferred Stock are not entitled to receive any dividends and have no voting rights except as required by law.

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.

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

The following table summarizes the key terms of the 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
March 27, 2017 ^(a) ^(b)	Series A	1.0	1.0	\$22.39

^(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, 2023. An expense (income) of \$0.2, \$(0.2) and \$0.8 was recorded during fiscal 2023, 2022 and 2021, respectively, and has been included in Selling, general and administrative expenses on the Consolidated Statements of Operations.

As of June 30, 2023, total issued and outstanding shares of Series A Preferred Stock is 1.0 million, which vested on March 27, 2017. As of June 30, 2023, the Company classified \$0.8 of Series A Preferred Stock as a liability, 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, relating to the issuance and sale by the Company to KKR Aggregator 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 Company completed the issuances and sales of the Series B Preferred Stock on May 26, 2020 and July 31, 2020. On November 16, 2020, KKR Aggregator and affiliated investment funds agreed to sell 146,057 shares of Series B Preferred Stock, to HFS Holdings S.à r.l, that is beneficially owned by Peter Harf, a director of the Company. The transaction closed on August 27, 2021.

As a result of various conversions and exchanges of KKR Aggregator's shares of the Series B Preferred Stock, as of December 31, 2021, KKR has fully redeemed/exchanged all of their Series B Preferred Stock.

Cumulative preferred dividends accrue daily on the Series B Preferred Stock at a rate of 9.0% per year. During the twelve months ended June 30, 2023 and 2022, the Board of Directors declared dividends on the Series B Preferred Stock of \$13.2 and \$35.2, paid accrued dividends of \$13.2 and \$55.8 and converted/exchanged dividends of \$0.0 and \$50.1, respectively. As of June 30, 2023, 2022 and 2021, the Series B Preferred Stock had outstanding accrued dividends of \$3.3, \$3.3 and \$74.1, respectively.

Dividend Rights and Liquidation Preferences. The Series B Preferred Stock rank senior to the Company’s 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, or by increasing the amount of accrued dividends on 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.

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

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

anniversary of the Closing Date and prior to the sixth anniversary of the Closing Date, (B) 105% if the redemption occurs at 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. Following the Second Exchange, KKR no longer holds any preferred stock of the Company and no longer has the right to designate any directors to the Company’s Board of Directors.

Dividends - Common Stock

On April 29, 2020, the Board of Directors suspended the payment of dividends on Common Stock. No dividends on Common Stock were declared for the year ended June 30, 2023.

Total dividends in cash and other recorded to additional paid-in capital (“APIC”) in the Consolidated Balance Sheet as of June 30, 2023 and 2022 was \$0.1 and \$0.8, respectively, which represents dividends no longer expected to vest as a result of forfeitures of outstanding RSUs.

In addition to the activity noted above, the Company made payments of \$0.7, of which \$0.2 relates to tax, and \$1.4, respectively, for the previously accrued dividends on RSUs that vested during the twelve months ended June 30, 2023 and 2022.

Total accrued dividends on unvested RSUs and phantom units included in Accrued expenses and other current liabilities are \$1.0 and \$1.4 as of June 30, 2023 and 2022, respectively. In addition, accrued dividends of \$0.1 and \$0.5 are included in Other noncurrent liabilities as of June 30, 2023 and 2022, respectively.

Accumulated Other Comprehensive (Loss) Income

	(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, 2021	\$ (15.5)	\$ (32.2)	\$ (259.3)	\$ (14.9)	\$ (321.9)
Other comprehensive income (loss) before reclassifications	11.0	36.3	(511.5)	58.0	(406.2)
Net amounts reclassified from AOCI/(L) ^(a)	8.8	—	—	1.4	10.2
Net current-period other comprehensive income (loss)	19.8	36.3	(511.5)	59.4	(396.0)
Ending balance at June 30, 2022	\$ 4.3	\$ 4.1	\$ (770.8)	\$ 44.5	\$ (717.9)
Other comprehensive income (loss) before reclassifications	1.7	(53.9)	102.9	14.7	65.4
Net amounts reclassified from AOCI/(L) ^(a)	(5.3)	—	—	(4.6)	(9.9)
Net current-period other comprehensive income (loss)	(3.6)	(53.9)	102.9	10.1	55.5
Ending balance at June 30, 2023	\$ 0.7	\$ (49.8)	\$ (667.9)	\$ 54.6	\$ (662.4)

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

^(a) Amortization of actuarial gains of \$6.1 and \$1.6, net of taxes of \$1.5 and \$0.2, were reclassified out of AOCI(L) and included in the computation of net period pension costs for the fiscal years ended June 30, 2023 and 2022, 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”). Such 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, 2023, the Company has \$396.8 remaining under the Incremental Repurchase Program. There were no share repurchase activities during the years ended June 30, 2023, 2022 and 2021 under the Incremental Repurchase Program.

In June and December 2022, the Company entered into forward repurchase contracts (the “Forward” and together the “Forwards”) with three large financial institutions (“Counterparties”) to start hedging for potential \$200.0 and \$196.0 share buyback programs in 2024 and 2025, respectively. In connection with the June and December 2022 Forward transactions, the Company incurred certain execution fees of \$2.0 and \$2.0, respectively, which were recognized as a premium to the forward price recorded at inception and amortized ratably over the contract periods.

As part of the Forward agreements, the Company will pay interest on the outstanding underlying notional amount of the Forwards held by the Counterparties during the contract periods. The interest rates are variable, based on the United States secured overnight funding rate (“SOFR”) plus a spread. The weighted average interest rate plus applicable spread for the June and December 2022 Forward transactions were 8.2% and 9.2%, respectively, as of June 30, 2023.

As part of the June 2022 Forward transaction, two of the Counterparties purchased approximately 27.0 million shares of the Company’s Class A Common Stock. In addition, as part of the December 2022 Forward transaction, these two Counterparties purchased approximately 11.0 million shares of the Company’s Class A Common Stock. The June and December 2022 Forward agreements require the Company to: (i) repurchase the shares on or before June 6, 2024 and December 15, 2024, respectively, at a price based on the weighted average of the daily volume weighted average price (“VWAP”) during the initial acquisition period (“Initial Price”); or (ii) at the Company’s option, pay or receive the difference between the Final Price, defined as the weighted average of the daily VWAP during the unwind period as defined in the agreement, and Initial Price of the Forwards.

As part of the December 2022 Forward transaction, the remaining Counterparty purchased approximately 11.5 million shares of the Company’s Class A Common Stock. This Forward requires the Company to pay or receive the difference between the Final Price and Initial Price established at inception of the Forward on or before January 15, 2025.

In addition, the Forwards include a provision for a potential true-up in cash upon specified changes in the price of the Company’s Class A Common Stock relative to the Initial Price (“Hedge Valuation Adjustment”). Such Hedge Valuation adjustment shall not result in a termination date or any adjustment of the number of Coty’s Class A Common Stock shares purchased by the Counterparties at inception.

In the event the Company declares and pays any cash dividends on its Class A Common Stock, the Forward Counterparties will be entitled to such dividend payments and payable at termination of the Forwards.

Since the Forwards permit a net cash settlement alternative in addition to the physical settlement, the Company accounted for the Forwards initially and subsequently at their fair value, with changes in the fair value recorded in Other income, net in the Condensed Consolidated Statement of Operations.

The fair values of the Company’s Forwards were \$219.8 and \$24.5 as of June 30, 2023 and 2022, respectively. The Forwards are valued principally based on the change in the quoted market price of the Company’s common stock price between the inception date and the end of the period. We classify these instruments as Level 2.

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, PRSUs, restricted stock and other share-based awards, may be granted or shares of Class A Common Stock may be purchased. As of June 30, 2023, 114.5 million shares of the Company’s Class A Common Stock were authorized to be granted pursuant to these Plans. As of June 30, 2023, approximately 46.3 million shares of Class A Common Stock were reserved and available to be granted pursuant to these Plans. The Company may satisfy the obligation of its stock-based compensation awards with new shares.

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

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.

Total share-based compensation from continuing operations is shown in the table below:

	2023	2022	2021
Equity plan expense ^(a)	\$ 134.7	\$ 195.4	\$ 25.4
Equity plan modified and cash settled	—	—	0.9
Liability plan expense (income)	1.2	0.1	1.6
Fringe expense	1.7	2.3	0.5
Total share-based compensation expense ^(b)	<u>\$ 137.6</u>	<u>\$ 197.8</u>	<u>\$ 28.4</u>

^(a) Equity plan share-based compensation expense of \$134.7, \$195.4, and \$27.4 was recorded to additional paid in capital and presented in the Consolidated Statement of Equity for the fiscal years ended June 30, 2023, 2022, and 2021, respectively. Of the \$134.7, \$195.4, and \$27.4 for the fiscal years ended June 30, 2023, 2022, and 2021, respectively, \$0.0, \$0.0, and \$2.0 was reclassified to discontinued operations.

^(b) Expenses relating to share-based awards granted to non-Coty employees (Wella) are recorded within other income, net, within the Consolidated Statement of Operations. See Note 27 -Related Party Transactions for additional information.

The share-based compensation expense for fiscal 2023, 2022 and 2021 of \$137.6, \$197.8 and \$28.4, respectively, includes \$138.7, \$202.0, and \$34.7 expense for the respective period offset by \$(1.1), \$(4.2) and \$(6.3) of income for the respective periods primarily due to significant executive forfeitures of share-based compensation instruments.

As of June 30, 2023, the total unrecognized share-based compensation expense related to unvested stock options, Series A Preferred Stock, restricted stock, PRSUs, and restricted stock units and other share awards is \$0.8, \$0.0, \$3.2, \$5.0 and \$172.9, respectively. The unrecognized share-based compensation expense related to unvested stock options, Series A Preferred Stock, restricted stock, PRSUs, and restricted stock units and other share awards is expected to be recognized over a weighted-average period of 0.86, 0.00, 1.95, 2.31 and 3.74 years, respectively.

Non-Qualified Stock Options

During fiscal 2023, 2022 and 2021, the Company granted 0.0 million, non-qualified stock option awards. 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.

Non-qualified stock options generally become exercisable five 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 ten years from the date of the grant.

The Company's outstanding non-qualified stock options as of June 30, 2023 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, 2022	5.8	\$ 12.85		
Exercised	(0.1)	11.08		
Forfeited	(0.6)	11.42		
Outstanding at June 30, 2023	<u>5.1</u>	\$ 13.06		
Vested and expected to vest at June 30, 2023	<u>4.9</u>	\$ 13.13	\$ —	5.10
Exercisable at June 30, 2023	<u>4.1</u>	\$ 13.48	\$ —	4.95

Of the 5.1 million stock options outstanding at June 30, 2023, 2.0 million vest on the fifth anniversary of the grant date and 3.1 million vest on the graded vesting schedule.

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

As of June 30, 2023, the grant prices of the outstanding options ranged from \$11.08 to \$18.55, and the grant prices for exercisable options ranged from \$11.08 to \$18.55.

A summary of the aggregated intrinsic value of stock options exercised for fiscal 2023 is presented below:

	2023
Intrinsic value of options exercised	\$ 0.1

The Company's non-vested non-qualified stock options as of June 30, 2023 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, 2022	2.3	\$ 3.14
Vested	(0.9)	3.70
Forfeited	(0.4)	2.23
Non-vested at June 30, 2023	1.0	\$ 3.02

The share-based compensation expense recognized on the non-qualified stock options was \$1.3, \$(0.9) and \$0.5 during fiscal 2023, 2022 and 2021, 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 0.0 million, 0.0 million and 0.1 million shares in fiscal 2023, 2022 and 2021, respectively, and received matching non-qualified stock options or RSUs in accordance with the terms of the Compensation Plans under the Omnibus Long-Term Incentive Plan ("Omnibus LTIP"). There was no share-based compensation expense recorded in connection with Purchased Shares for fiscal 2023, 2022 and 2021. 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 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, 2023, 2022 and 2021 and the Company recognized an expense (income) of \$0.2, \$(0.2) and \$0.8 in fiscal 2023, 2022 and 2021, respectively. See Note 23—Equity and Convertible Preferred Stock for additional information.

The Company uses the binomial lattice or the Black-Scholes model to value the outstanding Series A Preferred Stocks. The fair value of the Company's outstanding Series A Preferred Stock were estimated with the following assumptions.

	2023	2022	2021
Expected life, in years	0.74 years	1.74 years	2.74 years
Expected volatility	66.31%	65.57%	51.64%
Risk-free rate of return	5.44%	2.89%	0.46%
Dividend yield on Class A Common Stock	—%	1.56%	1.34%

Expected life, in years - The expected life represents the period of time (years) that Series A Preferred Stock granted are expected to be outstanding, which the Company calculates using a formula based on the contractual life of the respective Series A Preferred Stock.

Expected volatility - The expected volatility is derived using historical stock price information for the Company's common stock and that of certain peer group companies, and the volatility implied by the trading of options to purchase the Company's stock on open-market exchanges.

Risk-free rate of return - The Company bases the risk-free rate of return on the U.S. Constant Maturity Treasury Rate.

Dividend yield on Class A Common Stock - The Company calculated the dividend yield on shares using the expected annualized dividend rate and the stock price as of the valuation date.

Series A Preferred Shares generally expire seven years from the date of the grant.

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

The Company's outstanding Series A Preferred Shares as of June 30, 2023 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, 2022	1.5	\$ 22.10		
Forfeited	(0.5)	21.52		
Outstanding at June 30, 2023	<u>1.0</u>	22.39		
Vested and expected to vest at June 30, 2023	<u>1.0</u>	\$ 22.39	\$ —	0.74
Exercisable	<u>1.0</u>	\$ 22.39	\$ —	0.74

The Company's non-vested shares of Series A Preferred Stock as of June 30, 2023 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, 2022	0.2	\$ 3.65
Forfeited	(0.2)	3.65
Non-vested at June 30, 2023	<u>—</u>	\$ —

Long-term Equity Program for CEO

The Company's CEO, Sue Nabi, was granted a one-time sign-on award of restricted stock units (the "Award") on June 30, 2021. The Award will vest and settle in 10,000,000 shares of the Company's Class A Common Stock, par value \$0.01 per share, on each of August 31, 2021, August 31, 2022 and August 31, 2023, subject to her continued employment through each such date. The Company will recognize approximately \$280.2 of share-based compensation expense, on a straight-line basis over the vesting period, based on the fair value on the grant date. The amount of compensation cost recognized at each vesting date must at least equal the portion of the award legally vested. As such, \$93.4 and \$170.9 were recognized in fiscal years ended June 30, 2023 and 2022. In addition, \$15.9 will be recognized in the fiscal year ending 2024.

In connection with this Award, on October 29, 2021, JAB Beauty B.V., the Company's largest stockholder and a wholly-owned subsidiary of JAB Holding Company S.à r.l., completed the transfer of 10,000,000 shares of Common Stock to Ms. Nabi. In the event Ms. Nabi remains employed through the third vesting date, JAB Beauty B.V. has agreed, pursuant to an equity transfer agreement, to transfer (either directly or through contributing to the Company) an additional 5,000,000 shares of Common Stock to Ms. Nabi.

On August 31, 2022, the Company issued 10,000,000 shares of Class A Common Stock to Ms. Nabi in connection with the second vesting of the Award.

On May 4, 2023 the Company granted Ms. Nabi 10,416,667 RSUs (the "Second Award"), which will vest and settle in shares of the Company's Class A Common Stock, par value \$0.01 per share over five years on the following vesting schedule: (i) 15% on September 1, 2024, (ii) 15% on September 1, 2025, (iii) 20% on September 1, 2026, (iv) 20% on September 1, 2027; and (v) 30% on September 1, 2028, in each case subject to Ms. Nabi's continued employment through the applicable vesting date. The Company will recognize approximately \$109.6 of share-based compensation expense, on a straight-line basis over the vesting period, based on the fair value on the grant date, net of forfeitures. The amount of compensation cost recognized at each vesting date must at least equal the portion of the award legally vested. For the fiscal year ended June 30, 2023, \$3.2 was recognized.

In addition, pursuant to the terms of the amended employment agreement the Company agreed to grant Ms. Nabi an award of 2,083,333 PRSUs which shall fully vest on September 1, 2026, subject to the achievement of three-year performance objectives to be determined by the Board on or around September 2023 and subject to Ms. Nabi's continued employment. The new arrangement also provides that on or around each September 1 of 2024 through 2027, the Company shall grant Ms. Nabi an additional award of 2,083,333 PRSUs, which shall vest on the third-year anniversary of the respective grant date, subject in each case to the achievement of three-year performance objectives to be determined by the Board. The Company will recognize share-based compensation expense associated with these PRSUs, on a straight-line basis over the vesting period, based on the fair value on the grant date when it is probable that the performance condition will be achieved.

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

In the event that JAB and Ms. Nabi sell shares of Common Stock for cash in a privately negotiated transaction, subject to Board approval, the Company will grant Ms. Nabi new options to acquire shares of Common Stock (the “Reload Options”) in an amount equal to the number of shares sold by Ms. Nabi in such transaction. The Reload Options will have a strike price equal to the greater of the volume weighted average price for shares at the time of the relevant transaction and the fair market value on the date of grant. The potential expense attributed to the reload options will be recognized when the reload options are granted.

Restricted Stock Units

On October 14, 2020, the Company’s Board of Directors approved a new vesting schedule applicable to RSUs granted during fiscal 2021, to three-year graded vesting where one-third of each award granted vests after the first anniversary of grant, one-third of each award granted vests after the second anniversary of grant and one-third of each awarded granted vests after the third anniversary of grant.

On October 14, 2021, the Company’s Board of Directors approved a new vesting schedule applicable to RSUs granted during fiscal 2022, to three-year graded vesting where one-quarter of each award granted vests after the first anniversary of grant, one-quarter of each award granted vests after the second anniversary of grant and one-half of each awarded granted vests after the third anniversary of grant.

During fiscal 2023, 2022 and 2021, 17.2 million, 4.6 million and 38.1 million RSUs were granted under the Omnibus LTIP and 0.3 million, 0.3 million and 0.3 million RSUs were granted under the 2007 Stock Plan for Directors, respectively.

The Company’s outstanding RSUs as of June 30, 2023 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, 2022	32.4		
Granted	17.5		
Settled	(14.9)		
Cancelled	(1.1)		
Outstanding at June 30, 2023	33.9		
Vested and expected to vest at June 30, 2023	31.0	\$ 381.0	2.26

The share-based compensation expense recorded in connection with the RSUs was \$131.9, \$197.2 and \$26.1 during fiscal 2023, 2022 and 2021, respectively.

The Company’s outstanding and non-vested RSUs as of June 30, 2023 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, 2022	32.0	\$ 8.63
Granted	17.5	9.70
Vested	(15.0)	8.79
Cancelled	(1.1)	8.02
Outstanding and nonvested at June 30, 2023	33.4	\$ 9.38

The total intrinsic value of RSUs vested and settled during fiscal 2023, 2022 and 2021 is \$34.3, \$33.5 and \$32.9, respectively.

Performance Restricted Stock Units

During fiscal 2023, 1.2 million PRSUs were granted under the Omnibus LTIP.

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

The Company's outstanding PRSUs as of June 30, 2023 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, 2022	—		
Granted	1.2		
Settled	—		
Outstanding at June 30, 2023	1.2		
Vested and expected to vest at June 30, 2023	1.0	12.3	2.31

The share-based compensation expense recorded in connection with the PRSUs was \$1.5 during fiscal 2023.

The Company's outstanding and non-vested PRSUs as of June 30, 2023 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, 2022	—	
Granted	1.2	6.62
Vested	—	
Outstanding and nonvested at June 30, 2023	1.2	\$ 6.62

The total intrinsic value of PRSUs vested and settled during fiscal 2023 was \$0.0.

Restricted Stock

During fiscal 2023, 2022 and 2021, 0.4 million, 0.3 million and 0.0 million, restricted stock awards were granted under the Omnibus LTIP.

The Company's outstanding restricted stock as of June 30, 2023 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, 2022	0.6		
Granted	0.4		
Settled	(0.3)		
Outstanding at June 30, 2023	0.7		
Vested and expected to vest at June 30, 2023	0.6	\$ 7.8	1.95

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

The share-based compensation expense recorded in connection with the restricted stock was \$2.7, \$1.8, \$1.0 during fiscal 2023, 2022 and 2021, respectively.

The Company's outstanding and non-vested restricted stock as of June 30, 2023 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, 2022	0.6	\$ 6.58
Granted	0.4	6.62
Vested	(0.3)	5.94
Outstanding and nonvested at June 30, 2023	<u>0.7</u>	<u>\$ 6.94</u>

The total intrinsic value of restricted stock vested and settled during fiscal 2023 and 2022 was \$2.6 and \$1.7, respectively.

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. 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 vested on the fifth anniversary of the grant date and remain outstanding as of June 30, 2023.

25. NET INCOME (LOSS) ATTRIBUTABLE TO COTY INC. PER COMMON SHARE

Net income (loss) attributable to Coty Inc. common stockholders per common share ("basic EPS") is computed by dividing net income (loss) attributable to Coty Inc. less any dividends on Series B Preferred Stock by the weighted-average number of common shares outstanding during the period.

Net income (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 Series B Preferred Stock, if dilutive, 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 Preferred Stock, RSUs, unvested restricted stock awards and potential shares resulting from the conversion of the Series B Preferred Stock as of June 30, 2023, 2022 and 2021.

Net income (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. There is no excess of redemption value over fair value of the redeemable noncontrolling interests in fiscal 2023, 2022 and 2021. In addition, there are no participating securities requiring the application of the two-class method of income per share.

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

Reconciliation between the numerators and denominators of the basic and diluted EPS computations is presented below:

	Year Ended June 30,		
	2023	2022	2021
Amounts attributable to Coty Inc.:			
Net income (loss) from continuing operations	\$ 508.2	\$ 253.8	\$ (64.0)
Convertible Series B Preferred Stock dividends	(13.2)	(198.3)	(102.3)
Net income (loss) from continuing operations attributable to common stockholders	495.0	55.5	(166.3)
Net income (loss) from discontinued operations, net of tax	—	5.7	(137.3)
Net income (loss) attributable to common stockholders	<u>\$ 495.0</u>	<u>\$ 61.2</u>	<u>\$ (303.6)</u>
Weighted-average common shares outstanding:			
Weighted-average common shares outstanding—Basic	849.0	820.6	764.8
Effect of dilutive stock options and Series A/A-1 Preferred Stock ^(a)	—	—	—
Effect of restricted stock, PRSUs and RSUs ^(b)	13.8	13.5	—
Effect of Convertible Series B Preferred Stock ^(c)	23.7	—	—
Effect of Forward Repurchase Contracts ^(d)	—	—	—
Weighted-average common shares and common share equivalents outstanding—Diluted	<u>886.5</u>	<u>834.1</u>	<u>764.8</u>
Earnings (losses) per common share			
Earnings (losses) from continuing operations per common share - basic	\$ 0.58	\$ 0.07	\$ (0.22)
Earnings (losses) from continuing operations per common share - diluted ^(e)	\$ 0.57	\$ 0.07	\$ (0.22)
Earnings (losses) from discontinued operations - basic	\$ 0.00	\$ 0.01	\$ (0.18)
Earnings (losses) from discontinued operations - diluted	\$ 0.00	\$ 0.01	\$ (0.18)
Earnings (losses) per common share - basic	\$ 0.58	\$ 0.08	\$ (0.40)
Earnings (losses) per common share - diluted ^(e)	\$ 0.57	\$ 0.08	\$ (0.40)

^(a) As of June 30, 2023 and 2022, outstanding stock options and Series A Preferred Stock with purchase or conversion rights to purchase 4.8 million and 8.3 million weighted average anti-dilutive shares of Common Stock, respectively, were excluded from the computation of diluted EPS. As of June 30, 2021, outstanding stock options and Series A 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, 2023 and 2022, there were 3.2 million and 1.6 million weighted average anti-dilutive RSUs, respectively, excluded from the computation of diluted EPS. As of June 30, 2021, 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, 2022, there were 65.4 million dilutive shares of Convertible Series B Preferred Stock excluded from the computation of diluted EPS as their inclusion would be anti-dilutive. As of June 30 2021, Convertible Series B Preferred Stock shares were excluded from the computation of diluted EPS due to the net loss incurred during the period.

^(d) For the twelve months ended June 30, 2023, potential shares for the Forward Repurchase Contracts were excluded from the computation of diluted EPS as Coty is in the position to receive shares from the counterparties and as such their inclusion would be anti-dilutive.

^(e) Diluted EPS is adjusted by the effect of dilutive securities, including awards under the Company's equity compensation plans, the convertible Series B Preferred Stock, and the Forward Repurchase Contracts. When calculating any potential dilutive effect of stock options, Series A Preferred Stock, restricted stock, PRSUs and RSUs, the Company uses the treasury method and the if-converted method for the Convertible Series B Preferred Stock and the Forward Repurchase Contracts. The treasury method typically does not adjust the net income attributable to Coty Inc., while the if-converted method requires an adjustment to reverse the impact of the preferred stock dividends of \$13.2, \$198.3, and \$102.3, respectively, and to reverse the impact of fair market value (gains)/losses for contracts with the option to settle in shares or cash of \$(101.8), \$0, and \$0, respectively, if dilutive, for the twelve months ended June 30, 2023, 2022 and 2021 on net income applicable to common stockholders during the period.

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

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 (most involving allegations related to alleged asbestos in the Company's talc-based cosmetic products), 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 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. On June 13, 2023, the Court of Chancery of the State of Delaware approved the settlement of the consolidated purported stockholder class action and derivative complaint concerning the tender offer by Cottage Holdco B.V. (now known as JAB Beauty B.V.) (the "Cottage Tender Offer") and the Schedule 14D-9 that was filed on May 6, 2019 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. The Company was named as a nominal defendant. The case 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 sought, 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. On March 29, 2023, the parties entered into a Stipulation and Agreement of Compromise and Settlement, the terms of which have been made available as part of the public filing requirements associated with the court-approval process. The settlement was approved by the Court on June 13, 2023 and did not have a material impact on the Company's financial results.

Brazilian Tax Assessments

The Company's Brazilian subsidiaries receive tax assessments from local, state and federal tax authorities in Brazil from time to time. Current open tax assessments as of June 30, 2023 are:

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

Assessment received	Type of assessment	Type of Tax	Tax period impacted	Estimated amount, including interest and penalties as of June 30, 2023
Mar-18	State sales tax credits, which the Treasury Office of the State of Goiás considers as improperly registered	ICMS	2016-2017	R\$1.1 million (approximately \$0.2) ^(a)
Aug-20		ICMS	2017-2019	R\$569.3 million (approximately \$117.2)
Oct-20	Federal excise taxes, which the Treasury Office of the Brazil's Internal Revenue Service considers as improperly calculated	IPI	2016-2017	R\$401.9 million (approximately \$82.8)
Nov-22		IPI	2018-2019	R\$537.3 million (approximately \$110.6)
Nov-20	State sales taxes, which the Treasury Office of the State of Minas Gerais considers as improperly calculated	ICMS	2016-2019	R\$217.4 million (approximately \$44.8)
Jun-21	State sales tax, which the Treasury Office of the State of Goiás considers as improperly calculated	ICMS	2016-2020	R\$63.8 million (approximately \$13.1)

^(a) During the fourth quarter of fiscal 2023, the ICMS assessment received in March 2018 had an unfavorable decision at administrative instance and the Company decided to pay the \$0.2 penalty at case closure. The Company does not believe the outcome of this decision will weigh on other pending cases as the case factors for other open ICMS assessments are different.

During the third quarter of fiscal 2023, the ICMS assessment received in November 2020 was moved to the judicial process. All other cases are currently in the administrative process. The Company is seeking favorable judicial and administrative decisions on the tax enforcement actions filed by the tax authorities for these assessments. 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. Due to the fiscal environment in Brazil, the possibility of further tax assessments related to the same or similar matters cannot be ruled out.

Other Commitments

At June 30, 2023, the aggregate future minimum purchase obligations, which include commitments to purchase inventory and other services agreements, were as follows:

Fiscal Year Ending June 30,	Purchase Obligations
2024	\$ 869.3
2025	24.5
2026	22.8
2027	9.9
2028	5.1
Thereafter	—
Total	<u>\$ 931.6</u>

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 eight 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, 2023, would be approximately \$4.1. The Company has assessed the probability of default by the assignee and has determined it to be remote.

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

Equity Transfer Agreement

In connection with the Award granted to the Company's CEO on June 30, 2021, JAB Beauty B.V. has agreed to transfer to her (either directly or through contributing to the Company) one-half of the total number of shares of Common Stock owed to her if and when the Award vests. See Note 24—Share-Based Compensation Plans for more information on the Award.

Relationship with KKR

As noted in Note 23—Equity and Convertible Preferred Stock, in fiscal 2020 KKR Aggregator purchased Series B Preferred Stock. This preferred stock conveyed to KKR Aggregator the right to designate two directors to the Company's Board of Directors and voting rights on an as-converted basis.

On November 16, 2020, KKR Aggregator and affiliated investment funds agreed to sell 146,057 shares of Series B Preferred Stock to HFS Holdings S.à r.l, a private limited liability company incorporated under the laws of Luxembourg that is beneficially owned by Peter Harf, a director of the Company. The transaction, which was subject to customary closing conditions, closed on August 27, 2021.

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, which was completed on November 30, 2020. Refer to Note 23—Equity and Convertible Preferred Stock for the definitive agreement entered into with KKR that closed on October 20, 2021.

On September 10, 2021, KKR Aggregator converted a portion of its Series B Preferred Stock into Class A common stock of the Company and completed a secondary public offering of the converted shares of Class A common stock. Refer to Note 23—Equity and Convertible Preferred Stock.

On October 20, 2021, the Company completed the sale of a 9.4% stake in Wella to KKR Aggregator in the First Exchange. On November 10, 2021, KKR Aggregator converted 123,219 shares of Series B Preferred Stock, and \$1.2 of unpaid dividends into 19,944,701 shares of Class A common stock. Immediately after the conversion, KKR Aggregator completed a sale of 19,944,701 shares of Class A common stock. On November 30, 2021, Coty completed the sale of an additional 4.7% stake in Wella to KKR Aggregator in the Second Exchange, reducing the Company's total shareholding in the Wella Company to 25.9%. Refer to Note 23—Equity and Convertible Preferred Stock. Following the Second Exchange, KKR no longer holds any preferred stock of the Company and no longer has the right to designate any directors to the Company's Board of Directors.

During fiscal 2023, 2022 and 2021, fees of nil, nil and \$7.6, respectively, were incurred with KKR in connection with the initial and second closings of the Series B Preferred Stock; these fees reduced the carrying value of the stock.

During fiscal 2023 and 2022, the Company recognized gains related to its post-closing contingent consideration agreement for the sale of Wella, of \$30.8 and \$0.7, respectively, reported in Other income, net. The remaining \$2.5 is unearned and is included in Other noncurrent liabilities until the contingency is resolved. Refer to Note 3—Discontinued Operations.

From time to time, certain funds held by KKR may hold the Company's Senior Secured and Unsecured Notes (as defined in Note 15—Debt). These funds may receive principal and interest payments on the same terms as other investors in the Company's Senior Secured and Unsecured Notes.

Wella

As of June 30, 2023, Coty owned 25.9% of the Wella Company as an equity investment and performs certain services to Wella. Refer to Note 13—Equity Investments and Note 28—Subsequent Events.

In connection with the sale of the Wella Business, the Company and Wella entered into a Transitional Services Agreement ("TSA"). Subject to the terms of this TSA, the Company will perform services for Wella in exchange for related service fees. Such services include billing and collecting from Wella customers, certain logistics and warehouse services, as well as other administrative and systems support. The Company and Wella have mutually agreed to end the contracted TSA services on January 31, 2022. The Company and Wella have also entered into other manufacturing and distribution arrangements to facilitate the Wella Business transition in the U.S. and Brazil. TSA fees and other fees earned were \$3.3 and \$7.6, respectively, for the year ended June 30, 2023, \$87.5 and \$6.7, respectively for the year ended June 30, 2022, and \$86.6 and \$3.4, respectively for the seven months ended June 30, 2021. The TSA fees are principally invoiced on a cost plus basis. The TSA fees and other fees were included in Selling, general and administrative expenses and Cost of sales, respectively, in the Company's Statement of Operations. As of June 30, 2023, accounts receivable from and accounts payable to Wella of \$70.6 and \$8.3, respectively, were included in Prepaid expenses and other current assets and Accrued expenses and other current liabilities, respectively, in the Company's Balance Sheets. Additionally, as of June 30, 2023, the Company has accrued \$33.0 related to long-term payables due to Wella included in Other noncurrent liabilities in the Company's Consolidated Balance Sheet.

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

In accordance with the separation agreement with Wella, Coty shall retain and be solely responsible for any amounts payable to former Coty employees transferred to Wella (“Wella employees”), who participated in the Coty Long-Term Incentive Plan. The Wella employees will continue to participate and vest on the current terms for the remaining vesting period after the separation. As such, Coty will continue to recognize the share-based compensation expense for Wella employees until the existing equity awards reach their vesting date. For the years ended June 30, 2023, 2022, and 2021 Coty recorded \$4.6, \$0.7, and \$2.3 of share-based compensation expense related to Wella employees, which was presented as part of Other income, net in the Consolidated Statements of Operations.

The Company also entered into an agreement with Wella to provide management, consulting and financial services to Wella and its direct and indirect divisions, subsidiaries, parent entities and controlled affiliates (in assisting it in the management of its business). Fees earned and reflected in Other income, net in fiscal years 2023, 2022 and 2021 were \$2.7, nil and nil respectively. As of June 30, 2023, \$0.8 is due from Wella.

The Company has certain sublease arrangements with Wella after the sale. For the years ended June 30, 2023, 2022, and seven months ended 2021, the Company reported sublease income of \$9.1, \$13.3, and \$9.1 from Wella.

Orveda

The disinterested members of the Board reviewed and approved the entry into a license agreement with Orveda, an ultra-premium skincare brand co-founded by Coty’s CEO, Sue Nabi. Ms. Nabi has no continuing formal role at Orveda or economic interest in Orveda as a result of divesting her interests which was settled in cash in December 2021; however her business partner and co-founder, Nicolas Vu, is the sole owner and CEO of Orveda, and Mr. Vu also provides consulting services, related to the skincare category and Orveda positioning, to Coty under the terms of a separate agreement. The initial term of the Orveda license agreement is five years, with two five-year automatic renewals subject to the achievement of certain net revenue milestones. The principal terms of the license agreement are consistent with other Coty prestige licenses and the Board determined that the terms were no more favorable than to an unaffiliated third party.

Consulting Services and Other Arrangements

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 2023, 2022 and 2021 were \$0.9, \$0.7 and \$2.3, respectively.

28. SUBSEQUENT EVENTS

Sale of Partial Wella Stake

On July 18, 2023 the Company announced that it had entered into a binding letter of intent to sell a 3.6% stake in Wella to investment firm IGF Wealth Management for \$150.0. The closing of the transaction is subject to, among other things, completion of due diligence and the satisfaction of certain closing conditions, including the approval of the transaction by KKR. If the transaction closes, Coty intends to use the net proceeds to pay down a portion of the outstanding principal balance of its Revolving Credit Facility. Assuming the transaction closes, Coty would retain 22.3% of the Wella Company.

Refinancing Amendment

On July 11, 2023, the Company entered into an amendment to the 2018 Coty Credit Agreement that (i) refinanced all of the existing \$2,000.0 of revolving credit commitments and the outstanding loans made pursuant thereto with two new tranches of senior secured revolving credit commitments, one in an aggregate principal amount of \$1,670 available in dollars and certain other currencies and the other in an aggregate principal amount of €300 million available in euros, maturing in in July 2028, (ii) provided for a credit spread adjustment of 0.10% for all interest periods, with respect to SOFR loans, (iii) added Fitch as a relevant rating agency for purposes of the collateral release provisions and determining applicable interest rates and fees and (iv) provided that certain covenants will cease to apply during a collateral release period.

Offering of Senior Secured Notes

On July 26, 2023, the Company issued an aggregate principal amount of \$750.0 of 6.625% senior secured notes due 2030 (“2030 Dollar Senior Secured Notes”). Coty received net proceeds of \$740.6 in connection with the offering of the 2030 Dollar Senior Secured Notes. In accordance with the 2018 Coty Credit Agreement, as amended, the net proceeds received were utilized to pay down a portion of the outstanding principal balance of the 2018 Coty Term B Facility.

2018 Term B Facility repayment

On August 3, 2023, the Company repaid €408.0 million of debt outstanding under the 2018 Term B Facility.

COTY INC. & SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended June 30, 2023, 2022, and 2021
(\$ in millions, except per share data)

Valuation and Qualifying Accounts ^(a)

Description	Three Years Ended June 30,				
	Balance at Beginning of Period	Balance Change through Acquisition/ Divestiture	Charged to Costs and Expenses	Deductions	Balance at End of Period
Allowance for doubtful accounts and other customer deductions:					
2023	\$ 53.4	\$ —	\$ 4.3	\$ (34.5) ^(b)	\$ 23.2
2022	47.7	—	26.2	(20.5) ^(b)	53.4
2021 ^(a)	91.1	(28.4)	5.7	(20.7) ^(b)	47.7
Allowance for customer returns:					
2023	\$ 95.3	\$ —	\$ 103.0	\$ (115.5)	\$ 82.8
2022	89.9	—	128.4	(123.0)	95.3
2021 ^(a)	67.8	—	131.3	(109.2)	89.9
Deferred tax valuation allowances:					
2023	\$ 41.7	\$ —	\$ 21.7	\$ (2.7)	\$ 60.7
2022	33.4	—	12.5	(4.2)	41.7
2021 ^(a)	54.9	(14.9)	1.4	(8.0)	33.4

^(a) Includes amounts from continuing operations and held for sale.

^(b) Includes amounts written-off, net of recoveries and cash discounts.


adidas®

DAVID
BECKHAM

BIOCOLOR

BOURJOIS
PARIS

bozzano

bruno banani
NOT FOR EVERYBODY

COVERGIRL

JÖVAN®

MAX FACTOR X

MEXX

monange

NAUTICA

PAIXÃO

RIMMEL
LONDON

RISQUÉ

Sally Hansen
SELF-MADE BEAUTY™

BURBERRY

CALVIN KLEIN

Chloé

DAVIDOFF

ESCADA

GUCCI

BOSS
HUGO BOSS

JIL SANDER

JOOP!

KYLIESKIN
BY KYLIE JENNER

LANCASTER

MARC JACOBS

MIU MIU

ORVEDA

philosophy

SKKN
BY KIM

TIFFANY & CO.



**TOGETHER
WE UNLEASH
EVERY VISION
OF BEAUTY.**