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

Form 10-Q

(Mark One)

- ☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2020**
- OR**
- ☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 001-35964**

COTY INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

13-3823358
(I.R.S. Employer Identification No.)

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

10118
(Zip Code)

(212) 389-7300
Registrant's telephone number, including area code

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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value	COTY	New York Stock Exchange

At May 5, 2020, 763,092,589 shares of the registrant's Class A Common Stock, \$0.01 par value, were outstanding.

COTY INC.
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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

COTY INC. & SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In millions, except per share data) (Unaudited)				
	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net revenues	\$ 1,528.0	\$ 1,990.6	\$ 5,815.8	\$ 6,533.1
Cost of sales	617.1	741.2	2,214.8	2,507.0
Gross profit	910.9	1,249.4	3,601.0	4,026.1
Selling, general and administrative expenses	999.1	1,070.5	3,274.3	3,476.8
Gain on sale of business	—	—	(84.5)	—
Amortization expense	87.6	86.7	248.7	267.7
Restructuring costs	(6.7)	6.7	134.2	43.7
Acquisition and divestiture-related costs	49.3	—	85.3	—
Asset impairment charges	40.4	—	40.4	977.7
Operating (loss) income	(258.8)	85.5	(97.4)	(739.8)
Interest expense, net	73.6	72.0	222.1	204.4
Other expense, net	0.5	17.5	4.0	25.0
Loss before income taxes	(332.9)	(4.0)	(323.5)	(969.2)
(Benefit) provision for income taxes	(68.5)	—	(99.0)	0.9
Net loss	(264.4)	(4.0)	(224.5)	(970.1)
Net income attributable to noncontrolling interests	6.2	2.3	9.5	4.1
Net income attributable to redeemable noncontrolling interests	1.0	5.8	6.4	10.6
Net loss attributable to Coty Inc.	\$ (271.6)	\$ (12.1)	\$ (240.4)	\$ (984.8)
Net loss attributable to Coty Inc. per common share:				
Basic	\$ (0.36)	\$ (0.02)	\$ (0.32)	\$ (1.31)
Diluted	(0.36)	(0.02)	(0.32)	(1.31)
Weighted-average common shares outstanding:				
Basic	760.8	751.4	757.7	751.1
Diluted	760.8	751.4	757.7	751.1

See notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net loss	\$ (264.4)	\$ (4.0)	\$ (224.5)	\$ (970.1)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(364.6)	(18.6)	(385.2)	(127.5)
Net unrealized derivative (loss) gain on cash flow hedges, net of taxes of \$11.0 and \$3.4, and \$9.4 and \$8.9 during the three and nine months ended, respectively	(35.0)	(11.0)	(29.9)	(28.7)
Pension and other post-employment benefits adjustment, net of tax of \$0.0 and \$2.0, and \$0.0 and \$0.6 during the three and nine months ended, respectively	(1.5)	(5.6)	(4.6)	(4.0)
Total other comprehensive loss, net of tax	(401.1)	(35.2)	(419.7)	(160.2)
Comprehensive loss	(665.5)	(39.2)	(644.2)	(1,130.3)
Comprehensive income (loss) attributable to noncontrolling interests:				
Net income	6.2	2.3	9.5	4.1
Foreign currency translation adjustment	(0.1)	(0.1)	—	0.1
Total comprehensive income attributable to noncontrolling interests	6.1	2.2	9.5	4.2
Comprehensive income attributable to redeemable noncontrolling interests:				
Net income	1.0	5.8	6.4	10.6
Comprehensive loss attributable to Coty Inc.	\$ (672.6)	\$ (47.2)	\$ (660.1)	\$ (1,145.1)

See notes to Condensed Consolidated Financial Statements.

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

	March 31, 2020	June 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,278.5	\$ 340.4
Restricted cash	33.1	40.0
Trade receivables—less allowances of \$68.9 and \$48.1, respectively	844.2	1,161.2
Inventories	959.9	1,153.3
Prepaid expenses and other current assets	557.4	577.8
Total current assets	3,673.1	3,272.7
Property and equipment, net	1,355.9	1,600.6
Goodwill	4,922.1	5,073.8
Other intangible assets, net	7,442.2	7,422.3
Operating lease right-of-use assets (See Note 3)	477.1	—
Deferred income taxes	284.3	146.3
Other noncurrent assets	155.3	149.7
TOTAL ASSETS	\$ 18,310.0	\$ 17,665.4
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,422.1	\$ 1,732.7
Accrued expenses and other current liabilities	1,322.7	1,483.7
Short-term debt and current portion of long-term debt	185.9	193.8
Current operating lease liabilities (See Note 3)	104.9	—
Income and other taxes payable	50.2	66.9
Total current liabilities	3,085.8	3,477.1
Long-term debt, net	9,172.0	7,469.9
Long-term operating lease liabilities (See Note 3)	429.0	—
Pension and other post-employment benefits	579.1	593.5
Deferred income taxes	623.8	652.5
Other noncurrent liabilities	360.5	427.2
Total liabilities	14,250.2	12,620.2
COMMITMENTS AND CONTINGENCIES (See Note 18)		
REDEEMABLE NONCONTROLLING INTERESTS	98.7	451.8
EQUITY:		
Preferred Stock, \$0.01 par value; 20.0 shares authorized, 1.5 and 9.4 issued and outstanding, respectively, at March 31, 2020 and June 30, 2019	—	0.1
Class A Common Stock, \$0.01 par value; 1,000.0 shares authorized, 828.6 and 819.2 issued and 763.1 and 754.2 outstanding, respectively, at March 31, 2020 and June 30, 2019	8.3	8.1
Additional paid-in capital	10,431.0	10,620.5
Accumulated deficit	(4,782.3)	(4,541.2)
Accumulated other comprehensive income	(478.5)	(58.8)
Treasury stock—at cost, shares: 65.5 and 65.0, respectively, at March 31, 2020 and June 30, 2019	(1,446.3)	(1,441.8)
Total Coty Inc. stockholders' equity	3,732.2	4,586.9
Noncontrolling interests	228.9	6.5
Total equity	3,961.1	4,593.4
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY	\$ 18,310.0	\$ 17,665.4

See notes to Condensed Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
For the Three and Nine Months Ended March 31, 2020
(In millions, except per share data)
(Unaudited)

	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
	Shares	Amount	Shares	Amount				Shares	Amount				
BALANCE as previously reported—July 1, 2019	9.4	\$ 0.1	819.2	\$ 8.1	\$ 10,620.5	\$ (4,541.2)	\$ (58.8)	65.0	\$ (1,441.8)	\$ 4,586.9	\$ 6.5	\$ 4,593.4	\$ 451.8
Adjustment due to the adoption of ASC 842 (See Note 2)						(0.7)				(0.7)		(0.7)	
BALANCE as adjusted—July 1, 2019	<u>9.4</u>	<u>\$ 0.1</u>	<u>819.2</u>	<u>\$ 8.1</u>	<u>\$ 10,620.5</u>	<u>\$ (4,541.9)</u>	<u>\$ (58.8)</u>	<u>65.0</u>	<u>\$ (1,441.8)</u>	<u>\$ 4,586.2</u>	<u>\$ 6.5</u>	<u>\$ 4,592.7</u>	<u>\$ 451.8</u>
Purchase of Class A Common Stock								0.5	(4.5)	(4.5)		(4.5)	
Exercise of employee stock options and restricted stock units			0.1		0.6					0.6		0.6	
Share-based compensation expense					6.2					6.2		6.2	
Dividends declared - Cash and Other (\$0.125 per common share)					(63.5)					(63.5)		(63.5)	
Dividends declared - Stock (\$0.125 per common share)					(30.9)					(30.9)		(30.9)	
Dividends settled in Shares of Class A Common Stock			3.2		30.9					30.9		30.9	
Net income (loss)						52.3				52.3	2.8	55.1	1.2
Other comprehensive loss							(124.6)			(124.6)		(124.6)	
Distribution to noncontrolling interests, net										—	—	—	(1.9)
Adjustments related to the sale of business					6.2					6.2		6.2	(360.4)
Adjustment of redeemable noncontrolling interests to redemption value					(3.9)					(3.9)		(3.9)	3.9
BALANCE—September 30, 2019	<u>9.4</u>	<u>\$ 0.1</u>	<u>822.5</u>	<u>\$ 8.1</u>	<u>\$ 10,566.1</u>	<u>\$ (4,489.6)</u>	<u>\$ (183.4)</u>	<u>65.5</u>	<u>\$ (1,446.3)</u>	<u>\$ 4,455.0</u>	<u>\$ 9.3</u>	<u>\$ 4,464.3</u>	<u>\$ 94.6</u>
Exercise of employee stock options and restricted stock units			1.1		1.5					1.5		1.5	
Shares withheld for employee taxes					(3.5)					(3.5)		(3.5)	
Share-based compensation expense					10.3					10.3		10.3	
Dividends declared - Cash and Other (\$0.125 per common share)					(66.1)					(66.1)		(66.1)	
Dividends declared - Stock (\$0.125 per common share)					(29.3)					(29.3)		(29.3)	
Dividends settled in Shares of Class A Common Stock			2.4	0.2	29.3					29.5		29.5	
Net income (loss)						(21.1)				(21.1)	0.5	(20.6)	4.2
Other comprehensive loss							105.9			105.9	0.1	106.0	
Distribution to noncontrolling interests, net										—	—	—	(10.7)
Adjustment of redeemable noncontrolling interests to redemption value					(10.5)					(10.5)		(10.5)	10.5
BALANCE—December 31, 2019	<u>9.4</u>	<u>\$ 0.1</u>	<u>826.0</u>	<u>\$ 8.3</u>	<u>\$ 10,497.8</u>	<u>\$ (4,510.7)</u>	<u>\$ (77.5)</u>	<u>65.5</u>	<u>\$ (1,446.3)</u>	<u>\$ 4,471.7</u>	<u>\$ 9.9</u>	<u>\$ 4,481.6</u>	<u>\$ 98.6</u>
Cancellation of Preferred Stock	(7.9)	(0.1)			(0.6)					(0.7)		(0.7)	
Exercise of employee stock options and restricted stock units			0.2		0.6					0.6		0.6	
Shares withheld for employee taxes					(0.3)					(0.3)		(0.3)	

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Share-based compensation expense				3.5						3.5				3.5
Dividends declared - Cash and Other (\$0.125 per common share)				(66.9)						(66.9)				(66.9)
Dividends declared - Stock (\$0.125 per common share)				(28.7)						(28.7)				(28.7)
Dividends settled in Shares of Class A Common Stock	2.4			28.7						28.7				28.7
Net income (loss)					(271.6)					(271.6)	6.2		(265.4)	1.0
Other comprehensive loss					(401.0)					(401.0)	(0.1)		(401.1)	
Distribution to noncontrolling interests, net										—			—	(4.0)
Noncontrolling interest due to transaction (See Note 5)										—	212.9		212.9	
Adjustment of redeemable noncontrolling interests to redemption value					(3.1)					(3.1)			(3.1)	3.1
BALANCE—March 30, 2020	1.5	\$ —	828.6	\$ 8.3	\$ 10,431.0	\$ (4,782.3)	\$ (478.5)	65.5	\$ (1,446.3)	\$ 3,732.2	\$ 228.9	\$ 3,961.1	\$ 98.7	

See notes to Condensed Consolidated Financial Statements.

COTY INC. & SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
For the Three and Nine Months Ended March 31, 2019
(In millions, except per share data)
(Unaudited)

	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
	Shares	Amount	Shares	Amount				Shares	Amount				
BALANCE as previously reported—July 1, 2018	5.0	\$ —	815.8	\$ 8.1	\$ 10,750.8	\$ (626.2)	\$ 158.8	65.0	\$ (1,441.8)	\$ 8,849.7	\$ 5.5	\$ 8,855.2	\$ 661.3
Adjustment due to the adoption of ASU No. 2016-16						(112.6)				(112.6)		(112.6)	
Adjustment due to the adoption of ASC 606						(18.2)				(18.2)		(18.2)	
BALANCE as adjusted—July 1, 2018	5.0	\$ —	815.8	\$ 8.1	\$ 10,750.8	\$ (757.0)	\$ 158.8	65.0	\$ (1,441.8)	\$ 8,718.9	\$ 5.5	\$ 8,724.4	\$ 661.3
Exercise of employee stock options and restricted stock units			—	—	0.7					0.7		0.7	
Share-based compensation expense					6.4					6.4		6.4	
Dividends (\$0.125 per common share)					(94.0)					(94.0)		(94.0)	
Net (loss) income						(12.1)				(12.1)	1.2	(10.9)	0.8
Other comprehensive loss							(48.0)			(48.0)	0.2	(47.8)	
Distribution to noncontrolling interests, net										—	(1.3)	(1.3)	(4.3)
Additional redeemable noncontrolling interests due to employee grants (See Note 17)					(1.6)					(1.6)		(1.6)	1.6
Adjustment of redeemable noncontrolling interests to redemption value					37.2					37.2		37.2	(37.2)
BALANCE—September 30, 2018	5.0	\$ —	815.8	\$ 8.1	\$ 10,699.5	\$ (769.1)	\$ 110.8	65.0	\$ (1,441.8)	\$ 8,607.5	\$ 5.6	\$ 8,613.1	\$ 622.2
Cancellation of Preferred Stock	(3.1)	—								—		—	
Exercise of employee stock options and restricted stock units			0.4		0.2					0.2		0.2	
Shares withheld for employee taxes					(1.3)					(1.3)		(1.3)	
Share-based compensation expense					4.4					4.4		4.4	
Dividends (\$0.125 per common share)					(94.6)					(94.6)		(94.6)	
Net (loss) income						(960.6)				(960.6)	0.6	(960.0)	4.0
Other comprehensive income							(77.2)			(77.2)	—	(77.2)	
Distribution to noncontrolling interests, net										—		—	(11.9)
Adjustment of redeemable noncontrolling interests to redemption value					126.7					126.7		126.7	(126.7)
BALANCE—December 31, 2018	1.9	\$ —	816.2	\$ 8.1	\$ 10,734.9	\$ (1,729.7)	\$ 33.6	65.0	\$ (1,441.8)	\$ 7,605.1	\$ 6.2	\$ 7,611.3	\$ 487.6
Issuance of Preferred Stock	6.9	0.1			0.6					0.7		0.7	
Cancellation of Preferred Stock	(0.4)	—								—		—	
Exercise of employee stock options and restricted stock units			0.2	—	0.5					0.5		0.5	
Shares withheld for employee taxes					(0.1)					(0.1)		(0.1)	
Share-based compensation expense					(0.5)					(0.5)		(0.5)	

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Dividends (\$0.125 per common share)	(94.7)							(94.7)			(94.7)		
Net (loss) income				(12.1)				(12.1)	2.3		(9.8)	5.8	
Other comprehensive income					(35.1)			(35.1)	(0.1)		(35.2)		
Distribution to noncontrolling interests, net								—	(3.6)		(3.6)	(8.3)	
Additional redeemable noncontrolling interests due to employee grants and other adjustments				0.9				0.9			0.9	0.1	
Adjustment of redeemable noncontrolling interests to the higher of its redemption value or carrying value				33.0				33.0			33.0	(33.0)	
BALANCE—March 30, 2019	8.4	\$ 0.1	816.4	\$ 8.1	\$ 10,674.6	\$ (1,741.8)	\$ (1.5)	65.0	\$ (1,441.8)	\$ 7,497.7	\$ 4.8	\$ 7,502.5	\$ 452.2

See notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (224.5)	\$ (970.1)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	547.7	550.3
Non-cash lease expense (See Note 3)	81.5	—
Deferred income taxes	(150.7)	(57.5)
Provision for bad debts	28.2	7.8
Provision for pension and other post-employment benefits	26.4	27.3
Share-based compensation	18.1	7.8
Gain on sale of business (See Note 5)	(84.5)	—
Asset impairment charges	40.4	977.7
Non-cash restructuring charges	0.3	27.8
Foreign exchange losses	33.8	0.3
Other	37.7	28.3
Change in operating assets and liabilities, net of effects from purchase of acquired companies and sale of business:		
Trade receivables	206.0	290.1
Inventories	97.2	(59.4)
Prepaid expenses and other current assets	(8.4)	(7.5)
Accounts payable	(246.0)	(5.3)
Accrued expenses and other current liabilities	(31.7)	(344.1)
Operating lease liabilities	(80.9)	—
Income and other taxes payable	(25.8)	(3.8)
Other noncurrent assets	(30.8)	19.4
Other noncurrent liabilities	(29.5)	(37.7)
Net cash provided by operating activities	204.5	451.4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(206.4)	(330.9)
Proceeds from sale of business, net of cash disposed	25.6	—
Payment for business combinations and asset acquisitions, net of cash acquired	(592.2)	(40.8)
Proceeds from sale of assets	0.2	0.7
Net cash used in investing activities	(772.8)	(371.0)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net repayments of short-term debt, original maturity less than three months	(4.0)	(17.1)
Proceeds from revolving loan facilities	4,543.9	1,587.4
Repayments of revolving loan facilities	(2,589.0)	(1,106.8)
Repayments of term loans and other long-term debt	(139.4)	(142.5)
Dividend payment	(196.9)	(282.8)
Net proceeds from issuance of Class A Common Stock and Series A Preferred Stock	2.7	2.0
Payments for purchases of Class A Common Stock held as Treasury Stock	(4.5)	—
Net payments of foreign currency contracts	(9.4)	(6.5)
Purchase of remaining mandatorily redeemable noncontrolling interest	(45.0)	—
Distributions to noncontrolling interests, redeemable noncontrolling interests and mandatorily redeemable financial instruments	(24.5)	(34.3)

Payment of debt issuance costs	—	(10.7)
All other	(4.1)	(5.4)
Net cash provided by (used in) financing activities	1,529.8	(16.7)
EFFECT OF EXCHANGE RATES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(30.3)	(5.7)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	931.2	58.0
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	380.4	362.2
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—End of period	\$ 1,311.6	\$ 420.2
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the period for interest	\$ 188.8	\$ 195.8
Cash received during the period for settlement of interest rate swaps	—	43.2
Cash paid during the period for income taxes, net of refunds received	125.5	88.4
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued capital expenditure additions	\$ 82.1	\$ 97.3
Non-cash Common Stock dividend	88.9	—

See notes to Condensed Consolidated Financial Statements.

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

1. DESCRIPTION OF BUSINESS

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

The Company operates on a fiscal year basis with a year-end of June 30. Unless otherwise noted, any reference to a year preceded by the word “fiscal” refers to the fiscal year ended June 30 of that year. For example, references to “fiscal 2020” refer to the fiscal year ending June 30, 2020. When used in this Quarterly Report on Form 10-Q, 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. The Company also generally experiences an increase in sales during its fourth fiscal quarter in its Professional Beauty segment as a result of higher demand prior to the summer holiday season.

During the three months ended March 31, 2020, the Company’s chief operating decision maker (“CODM”) changed the reporting structure used to allocate resources amongst its regional commercial business units, and accordingly, the Company recast its segment results. See Note 4—Segment Reporting for information on the Company’s segments.

On October 21, 2019, the Company announced that as part of its ongoing strategic review of its business, management and the Board of Directors have determined that the Company will focus on its fragrance, cosmetics and skin care businesses. As a result, Coty initiated a process to explore strategic alternatives, including divestiture, for its Professional Beauty business and retail hair brands, as well as the Company’s Brazilian operations. On May 11, 2020, the Company announced that it signed a Memorandum of Understanding (“MOU”) with KKR Rainbow Aggregator (Asset) GP LLC (along with KKR Rainbow Aggregator L.P., “KKR”) for the sale of a 60% interest in its Professional Beauty business and retail hair brands, including *OPI* and *ghd* (“the PB Sale”), at an enterprise value of \$4,300.0. Under the terms of the MOU, the Company agreed to exclusively negotiate a definitive agreement with respect to the PB Sale with KKR. Upon reaching such agreement, Coty will carve out such business into a standalone company in which KKR will acquire a 60% stake and Coty will retain the remaining 40% interest. The Company expects that the proceeds from any potential transaction during the next year will be used to pay down debt, other than a maximum of \$500.0 that will be used to fund operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The unaudited interim Condensed Consolidated Financial Statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and include the Company’s consolidated domestic and international subsidiaries. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these unaudited interim Condensed Consolidated Financial Statements and accompanying footnotes should be read in conjunction with the Company’s Consolidated Financial Statements as of and for the year ended June 30, 2019. In the opinion of management, all adjustments, of a normal recurring nature, considered necessary for a fair presentation have been included in the Condensed Consolidated Financial Statements. The results of operations for the three and nine months ended March 31, 2020 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending June 30, 2020. All dollar amounts (other than per share amounts) in the following discussion are in millions of United States (“U.S.”) dollars, unless otherwise indicated.

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 March 31, 2020 and June 30, 2019, the Company had restricted cash of \$33.1 and \$40.0, respectively, included in Restricted cash in the Condensed Consolidated Balance Sheets. The Restricted cash balance as of March 31, 2020 primarily provides collateral for certain bank guarantees on rent, customs and duty accounts and also consists of collections on factored receivables that remain unremitted to the factor as of March 31, 2020.

Restricted cash is included as a component of Cash, cash equivalents and restricted cash in the Condensed Consolidated Statement of Cash Flows.

Use of Estimates

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

Tax Information

The effective income tax rate for the three months ended March 31, 2020 and 2019 was 20.6% and 0.0%, respectively and 30.6% and (0.1)% for the nine months ended March 31, 2020 and 2019, respectively. The positive effective tax rate in the three and nine months ended March 31, 2020 results from reporting losses before income taxes and a benefit for income taxes. The negative effective tax rate in the nine months ended March 31, 2019 results from reporting losses before income taxes and a provision for income taxes. The change in the effective tax rate for the three and nine months ended March 31, 2020, as compared to the three and nine months ended March 31, 2019, is primarily due to the resolution of foreign uncertain tax positions and goodwill impairment recorded in the prior period that was not tax deductible.

The effective income tax 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 the Company's unrealized tax benefits ("UTBs") and accrued interest, (iii) non-deductible expenses, (iv) audit settlements and (v) valuation allowance changes.

As of March 31, 2020 and June 30, 2019, the gross amount of UTBs was \$331.3 and \$336.1, respectively. As of March 31, 2020, the total amount of UTBs that, if recognized, would impact the effective income tax rate is \$156.3. As of March 31, 2020 and June 30, 2019, the liability associated with UTBs, including accrued interest and penalties, was \$174.9 and \$179.9, respectively, which was recorded in Income and other taxes payable and Other non-current liabilities in the Condensed Consolidated Balance Sheets. The total interest and penalties recorded in the Condensed Consolidated Statements of Operations related to UTBs was \$1.2 and \$0.6 for the three months ended March 31, 2020 and 2019, respectively and \$1.3 and \$3.2 for the nine months ended March 31, 2020 and 2019, respectively. The total gross accrued interest and penalties recorded in the Condensed Consolidated Balance Sheets as of March 31, 2020 and June 30, 2019 was \$18.6 and \$17.3, respectively. On the basis of the information available as of March 31, 2020, it is reasonably possible that a decrease of up to \$33.8 in UTBs may occur within 12 months as a result of projected resolutions of global tax examinations and a potential lapse of the applicable statutes of limitations.

Factoring of Receivables

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 has entered into factoring agreements with financial institutions and eligible trade receivables are purchased by the relevant financial institution for cash at net invoice value less a factoring fee. Pursuant to the factoring agreements, the Company acts as collections agent for the financial institution and is responsible for the collection and remittance to the financial institution of all customer payments related to trade receivables factored under these arrangements. 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 Company accounts for trade receivable transfers under the factoring agreements as sales and derecognizes the sold receivables from the Condensed Consolidated Balance Sheets. The fair value of sold receivables approximated their book value due to their short-term nature. The Company estimated that the fair value of its servicing responsibilities was not material. Cash received from the selling of receivables under the factoring arrangements is presented as a change in trade receivables within the operating activities section of the Condensed Consolidated Statements of Cash Flows.

On September 25, 2019, the Company entered into a factoring agreement with a financial institution, which allows for the transfer of receivables from certain European Coty subsidiaries in exchange for cash (the "European Receivables Purchase Agreement") on a non-recourse basis. The total outstanding amount permitted among such subsidiaries is €93.0 million.

Recently Adopted Accounting Pronouncements

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

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

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

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

See Note 3 for further information related to Leases.

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

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

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU No. 2016-13"), which requires that a financial asset (or a group of financial assets) measured at an amortized cost basis be presented at the net amount expected to be collected. This approach to estimating credit losses applies to most financial assets measured at amortized cost and certain other instruments, including but not limited to, trade and other receivables. This guidance and its related amendments will be effective for the Company in fiscal 2021 with early adoption permitted. The Company is evaluating the impact this guidance and its related amendments will have on the Company's Condensed Consolidated Financial Statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU No. 2019-12"), which simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improves the consistency in the application of GAAP for areas of Topic 740 by clarifying and amending existing guidance. The amendment will be effective for the Company in fiscal 2022 with early adoption permitted. The Company is evaluating the impact this guidance will have on the Company's Condensed Consolidated Financial Statements and related disclosures.

3. LEASES

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

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

The Company leases office facilities under non-cancelable operating leases with terms generally ranging between 10.0 and 25.0 years. The Company utilizes these leased office facilities for use by its employees in countries in which the Company conducts its business. Leases are negotiated with third parties and, in some instances contain renewal, expansion and termination options. The Company also subleases certain office facilities to third parties when the Company no longer intends to utilize the space. None of the Company's leases restricts the payment of dividends or the incurrence of debt or additional lease obligations, or contain significant purchase options. A portion of our real estate lease portfolio contains base rents subject to annual changes in the Consumer Price Index ("CPI") as well as charges for operating expenses which are reimbursable to the landlord based on actual usage. Changes to the CPI and payments for such reimbursable operating expenses that are not defined with a minimum rate increase are considered variable and are recognized as variable lease costs in the period in which the obligation for those payments was incurred.

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

The following chart provides additional information about the Company's operating leases for the three and nine months ended March 31, 2020:

	Three Months Ended March 31, 2020	Nine Months Ended March 31, 2020
Lease Cost:		
Operating lease cost	\$ 34.1	\$ 96.2
Short-term lease cost	0.5	1.8
Variable lease cost	17.5	45.2
Sublease income	(2.1)	(6.7)
Net lease cost	\$ 50.0	\$ 136.5
Other information:		
Operating cash outflows from operating leases	\$ (31.7)	\$ (94.8)
Right-of-use assets obtained in exchange for lease obligations	11.4	15.5
Weighted-average remaining lease term - real estate		7.4 years
Weighted-average discount rate - real estate leases		3.38 %

Future minimum lease payments for the Company's operating leases as of March 31, 2020 are as follows:

Fiscal Year Ending June 30,

2020, remaining	\$	41.0
2021		113.3
2022		97.9
2023		71.8
2024		61.2
Thereafter		221.5
Total future lease payments		606.7
Less: imputed interest		(72.8)
Total present value of lease liabilities		533.9
Current operating lease liabilities		104.9
Long-term operating lease liabilities		429.0
Total operating lease liabilities	\$	533.9

Table excludes obligations for leases with original terms of 12 months or less which have not been recognized as ROU assets or liabilities in the Condensed Consolidated Balance Sheets.

At June 30, 2019, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements were as follows:

Fiscal Year Ending June 30,

2020	\$	122.2
2021		111.2
2022		91.3
2023		76.7
2024		67.8
Thereafter		252.3
Total		721.5
Less: sublease income		(20.1)
Total payments	\$	701.4

4. SEGMENT REPORTING

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

On July 1, 2019, the Company announced its turnaround plan, which included the Company's CODM changing the reporting structure used to allocate resources from the previous category focused organizational structure that included three operating and reportable segments: Luxury, Consumer Beauty and Professional Beauty, to a structure based on regional commercial business units. These changes were implemented during the three months ended March 31, 2020. See Note 1—Description of Business for information on the Company's turnaround plan update announced on October 21, 2019.

As a result of these changes, the Company has four operating segments and reportable segments: Europe, Middle East & Africa ("EMEA"), Americas, Asia Pacific, and Professional Beauty. EMEA, Americas and Asia Pacific include the businesses focused on prestige fragrances, prestige skin care, prestige color cosmetics, mass color cosmetics, retail hair coloring and styling products, mass fragrance, mass skin care and body care, and are supported by central marketing teams.

Certain income and shared costs and the results of corporate initiatives are managed by Corporate. Corporate primarily includes restructuring and realignment costs, costs related to acquisition and divestiture activities and impairments of long lived assets, goodwill and intangibles that are not attributable to ongoing operating activities of the segments. Due to the changes in the reporting structure to the CODM, certain internal cost allocations between the segments were revised. Further, previously

incurred amortization expense and asset impairment charges related to goodwill and intangible assets that have historically supported Luxury and Consumer Beauty categories were reallocated. The results of Younique, LLC ("Younique") are included in "Other." See Note 5—Business Combinations, Asset Acquisitions and Divestitures for information on Younique and the divestiture, which was completed on September 16, 2019. Corporate costs are not used by the CODM to measure the underlying performance of the segments.

With the exception of goodwill, the Company does not identify or monitor assets by segment. The Company does not present assets by reportable segment since various assets are shared between reportable segments. The allocation of goodwill by segment is presented in Note 9—Goodwill and Other Intangible Assets, net.

SEGMENT DATA	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Net revenues:				
Americas	\$ 492.6	\$ 581.6	\$ 1,689.0	\$ 1,897.4
EMEA	550.6	705.6	2,229.7	2,406.0
Asia Pacific	124.7	197.7	537.5	606.5
Professional Beauty	360.1	419.0	1,304.1	1,348.6
Other	—	86.7	55.5	274.6
Total	\$ 1,528.0	\$ 1,990.6	\$ 5,815.8	\$ 6,533.1
Operating income (loss):				
Americas	(16.8)	36.4	20.0	(293.3)
EMEA	(47.4)	53.8	108.8	(207.6)
Asia Pacific	(24.7)	22.4	3.0	(29.4)
Professional	2.1	33.0	112.4	110.8
Other	—	(2.9)	(11.0)	(11.0)
Corporate	(172.0)	(57.2)	(330.6)	(309.3)
Total	\$ (258.8)	\$ 85.5	\$ (97.4)	\$ (739.8)
Reconciliation:				
Operating (loss) income	\$ (258.8)	\$ 85.5	\$ (97.4)	\$ (739.8)
Interest expense, net	73.6	72.0	222.1	204.4
Other expense, net	0.5	17.5	4.0	25.0
Loss before income taxes	\$ (332.9)	\$ (4.0)	\$ (323.5)	\$ (969.2)

Presented below are the percentage of revenues associated with the Company's product categories:

PRODUCT CATEGORY	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Fragrance	35.2 %	36.6 %	41.4 %	40.6 %
Color Cosmetics	27.9	27.7	23.7	25.6
Hair Care	28.2	25.7	26.2	24.7
Skin & Body Care	8.7	10.0	8.7	9.1
Total Coty Inc.	100.0 %	100.0 %	100.0 %	100.0 %

5. BUSINESS COMBINATIONS, ASSET ACQUISITIONS AND DIVESTITURES

Business Combinations and Asset Acquisitions

King Kylie Transaction

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

The Company estimated the preliminary fair value of acquired assets, liabilities and noncontrolling interest as of the date of acquisition based on information currently available. The Company is still evaluating the fair value of assets acquired and liabilities assumed. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The Company will reflect measurement period adjustments, if any, in the period in which the adjustments are recognized.

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

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

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

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

For the fiscal quarter ended March 31, 2020, net revenues and net income of King Kylie included in the Company’s Consolidated Statements of Operations were \$37.0 and \$1.8, respectively. Net income for the fiscal quarter ended March 31, 2020 was impacted by the amortization of certain asset values based on the estimated fair values of the acquired assets as determined during the initial purchase accounting, such as the amortization of finite-lived intangibles. This amortization impacted the net income for the fiscal quarter ended March 31, 2020 by \$11.5.

Business Divestitures

Younique

On August 27, 2019, the Company entered into a Contribution and Redemption Agreement to transfer all of its membership interest in Foundation, which held the net assets of Younique, to an existing noncontrolling interest holder. On September 16, 2019 (the “Closing Date”), the Company completed the sale of all of its membership interest in Foundation. Consideration received at the Closing Date consisted of \$50.0 cash and a secured promissory note with a face value of \$27.9. The sale resulted in a pre-tax gain of \$84.5, included in Gain on sale of business in the Condensed Consolidated Statements of Operations for the nine months ended March 31, 2020. Younique’s operations are included within Other and its results of operations through the Closing Date are included in the Condensed Consolidated Statements of Operations for the nine months ended March 31, 2020.

Other Transactions

Southeast Asian subsidiary

In July 2019, the Company purchased the remaining 49% noncontrolling interest in a certain consolidated Southeast Asian subsidiary. Refer to Note 17—Mandatorily Redeemable Financial Interests and Redeemable Noncontrolling Interests.

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. These costs can include finder’s fees, legal, accounting, valuation, other professional or consulting fees, including fees related to transitional services, and other internal costs which can include compensation related expenses for dedicated internal resources. The Company recognized acquisition-related costs of \$13.2 and \$0.0 for the three months ended March 31, 2020 and 2019, respectively, and \$17.3 and \$0.0 for the nine months ended March 31, 2020 and 2019, respectively. Acquisition-related costs incurred during the three and nine months ended March 31, 2020 were primarily related to the King Kylie Transaction. See Note 5—Business Combinations, Asset Acquisitions and Divestitures for information on the acquisition.

Divestiture-related costs, which are expensed as incurred, represent non-restructuring costs directly related to divesting and selling an entity, for both completed and contemplated divestitures. These costs can include legal, accounting, information technology, other professional or consulting fees and other internal costs. Internal costs can include compensation related expenses for dedicated internal resources. Additionally, divestiture-related costs can include costs related to transitional services. The Company recognized divestiture-related costs of \$36.1 and \$0.0 for the three months ended March 31, 2020 and 2019, respectively, and \$68.0 and \$0.0 for the nine months ended March 31, 2020 and 2019, respectively. Divestiture-related costs incurred during the three and nine months ended March 31, 2020 were primarily related to the Company’s strategic review of its business. See Note 1—Description of Business for information on the strategic review.

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

7. RESTRUCTURING COSTS

Restructuring costs for the three and nine months ended March 31, 2020 and 2019 are presented below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Turnaround Plan	\$ 6.0	\$ —	\$ 152.6	\$ —
Global Integration Activities	(11.8)	2.6	(16.2)	31.3
2018 Restructuring Actions	(0.9)	4.5	(1.9)	13.3
Other Restructuring	—	(0.4)	(0.3)	(0.9)
Total	<u>\$ (6.7)</u>	<u>\$ 6.7</u>	<u>\$ 134.2</u>	<u>\$ 43.7</u>

Turnaround Plan

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

Of the expected costs, the Company has incurred cumulative restructuring charges of \$152.6 related to approved initiatives through March 31, 2020, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total
Cumulative through March 31, 2020	\$ 146.7	\$ 0.1	\$ (0.3)	\$ 6.1	\$ 152.6

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

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total
Balance—July 1, 2019	\$ —	\$ —	\$ —	\$ —	\$ —
Restructuring charges	159.6	0.1	(0.3)	6.1	165.5
Payments	(13.5)	—	—	(3.9)	(17.4)
Changes in estimates	(12.9)	—	—	—	(12.9)
Non-cash utilization	—	—	0.3	—	0.3
ASC 842 adoption adjustment	—	—	—	(1.5)	(1.5)
Effect of exchange rates	(0.1)	—	—	—	(0.1)
Balance—March 31, 2020	\$ 133.1	\$ 0.1	\$ —	\$ 0.7	\$ 133.9

The Company currently estimates that the total remaining accrual of \$133.9 will result in cash expenditures of approximately \$33.2, \$87.0 and \$13.7 in fiscal 2020, 2021 and thereafter, respectively.

Global Integration Activities

In connection with the acquisition of The Procter & Gamble Company's beauty business, the Company has incurred restructuring and related costs aimed at integrating and optimizing the combined organization ("Global Integration Activities").

Of the expected costs, the Company has incurred cumulative restructuring charges of \$483.8 related to approved initiatives through March 31, 2020, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total
Fiscal 2017	\$ 333.9	\$ 22.4	\$ 4.6	\$ 4.1	\$ 365.0
Fiscal 2018	67.5	19.3	14.3	5.4	106.5
Fiscal 2019	(6.0)	4.5	27.8	2.2	28.5
Fiscal 2020	(10.5)	(5.6)	—	(0.1)	(16.2)
Cumulative through March 31, 2020	\$ 384.9	\$ 40.6	\$ 46.7	\$ 11.6	\$ 483.8

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

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2019	\$ 53.7	\$ 11.7	\$ 1.6	\$ 67.0
ASC 842 adoption adjustment	—	—	(1.5)	(1.5)
Payments	(22.1)	(3.3)	—	(25.4)
Changes in estimates	(10.5)	(5.6)	(0.1)	(16.2)
Effect of exchange rates	(1.2)	—	—	(1.2)
Balance—March 31, 2020	\$ 19.9	\$ 2.8	\$ —	\$ 22.7

The Company currently estimates that the total remaining accrual of \$22.7 will result in cash expenditures of approximately \$8.8, \$13.6 and \$0.3 in fiscal 2020, 2021 and thereafter, respectively.

2018 Restructuring Actions

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

Of the expected costs, the Company incurred cumulative restructuring charges of \$83.3 related to approved initiatives through March 31, 2020, primarily related to role eliminations in Europe and North America, which have been recorded in Corporate. The following table presents aggregate restructuring charges for the program:

	Severance and Employee Benefits	Third-Party Contract Terminations	Fixed Asset Write- offs	Other Exit Costs	Total
Fiscal 2018	\$ 63.5	\$ 0.2	\$ 1.3	\$ 3.4	\$ 68.4
Fiscal 2019	15.4	(0.1)	—	1.5	16.8
Fiscal 2020	(1.9)	—	—	—	(1.9)
Cumulative through March 31, 2020	<u>\$ 77.0</u>	<u>\$ 0.1</u>	<u>\$ 1.3</u>	<u>\$ 4.9</u>	<u>\$ 83.3</u>

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

	Severance and Employee Benefits	Third-Party Contract Terminations	Other Exit Costs	Total Program Costs
Balance—July 1, 2019	\$ 15.5	\$ 0.1	\$ 1.5	\$ 17.1
Payments	(8.2)	(0.1)	—	(8.3)
Changes in estimates	(1.9)	—	—	(1.9)
ASC 842 adoption adjustment	—	—	(1.2)	(1.2)
Effect of exchange rates	(0.3)	—	—	(0.3)
Balance—March 31, 2020	<u>\$ 5.1</u>	<u>\$ —</u>	<u>\$ 0.3</u>	<u>\$ 5.4</u>

The Company currently estimates that the total remaining accrual of \$5.4 will result in cash expenditures of approximately \$2.1 and \$3.3 in fiscal 2020 and 2021, respectively.

Other Restructuring

The Company executed a number of other legacy restructuring activities in prior years, which are substantially completed. The Company recognized (income) expenses, net, of \$(0.3) and \$(0.9) during the nine months ended March 31, 2020 and 2019, respectively. The related liability balances were \$3.3 and \$9.0 at March 31, 2020 and June 30, 2019, respectively. The Company currently estimates that the total remaining accrual of \$3.3 will result in cash expenditures of \$0.9, \$1.8 and \$0.6 in fiscal 2020, 2021 and thereafter, respectively.

8. INVENTORIES

Inventories as of March 31, 2020 and June 30, 2019 are presented below:

	March 31, 2020	June 30, 2019
Raw materials	\$ 204.9	\$ 259.5
Work-in-process	7.5	20.4
Finished goods	747.5	873.4
Total inventories	<u>\$ 959.9</u>	<u>\$ 1,153.3</u>

9. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

Assessment for Impairments

The Company tests goodwill and indefinite-lived intangible assets for impairment at least annually as of May 1, or more frequently, if certain events or circumstances warrant. There were no impairments of goodwill at the Company’s reporting units as of March 31, 2020.

During the third quarter of fiscal 2020, the Company was adversely impacted by the COVID-19 global pandemic. This drove a decrease in net revenue, impacting all product categories across the Company, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. Management concluded that this adverse factor

represented an indicator of impairment that warranted an interim impairment test for goodwill and certain other intangible assets.

As a result, in the three and nine months ended March 31, 2020, the Company recognized asset impairment charges of \$40.4, relating to indefinite-lived other intangible assets (related to the CoverGirl, Max Factor and Bourjois trademarks). These impairments are recorded as Asset impairment charges in the Condensed Consolidated Statements of Operations.

Goodwill

Goodwill as of March 31, 2020 and June 30, 2019 is presented below:

	Americas	EMEA	APAC	Professional Beauty	Total
Gross balance at June 30, 2019	\$ 3,184.4	\$ 3,798.7	\$ 1,300.7	\$ 821.9	\$ 9,105.7
Accumulated impairments	(1,835.1)	(1,780.7)	(416.1)	—	(4,031.9)
Net balance at June 30, 2019	<u>\$ 1,349.3</u>	<u>\$ 2,018.0</u>	<u>\$ 884.6</u>	<u>\$ 821.9</u>	<u>\$ 5,073.8</u>
Changes during the period ended March 31, 2020					
Acquisitions ^(a)	\$ 127.4	\$ —	\$ —	\$ —	\$ 127.4
Disposition of business	(11.2)	(10.2)	(2.0)	—	(23.4)
Foreign currency translation	(85.3)	(103.9)	(36.5)	(30.0)	(255.7)
Gross balance at March 31, 2020	\$ 3,215.3	\$ 3,684.6	\$ 1,262.2	\$ 791.9	\$ 8,954.0
Accumulated impairments	(1,835.1)	(1,780.7)	(416.1)	—	(4,031.9)
Net balance at March 31, 2020	<u>\$ 1,380.2</u>	<u>\$ 1,903.9</u>	<u>\$ 846.1</u>	<u>\$ 791.9</u>	<u>\$ 4,922.1</u>

^(a) Includes goodwill resulting from the King Kylie Transaction on January 6, 2020 (Refer to Note 5—Business Combinations, Asset Acquisitions and Divestitures).

As described in Note 4—Segment Reporting, the Company changed its segments during the third quarter ended March 31, 2020. As a result, the Company allocated goodwill to the new segments using a relative fair value approach. In addition, the Company completed an assessment of any potential goodwill impairment for all reporting units immediately prior to the reallocation and determined that no impairment existed.

Other Intangible Assets, net

Other intangible assets, net as of March 31, 2020 and June 30, 2019 are presented below:

	March 31, 2020	June 30, 2019
Indefinite-lived other intangible assets	\$ 2,667.3	\$ 2,729.8
Finite-lived other intangible assets, net	4,774.9	4,692.5
Total Other intangible assets, net	<u>\$ 7,442.2</u>	<u>\$ 7,422.3</u>

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

	Trademarks	Total
Gross balance at June 30, 2019	\$ 3,356.7	3,356.7
Accumulated impairments	(626.9)	(626.9)
Net balance at June 30, 2019	<u>\$ 2,729.8</u>	<u>2,729.8</u>
Changes during the period ended March 31, 2020		
Foreign currency translation	\$ (22.1)	(22.1)
Impairment charges	(40.4)	(40.4)
Gross balance at March 31, 2020	\$ 3,334.6	3,334.6
Accumulated impairments	(667.3)	(667.3)
Net balance at March 31, 2020	<u>\$ 2,667.3</u>	<u>2,667.3</u>

Intangible assets subject to amortization are presented below:

	Cost	Accumulated Amortization	Accumulated Impairment	Net
June 30, 2019				
License agreements	\$ 3,245.3	\$ (874.5)	\$ (19.6)	\$ 2,351.2
Customer relationships	1,951.6	(642.0)	(5.5)	1,304.1
Trademarks	1,039.5	(229.4)	(0.5)	809.6
Product formulations and technology	354.1	(126.5)	—	227.6
Total	<u>\$ 6,590.5</u>	<u>\$ (1,872.4)</u>	<u>\$ (25.6)</u>	<u>\$ 4,692.5</u>
March 31, 2020				
License agreements ^(a)	\$ 3,815.7	\$ (972.4)	\$ (19.6)	\$ 2,823.7
Customer relationships ^(a)	1,728.4	(639.8)	(5.5)	1,083.1
Trademarks	911.7	(241.4)	(0.5)	669.8
Product formulations and technology	340.5	(142.2)	—	198.3
Total	<u>\$ 6,796.3</u>	<u>\$ (1,995.8)</u>	<u>\$ (25.6)</u>	<u>\$ 4,774.9</u>

^(a) Includes License agreements and Customer relationships of \$649.0 and \$27.0, respectively, resulting from the King Kylie Transaction on January 6, 2020 (Refer to Note 5—Business Combinations, Asset Acquisitions and Divestitures).

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

In September 2019, the Company divested all of its membership interest in Foundation, which held the net assets of Yunique (including goodwill of \$23.4 and other intangible assets of \$228.6). Refer to Note 5—Business Combinations, Asset Acquisitions and Divestitures.

Amortization expense was \$87.6 and \$86.7 for the three months ended March 31, 2020 and 2019, respectively and \$248.7 and \$267.7 for the nine months ended March 31, 2020 and 2019, respectively.

10. DEBT

The Company's debt balances consisted of the following as of March 31, 2020 and June 30, 2019, respectively:

	March 31, 2020	June 30, 2019
Short-term debt	\$ 0.1	\$ 4.2
2018 Coty Credit Agreement		
2018 Coty Revolving Credit Facility due April 2023	2,738.5	792.1
2018 Coty Term A Facility due April 2023	2,959.0	3,147.0
2018 Coty Term B Facility due April 2025	2,295.9	2,342.3
Senior Unsecured Notes		
2026 Dollar Notes due April 2026	550.0	550.0
2023 Euro Notes due April 2023	606.2	625.0
2026 Euro Notes due April 2026	275.5	284.1
Other long-term debt and capital lease obligations	0.7	1.1
Total debt	9,425.9	7,745.8
Less: Short-term debt and current portion of long-term debt	(185.9)	(193.8)
Total Long-term debt	9,240.0	7,552.0
Less: Unamortized debt issuance costs	(58.6)	(71.3)
Less: Discount on Long-term debt	(9.4)	(10.8)
Total Long-term debt, net	\$ 9,172.0	\$ 7,469.9

Short-Term Debt

The Company maintains short-term lines of credit and other short-term debt with financial institutions around the world. As of March 31, 2020, total short-term debt decreased to \$0.1 from \$4.2 as of June 30, 2019. In addition, the Company had undrawn letters of credit of \$5.0 and \$6.3 and bank guarantees of \$51.1 and \$97.1 as of March 31, 2020 and June 30, 2019, respectively.

Long-Term Debt

On April 5, 2018, the Company issued senior unsecured notes in a private offering and entered into a new credit agreement (the "2018 Coty Credit Agreement"). The net proceeds of the offering of the notes, together with borrowings under the 2018 Coty Credit Agreement, were used to repay in full and refinance the indebtedness outstanding under the Company's previously existing long-term debt agreements and to pay accrued interest, related premiums, fees and expenses in connection therewith.

Offering of Senior Unsecured Notes

On April 5, 2018 the Company issued, at par, \$550.0 of 6.50% senior unsecured notes due 2026 (the "2026 Dollar Notes"), €550.0 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 described below). The Senior Unsecured Notes are guaranteed, jointly and severally, on a senior basis by the Guarantors (as later defined under "2018 Coty Credit Agreement"). The Senior Unsecured Notes are senior unsecured obligations of the Company and are effectively junior to all existing and future secured indebtedness of the Company to the extent of the value of the collateral securing such secured indebtedness. The related guarantees are senior unsecured obligations of each Guarantor and are effectively junior to all existing and future secured indebtedness of such Guarantor to the extent of the value of the collateral securing such indebtedness.

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

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

Upon the occurrence of certain change of control triggering events with respect to a series of Senior Unsecured Notes, the Company will be required to offer to repurchase all or part of the Senior Unsecured Notes of such series at 101% of their

principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date applicable to such Senior Unsecured Notes.

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

2018 Coty Credit Agreement

On April 5, 2018, the Company entered into the 2018 Coty Credit Agreement, which amended and restated the prior Coty Credit Agreement. The 2018 Coty Credit Agreement 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 \$3,250.0 million denominated in U.S. dollars, specified alternative currencies or other currencies freely convertible into U.S. dollars and readily available in the London interbank market (the "2018 Coty Revolving Credit Facility") (the 2018 Coty Term A Facility, together with the 2018 Coty Term B Facility and the 2018 Coty Revolving Credit Facility, the "2018 Coty Credit Facilities"). Initial borrowings under the 2018 Coty Term Loan B Facility were issued at a 0.250% discount.

The 2018 Coty Credit Agreement provides that with respect to the 2018 Coty Revolving Credit Facility, up to \$150.0 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.

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

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

Scheduled Amortization

The Company makes quarterly payments of 1.25% and 0.25%, of the initial aggregate principal amounts of the 2018 Coty Term A Facility and the 2018 Coty Term B Facility, respectively. The remaining balance of the initial aggregate principal amounts of the 2018 Coty Term A Facility and the 2018 Coty Term B Facility will be payable on the maturity date for each facility, respectively.

Interest

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

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

- Alternate base rate (“ABR”) plus the applicable margin.

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

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

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

In the case of the U.S. dollars portion of the 2018 Coty Term B Facility, the applicable margin means 2.25% per annum, in the case of LIBOR loans, and 1.25% per annum, in the case of ABR loans. In the case of the Euro portion of the 2018 Coty Term B Facility, the applicable margin means 2.50% per annum, in the case of EURIBOR loans.

In no event will LIBOR be deemed to be less than 0.00% per annum.

Fair Value of Debt

	March 31, 2020		June 30, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
2018 Coty Credit Agreement	\$ 7,993.4	\$ 6,296.6	\$ 6,281.4	\$ 6,058.9
Senior Unsecured Notes	1,431.7	1,229.6	1,459.1	1,439.6

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

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 March 31, 2020, are presented below:

Fiscal Year Ending June 30,

2020, remaining	\$	46.4
2021		185.5
2022		185.5
2023		5,962.2
2024		23.4
Thereafter		3,022.1
Total	\$	9,425.1

Covenants

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

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

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

^(b) The 2018 Coty Credit Agreement, as amended, establishes a quarterly minimum liquidity covenant for this period of \$350.0.

In the four fiscal quarters following the closing of any Material Acquisition (as defined in the 2018 Coty Credit Agreement, as amended), including the fiscal quarter in which such Material Acquisition occurs, the maximum Total Net Leverage Ratio shall be the lesser of (i) 5.95 to 1.00 and (ii) 1.00 higher than the otherwise applicable maximum Total Net Leverage Ratio for such quarter (as set forth in the table above). Immediately after any such four fiscal quarter period, there shall be at least two consecutive fiscal quarters during which our Total Net Leverage Ratio is no greater than the maximum Total Net Leverage Ratio that would otherwise have been required in the absence of such Material Acquisition, regardless of whether any additional Material Acquisitions are consummated during such period. On January 6, 2020, the Company entered into a purchase agreement for the King Kylie Transaction, which constituted a Material Acquisition. As such, per the 2018 Coty Credit Agreement, as amended, the maximum Total Net Leverage Ratio for the quarter ending March 31, 2020 is 5.95.

As of March 31, 2020, the Company was in compliance with all covenants contained within the 2018 Coty Credit Agreement, as amended.

11. INTEREST EXPENSE, NET

Interest expense, net for the three and nine months ended March 31, 2020 and 2019 is presented below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Interest expense	\$ 68.7	\$ 76.8	\$ 210.5	\$ 223.3
Foreign exchange losses (gains), net of derivative contracts	6.1	(0.3)	14.8	(4.1)
Interest income	(1.2)	(4.5)	(3.2)	(14.8)
Total interest expense, net	<u>\$ 73.6</u>	<u>\$ 72.0</u>	<u>\$ 222.1</u>	<u>\$ 204.4</u>

12. EMPLOYEE BENEFIT PLANS

The components of net periodic benefit cost for pension plans and other post-employment benefit plans recognized in the Condensed Consolidated Statements of Operations are presented below:

	Three Months Ended March 31,							
	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International					
	2020	2019	2020	2019	2020	2019	2020	2019
Service cost	\$ —	\$ —	\$ 8.4	\$ 8.5	\$ 0.4	\$ 0.3	\$ 8.8	\$ 8.8
Interest cost	0.2	0.2	2.3	3.3	0.5	0.5	3.0	4.0
Expected return on plan assets	—	—	(2.2)	(2.1)	—	—	(2.2)	(2.1)
Amortization of prior service cost (credit)	—	—	(0.2)	0.1	(1.5)	(1.5)	(1.7)	(1.4)
Amortization of net (gain) loss	0.2	(0.2)	—	—	—	—	0.2	(0.2)
Net periodic benefit cost (credit)	<u>\$ 0.4</u>	<u>\$ —</u>	<u>\$ 8.3</u>	<u>\$ 9.8</u>	<u>\$ (0.6)</u>	<u>\$ (0.7)</u>	<u>\$ 8.1</u>	<u>\$ 9.1</u>

	Nine Months Ended March 31,							
	Pension Plans				Other Post-Employment Benefits		Total	
	U.S.		International					
	2020	2019	2020	2019	2020	2019	2020	2019
Service cost	\$ —	\$ —	\$ 27.1	\$ 25.3	\$ 1.3	\$ 0.9	\$ 28.4	\$ 26.2
Interest cost	0.6	0.6	6.9	9.9	1.5	1.5	9.0	12.0
Expected return on plan assets	—	—	(6.4)	(6.3)	—	—	(6.4)	(6.3)
Amortization of prior service cost (credit)	—	—	(0.6)	0.3	(4.6)	(4.5)	(5.2)	(4.2)
Amortization of net (gain) loss	0.6	(0.6)	—	0.2	—	—	0.6	(0.4)
Net periodic benefit cost (credit)	<u>\$ 1.2</u>	<u>\$ —</u>	<u>\$ 27.0</u>	<u>\$ 29.4</u>	<u>\$ (1.8)</u>	<u>\$ (2.1)</u>	<u>\$ 26.4</u>	<u>\$ 27.3</u>

13. DERIVATIVE INSTRUMENTS

Foreign Exchange Risk Management

The Company is exposed to foreign currency exchange fluctuations through its global operations. The Company may reduce its exposure to fluctuations in the cash flows associated with changes in foreign exchange rates by creating offsetting positions through the use of derivative instruments and also by designating foreign currency denominated borrowings and cross-currency swaps as hedges of net investments in foreign subsidiaries. The Company expects that through hedging, any gain or loss on the derivative instruments would generally offset the expected increase or decrease in the value of the underlying forecasted transactions. The Company entered into foreign exchange forward contracts for which hedge accounting treatment has been applied, which the Company anticipates realizing in the Condensed Consolidated Statements of Operations through fiscal 2021. In addition, in September 2019, the Company entered into cross-currency swap contracts in the notional amount of \$550.0 and designated these cross-currency swaps as hedges of its net investment in certain foreign subsidiaries.

These cross-currency swaps allow for the exchange of fixed interest payments on the agreed upon notional amounts, between the Company and the related counterparties, effectively converting the Company's fixed rate U.S. dollar denominated debt to euro denominated debt with more favorable fixed rate interest payments over the contracts' term. Cross-currency swaps designated as net investment hedges are marked-to-market using the current spot exchange rate as of the end of each reporting period, with gains and losses included in the foreign currency translation component of accumulated other comprehensive income (loss) ("AOCI/(L)") until the sale or substantial liquidation of the underlying net investments.

Interest Rate Risk Management

The Company is exposed to interest rate fluctuations related to its variable rate debt instruments. The Company may reduce its exposure to fluctuations in the cash flows associated with changes in the variable interest rates by entering into offsetting positions through the use of derivative instruments, such as interest rate swap contracts. The interest rate swap contracts result in recognizing a fixed interest rate for the portion of the Company's variable rate debt that was hedged. This will reduce the negative and positive impacts of changes 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. These interest rate swaps are designated and qualify as cash flow hedges. As of March 31, 2020 and June 30, 2019, the Company had interest rate swap contracts designated as effective hedges in the notional amount of \$3,000.0 and \$2,000.0, respectively.

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

The accumulated gain on foreign currency borrowings classified as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$340.3 and \$214.8 as of March 31, 2020 and June 30, 2019, respectively.

The accumulated loss on derivative instruments classified as net investment hedges in the foreign currency translation adjustment component of AOCI/(L) was \$(3.8) and \$0.0 as of March 31, 2020 and June 30, 2019, respectively.

The amount of gains and losses recognized in Other comprehensive income (loss) ("OCI") in the Condensed 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	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Foreign exchange forward contracts	\$ 1.2	\$ (0.2)	\$ 1.8	\$ (0.2)
Interest rate swap contracts	(27.9)	(11.4)	(24.3)	(27.3)
Cross-currency swap contracts	14.9	—	(3.8)	—
Net investment hedge	67.5	70.5	125.5	149.1

The accumulated gain on derivative instruments classified as cash flow hedges in AOCI/(L), net of tax, was \$(43.2) and \$(13.3) as of March 31, 2020 and June 30, 2019, respectively. The estimated net loss related to these effective hedges that is expected to be reclassified from AOCI/(L) into earnings, net of tax, within the next twelve months is \$(22.9). As of March 31, 2020, all of the Company's remaining foreign currency forward contracts designated as hedges were highly effective.

The amount of gains and losses reclassified from AOCI/(L) to the Condensed 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	Three Months Ended March 31,				Nine Months Ended March 31,			
	2020		2019		2020		2019	
	Cost of sales	Interest expense, net	Cost of sales	Interest expense, net	Cost of sales	Interest expense, net	Cost of sales	Interest expense, net
Foreign exchange forward contracts:								
Amount of gain (loss) reclassified from AOCI into income	\$ (0.2)	\$ —	\$ 0.1	\$ —	\$ 1.0	\$ —	\$ 0.1	\$ —
Interest rate swap contracts:								
Amount of gain (loss) reclassified from AOCI into income	—	(2.8)	—	2.7	—	(3.1)	—	10.4

Derivatives not designated as hedging:

The amount of gains and losses related to the Company's derivative financial instruments not designated as hedging instruments is presented below:

Condensed Consolidated Statements of Operations Classification of Gain (Loss) Recognized in Operations		Three Months Ended March 31,		Nine Months Ended March 31,	
		2020	2019	2020	2019
Foreign exchange contracts	Selling, general and administrative expenses	\$ (0.7)	\$ —	\$ (1.6)	\$ 0.1
Foreign exchange contracts	Interest expense, net	(14.5)	(4.1)	(3.2)	(5.7)
Foreign exchange contracts	Other expense, net	1.0	—	0.7	1.4

14. EQUITY

Common Stock

As of March 31, 2020, the Company's common stock consisted of Class A Common Stock with a par value of \$0.01 per share. The holders of Class A Common Stock are entitled to one vote per share. As of March 31, 2020, total authorized shares of Class A Common Stock was 1,000.0 million and total outstanding shares of Class A Common Stock was 763.1 million.

As of March 31, 2020, the Company's largest stockholder was Cottage Holdco B.V., which owned approximately 61% of Coty's outstanding Class A Common Stock. Cottage Holdco B.V., a wholly-owned subsidiary of JAB Cosmetics B.V. ("JABC"), is indirectly controlled by Lucrecia SE, Agnaten SE and JAB Holdings B.V. ("JAB"). During the three and nine months ended March 31, 2020, JABC acquired nil and nil shares of Class A Common Stock in open market purchases on the New York Stock Exchange, acquired 3.3 million and 3.3 million shares of Class A Common Stock from the Company's CEO and elected to receive 2.3 million and 7.3 million shares of Class A Common Stock, respectively, under the Company's dividend reinvestment program.

Preferred Stock

As of March 31, 2020, total authorized shares of preferred stock are 20.0 million. There are two classes of Preferred Stock outstanding as of March 31, 2020, Series A Preferred Stock and Series A-1 Preferred Stock, both with a par value of \$0.01 per share.

On March 27, 2020, the Company reacquired, retired and cancelled 7,905,341 shares of its Series A-1 Preferred Stock, reducing the total authorized number of shares of Series A-1 Preferred Stock from 7,905,341 to zero shares.

As of March 31, 2020, total authorized, issued and outstanding shares of Series A Preferred Stock were 1.5 million, respectively, and Series A-1 Preferred Stock were nil, respectively. The 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.

As of March 31, 2020, the Company has no Preferred Stock classified as equity, and \$0.1 classified as a liability recorded in Other noncurrent liabilities in the Condensed Consolidated Balance Sheet.

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"). 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. For the three and nine months ended March 31, 2020, the Company did not repurchase any shares of its Class A Common Stock. As of March 31, 2020, the Company had authority for \$396.8 remaining under the Incremental Repurchase Program.

Other Repurchases

The Company repurchased 0.5 million shares of its Class A Common Stock for \$4.5 during the nine months ended March 31, 2020 in connection with the exit of an executive in September 2019.

Dividends

The following dividends were declared during the nine months ended March 31, 2020:

Declaration Date	Dividend Type	Dividend Per Share	Holders of Record Date	Dividend Value	Dividend Payment Date	Dividends Settled in Cash	Dividends Settled in Stock ^(a)	Dividends Payable ^(b)
<i>Fiscal 2020</i>								
August 28, 2019	Quarterly	\$ 0.125	September 9, 2019	\$ 0.125	September 30, 2019	\$ 63.3	\$ 30.9	\$ 1.1
November 6, 2019	Quarterly	\$ 0.125	November 18, 2019	\$ 0.125	December 27, 2019	\$ 65.5	\$ 29.3	\$ 1.3
February 5, 2020	Quarterly	\$ 0.125	February 18, 2020	\$ 0.125	March 27, 2020	\$ 66.4	\$ 28.7	\$ 1.2
Fiscal 2020		\$ 0.375		\$ 0.375		\$ 195.2	\$ 88.9	\$ 3.6

^(a) The September 30, 2019, December 27, 2019 and March 27, 2020 stock dividend payments of \$30.9, \$29.3 and \$28.7 resulted in the issuances of 3.2 million, 2.4 million and 2.4 million shares of Class A Common Stock, respectively.

^(b) The dividend payable is the value of the remaining dividends payable upon settlement of the RSUs and phantom units outstanding as of the Holders of Record Date. Dividends payable are recorded as Accrued expense and other current liabilities and Other noncurrent liabilities in the Condensed Consolidated Balance Sheet.

Total dividends in cash and other recorded to additional paid-in capital ("APIC") in the Condensed Consolidated Balance Sheet as of March 31, 2020 were \$196.5, consisting of \$195.2 dividends settled in cash, \$3.6 dividends payable, offset by \$2.3 of dividends no longer expected to vest as a result of forfeitures of outstanding RSUs.

In addition to the activity noted above, the Company made a payment of \$1.7 for the previously accrued dividends on RSUs that vested during the nine months ended March 31, 2020. Thus, total dividends settled in cash during the nine months ended March 31, 2020 were \$196.9.

Total accrued dividends on unvested RSUs and phantom units of \$2.0 and \$4.9 are included in Accrued expenses and other current liabilities and Other noncurrent liabilities, respectively, in the Condensed Consolidated Balance Sheet as of March 31, 2020.

For the period through April 1, 2021, our 2018 Coty Credit Agreement, as amended, limits our ability to declare cash dividends.

Accumulated Other Comprehensive Income (Loss)

	Loss on Cash Flow Hedges	Foreign Currency Translation Adjustments			Total
		Gain on Net Investment Hedge	Other Foreign Currency Translation Adjustments	Pension and Other Post-Employment Benefit Plans ^(a)	
Balance—July 1, 2019	\$ (13.3)	\$ 214.8	\$ (257.4)	\$ (2.9)	\$ (58.8)
Other comprehensive (loss) income before reclassifications	(31.4)	121.7	(506.9)	—	(416.6)
Net amounts reclassified from AOCI/(L)	1.5	—	—	(4.6)	(3.1)
Net current-period other comprehensive (loss) income	(29.9)	121.7	(506.9)	(4.6)	(419.7)
Balance—March 31, 2020	\$ (43.2)	\$ 336.5	\$ (764.3)	\$ (7.5)	\$ (478.5)

^(a) For the nine months ended March 31, 2020, net amounts reclassified from AOCI/(L) related to pensions and other post-employment benefit plans included amortization of prior service credits and actuarial loss of \$4.6, net of tax of \$0.0.

	Foreign Currency Translation Adjustments				Total
	Gain on Cash Flow Hedges	Gain on Net Investment Hedge	Other Foreign Currency Translation Adjustments	Pension and Other Post-Employment Benefit Plans	
Balance—July 1, 2018	\$ 31.7	\$ 115.0	\$ (44.3)	\$ 56.4	\$ 158.8
Other comprehensive (loss) income before reclassifications	(20.8)	149.1	(276.7)	—	(148.4)
Net amounts reclassified from AOCI/(L)	(7.9)	—	—	(4.0)	(11.9)
Net current-period other comprehensive (loss) income	(28.7)	149.1	(276.7)	(4.0)	(160.3)
Balance—March 31, 2019	\$ 3.0	\$ 264.1	\$ (321.0)	\$ 52.4	\$ (1.5)

15. SHARE-BASED COMPENSATION PLANS

Share-based compensation expense is recognized on a straight-line basis over the requisite service period. Total share-based compensation is shown in the table below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
Equity plan expense	\$ 3.5	\$ (0.5)	\$ 20.0	\$ 10.3
Equity plan modified and cash settled	19.0	—	19.0	—
Liability plan (income) expense	(1.9)	—	(1.9)	(2.6)
Fringe expense	0.1	—	1.3	0.5
Total share-based compensation expense	\$ 20.7	\$ (0.5)	\$ 38.4	\$ 8.2

The share-based compensation expense for the three and nine months ended March 31, 2020 of \$20.7 and \$38.4, respectively, includes \$23.8 and \$44.0 expense offset by \$3.1 and \$5.6 income, respectively, primarily due to significant executive forfeitures of share-based compensation instruments. For the three and nine months ended March 31, 2020, \$19.0 of shared based compensation expense related to the repurchase of Series A-1 Preferred Stock shares from the Company's CEO. The share-based compensation expense for the three and nine months ended March 31, 2019 of \$(0.5) and \$8.2, respectively, includes \$8.5 and \$26.0 expense offset by \$(9.0) and \$(17.8) income, respectively, primarily due to significant executive forfeitures of share-based compensation instruments and the impact of actual forfeitures on the change in estimated forfeiture rates during the period.

As of March 31, 2020, the total unrecognized share-based compensation expense related to stock options, Series A and A-1 Preferred Stock and restricted and other share awards is \$36.6, nil and \$92.5, respectively. The unrecognized share-based compensation expense related to stock options, Series A and A-1 Preferred stock and restricted and other share awards is expected to be recognized over a weighted-average period of 3.67, nil and 3.58 years, respectively.

Restricted Share Units and Other Share Awards

The Company granted approximately 0.1 million and 5.4 million RSUs and other share awards during the three and nine months ended March 31, 2020, respectively. The Company recognized share-based compensation expense of \$4.0 and \$2.2 for the three months ended March 31, 2020 and 2019, respectively and \$17.0 and \$9.9 for the nine months ended March 31, 2020 and 2019, respectively.

Series A Preferred Stock and Series A-1 Preferred Stock

On February 27, 2020, the Company agreed to repurchase 6.9 million shares of Series A-1 Preferred Stock from the CEO for \$19.0, which settled in cash during the three months ended March 31, 2020. The repurchase was treated as a modification of stock compensation awards' vesting and settlement terms. The Company recorded an incremental expense of \$19.0 related to the modification during the three and nine months ended March 31, 2020.

The Company granted no shares of Series A Preferred Stock and no shares of Series A-1 Preferred Stock during the three and nine months ended March 31, 2020. The Company recognized share-based compensation expense (income) of \$15.4 and

\$(0.4) for the three months ended March 31, 2020 and 2019, respectively and \$16.4 and \$(4.6) for the nine months ended March 31, 2020 and 2019, respectively.

Non-Qualified Stock Options

The Company granted nil and 2.2 million non-qualified stock options during the three and nine months ended March 31, 2020, respectively. The Company recognized share-based compensation expense of \$1.3 and \$(2.3) for the three months ended March 31, 2020 and 2019, respectively and \$5.0 and \$2.9 for the nine months ended March 31, 2020 and 2019, respectively.

16. NET LOSS ATTRIBUTABLE TO COTY INC. PER COMMON SHARE

Reconciliation between the numerators and denominators of the basic and diluted income per share (“EPS”) computations is presented below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2020	2019	2020	2019
	(in millions, except per share data)			
Net loss attributable to Coty Inc.	\$ (271.6)	\$ (12.1)	\$ (240.4)	\$ (984.8)
Weighted-average common shares outstanding—Basic	760.8	751.4	757.7	751.1
Effect of dilutive stock options and Series A/A-1 Preferred Stock ^(a)	—	—	—	—
Effect of restricted stock and RSUs ^(b)	—	—	—	—
Weighted-average common shares outstanding—Diluted	760.8	751.4	757.7	751.1
Net loss attributable to Coty Inc. per common share:				
Basic	\$ (0.36)	\$ (0.02)	\$ (0.32)	\$ (1.31)
Diluted	(0.36)	(0.02)	(0.32)	(1.31)

^(a) For the three and nine months ended March 31, 2020 and three and nine months ended March 31, 2019, outstanding stock options and Series A/A-1 Preferred Stock with purchase or conversion rights to purchase shares of Common Stock were excluded in the computation of diluted loss per share due to the net loss incurred during the period.

^(b) For the three and nine months ended March 31, 2020 and three and nine months ended March 31, 2019, RSUs were excluded in the computation of diluted loss per share due to the net loss incurred during the period.

17. MANDATORILY REDEEMABLE FINANCIAL INTERESTS AND REDEEMABLE NONCONTROLLING INTERESTS

Mandatorily Redeemable Financial Interest

United Arab Emirates subsidiary

The Company is required under a shareholders agreement (the “U.A.E. Shareholders Agreement”) to purchase all of the shares held by the noncontrolling interest holder equal to 25% of a certain subsidiary in the United Arab Emirates (the “U.A.E. subsidiary”) at the termination of the agreement. The Company has determined such shares to be a mandatorily redeemable financial instrument (“MRFI”) that is recorded as a liability. The liability is calculated based upon a pre-determined formula in accordance with the U.A.E. Shareholders Agreement. As of March 31, 2020 and June 30, 2019, the liability amounted to \$9.4 and \$7.5, of which \$7.6 and \$6.1, respectively, was recorded in Other noncurrent liabilities and \$1.8 and \$1.4, respectively, was recorded in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheet.

Southeast Asian subsidiary

In July 2019, the Company purchased the remaining 49% noncontrolling interest of a certain Southeast Asian subsidiary from the noncontrolling interest holder for \$45.0, pursuant to a Sale of Shares and Termination Deed, as amended. The termination was effective on June 30, 2019 and immediately prior to the cash purchase of the remaining noncontrolling interest, the noncontrolling interest balance was recorded as a MRFI liability. As of March 31, 2020, the remaining MRFI liability was nil.

Redeemable Noncontrolling Interests

Younique

On September 16, 2019, the Company completed the sale of all of its membership interest in Foundation, which held the net assets of Younique. On the date of this transaction, the Younique membership holders had a 40.7% membership interest in Foundation. See Note 5—Business Combinations, Asset Acquisitions and Divestitures. As a result of the Company’s sale of its membership interest in Foundation, redeemable noncontrolling interest (“RNCI”) of \$360.4 was derecognized as of the date of sale.

The Company accounted for the 40.7% noncontrolling interest portion of Foundation as RNCI due to the noncontrolling interest holder’s right to put their shares to the Company in certain circumstances. Foundation was a majority-owned consolidated subsidiary through September 16, 2019 and the Company recorded income tax expense based on the Company’s 59.3% membership interest in Foundation due to its treatment as a partnership for U.S. income tax purposes. Accordingly, Foundation’s net income attributable to RNCI is equal to the 40.7% noncontrolling interest of Foundation’s net income excluding a provision for income taxes. The Company recognized \$365.3 as the RNCI balance as of June 30, 2019.

Subsidiary in the Middle East

As of March 31, 2020, the noncontrolling interest holder in the Company’s subsidiary in the Middle East (“Middle East Subsidiary”) had a 25% ownership share. The Company adjusts the RNCI to redemption value at the end of each reporting period with changes recognized as adjustments to APIC. The Company recognized \$98.6 and \$86.5 as the RNCI balances as of March 31, 2020 and June 30, 2019, respectively.

18. COMMITMENTS AND CONTINGENCIES

Legal Matters

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

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

A second consolidated purported stockholder class action and derivative complaint concerning the Cottage Tender Offer and the Schedule 14D-9 is pending against certain current and former directors of the Company, JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. in the Court of Chancery of the State of Delaware. The Company was named as a nominal defendant. The case, which was filed on May 6, 2019, was captioned Massachusetts Laborers’ Pension Fund v. Harf et al., Case No. 2019-0336-AGB. On June 14, 2019, plaintiffs in the consolidated action filed a Verified Amended Class Action and Derivative Complaint (“Amended Complaint”). After defendants responded to the Amended Complaint, on October 21, 2019, plaintiffs filed a Verified Second Amended Class Action and Derivative Complaint (the “Second Amended Complaint”), alleging that the directors and JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. breached their fiduciary duties to the Company’s stockholders and breached the Stockholders Agreement. The Second Amended Complaint seeks, among other things, monetary relief. On November 21, 2019, the defendants moved to dismiss certain claims asserted in the Second Amended Complaint, and certain of the director defendants also answered the complaint. Oral argument on the motions to dismiss was held on April 21, 2020. On May 7, 2020, plaintiffs stipulated to the dismissal without prejudice of JAB Holding Company, S.à.r.l. from the action.

Brazilian Tax Assessments

In connection with a local tax audit of one of the Company's subsidiaries in Brazil, the Company was notified of tax assessments issued in March 2018. The assessments relate to local sales tax credits, which the Treasury Office of the State of Goiás considers as improperly registered for the 2016-2017 tax periods. The Company is currently seeking a favorable administrative decision on the tax enforcement action filed by the Treasury Office of the State of Goiás. These tax assessments, including estimated interest and penalties, amount to a total of R\$249.0 million (approximately \$47.9). 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.

Performance Guarantee

As part of a turnaround plan, the Company relocated its management headquarters from London to Amsterdam. Thus, the Company entered into an agreement with the landlord of the Paddington leased property in London to assign the 13th floor lease to JAB Partners LLP (an entity controlled by JAB, a related party) for the remaining term of the original head lease, which expires on May 5, 2031. 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 March 31, 2020, would be approximately \$5.9. The Company has assessed the probability of default by the assignee and has determined it to be remote.

19. SUBSEQUENT EVENTS

Convertible Preferred Equity Financing

On May 11, 2020, the Company entered into an investment agreement with KKR, relating to the issuance and sale to KKR of 750,000 shares of the Company's Series B Convertible Preferred Stock, par value \$0.01 per share (the "Series B Preferred Stock"), for an aggregate purchase price of \$750.0, or \$1,000 per share. The Series B Preferred Stock will have a liquidation preference of \$1,000 per share. Each Series B Preferred Stock share will be convertible into 160.2564 Class A Common shares, subject to adjustment if the definitive agreement with respect to the Sale of PB transaction is not executed by May 30, 2020. The Series B Preferred Stock is convertible at the option of the Holders at any time and at the Company's option after the third anniversary of issuance if a share price threshold is met for a period as defined in the agreement. Holders of the Series B Preferred Stock will be entitled to a dividend at the rate of 9.0% per annum, accruing daily and payable quarterly in arrears, and subject to an upward adjustment to 12% per annum if the definitive agreement with respect to the Sale of PB transaction is not executed by May 30, 2020; provided that if the definitive agreement with respect to the Sale of PB transaction is executed by May 30, 2020, then the dividend rate shall increase by 1.0% on the seven (7) year anniversary of the closing of the initial issuance (the "Closing Date") and increasing by an additional 1.0% on each subsequent anniversary up to a total limit of 12.0%. If the Company does not declare and pay a dividend on the Series B Preferred Stock, the dividend rate will increase by 1.0%, until all accrued but unpaid dividends have been paid in full. Dividends will be payable in cash, in kind through the accrual of additional dividends with respect to a share of Series B Preferred Stock, or any combination thereof, at the sole discretion of the Company. The closing of the issuance and sale of the Series B Preferred Stock is conditioned upon certain customary closing conditions. Pursuant to the Investment Agreement, KKR will make an incremental purchase of \$250.0 Series B Preferred Stock upon the signing of the PB Sale transaction (see below), conditioned upon certain customary closing conditions.

Strategic Review Update

On May 11, 2020, the Company also announced that as a result of its previously announced strategic review that it signed a MOU with KKR for the sale of a 60% interest in its Professional Beauty business and associated hair brands, including OPI and GHD ("the PB Sale"), at an enterprise value of \$4,300.0. Under the terms of the MOU, the Company agreed to exclusively negotiate a definitive agreement with respect to the PB Sale with KKR. Upon reaching such agreement, Coty will carve out such business into a standalone company in which KKR will acquire a 60% stake and Coty will retain the remaining 40% interest. On signing of the PB Sale transaction, KKR will make an incremental convertible preferred investment of \$250.0 in Coty.

Dividend Update

The Board of Directors has suspended the payment of dividends, in keeping with the Company's 2018 Coty Credit Agreement, as amended.

Expansion of Turnaround Plan

As described in Note 7—Restructuring Costs, the Company announced an expansion of the Turnaround Plan on May 11, 2020. As part of this expansion, the Company plans to implement a 25% reduction of our cost base, which does not vary with revenues, by the end of fiscal 2023. The Company expects to incur cash costs consistent with the previously announced estimate. This includes restructuring costs, primarily related to employee termination benefits, an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses.

Debt Amendment

See Note 10—Debt for details of the amendment to the 2018 Coty Credit Agreement made on April 29, 2020.

Item 2. 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 Condensed Consolidated Financial Statements and related notes included elsewhere in this document, and in our other public filings with the Securities and Exchange Commission ("SEC"), including our Annual Report on Form 10-K for the fiscal year ended June 30, 2019 ("Fiscal 2019 Form 10-K"). 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. Also, when used in this Quarterly Report on Form 10-Q, the term "includes" and "including" means, unless the context otherwise indicates, including without limitation. The following report 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.

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 Quarterly Report on Form 10-Q and other periodic reports we have filed and may file with the SEC from time to time.

Forward Looking Statements

Certain statements in this Form 10-Q are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current views with respect to, among other things, the impact of COVID-19 and potential recovery scenarios, the Company's Turnaround Plan and the expansion of such plan to further reduce its cost base, strategic planning, targets, segment reporting and outlook for future reporting periods (including the extent and timing of revenue, expense and profit trends and changes in operating cash flows and cash flows from operating activities and investing activities), the strategic review of its Professional Beauty business, associated consumer hair and nail brands and Brazilian operations and any transaction related thereto, including the strategic partnership with KKR (the "Strategic Review"), including timing of such Strategic Review and any transaction and the use of proceeds from any such transaction, the issuance of preferred shares to KKR, its future operations and strategy, ongoing and future cost efficiency and restructuring initiatives and programs, strategic transactions (including their expected timing and impact), the Company's capital allocation strategy and payment of dividends (including suspension of dividend payments and the duration thereof), investments, licenses and portfolio changes, synergies, savings, performance, cost, timing and integration of acquisitions, including the King Kylie Transaction, future cash flows, liquidity and borrowing capacity, timing and size of cash outflows and debt deleveraging, the availability of local government funding or reimbursement programs in connection with COVID-19 (including expected timing and amounts), impact and timing of supply chain disruptions and the resolution thereof, timing and extent of any future impairments, and synergies, savings, impact, cost, timing and implementation of the Company's Turnaround Plan, including operational and organizational structure changes, segment reporting changes, operational execution and simplification initiatives, the move of the Company's headquarters and fixed cost reductions, and the priorities of senior management. These forward-looking statements are generally identified by words or phrases, such as "anticipate", "are going to", "estimate", "plan", "project", "expect", "believe", "intend", "foresee", "forecast", "will", "may", "should", "outlook", "continue", "temporary", "target", "aim", "potential", "goal" and similar words or phrases. These statements are based on certain assumptions and estimates that we consider reasonable, but are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual events or results (including our financial condition, results of operations, cash flows and prospects) to differ materially from such statements, including risks and uncertainties relating to:

- the impact of COVID-19, including demand for the Company's products, illness, quarantines, government actions, facility closures, store closures or other restrictions in connection with the COVID-19 pandemic, and the extent and duration thereof, related impact on our ability to meet customer needs and on the ability of third parties on which we rely, including our suppliers, customers, contract manufacturers, distributors, contractors, commercial banks, joint-venture partners, to meet their obligations to us, in particular collections from customers, the extent that government funding and reimbursement programs in connection with COVID-19 are available to us, and the ability to successfully implement measures to respond to such impacts;
- our ability to successfully implement our multi-year Turnaround Plan, including our management headquarters relocation, management realignment, reporting structure changes, segment reporting changes and the expansion of such plan to further reduce our cost base, and to develop and achieve our global business strategies (including mix management, select price increases, more disciplined promotions, and foregoing low value sales), compete effectively in the beauty industry and achieve the benefits contemplated by our strategic initiatives (including revenue growth, cost control, gross margin growth and debt deleveraging) within the expected time frame or at all;
- the result of the Strategic Review and whether such Strategic Review will result in any transactions (whether relating to all or part of the businesses in scope of the review), the timing, costs and impacts of any such transactions or divestitures, and the amount and use of proceeds from any such transactions;

- the issuance of preferred shares to KKR;
- our ability to anticipate, gauge and respond to market trends and consumer preferences, which may change rapidly, and the market acceptance of new products, including new products related to Kylie Jenner’s existing beauty business, any relaunched or rebranded products and the anticipated costs and discounting associated with such relaunched and rebrands, and consumer receptiveness to our current and future marketing philosophy and consumer engagement activities (including digital marketing and media);
- use of estimates and assumptions in preparing our financial statements, including with regard to revenue recognition, income taxes, the assessment of goodwill, other intangible assets and long-lived assets for impairment, the market value of inventory, and the fair value of assets and liabilities associated with acquisitions or divestitures;
- the impact of any future impairments;
- managerial, transformational, operational, regulatory, legal and financial risks, including diversion of management attention to and management of cash flows, expenses and costs associated with the Company’s response to COVID-19, the Turnaround Plan, the Strategic Review and any related transaction, including divestiture, the integration of the King Kylie Transaction, and future strategic initiatives, and, in particular, our ability to manage and execute many initiatives simultaneously including any resulting complexity, employee attrition or diversion of resources;
- future divestitures and the impact thereof on, and future acquisitions, new licenses and joint ventures and the integration thereof with, our business, operations, systems, financial data and culture and the ability to realize synergies, avoid future supply chain and other business disruptions, reduce costs (including through our cash efficiency initiatives), avoid liabilities and realize potential efficiencies and benefits (including through our restructuring initiatives) at the levels and at the costs and within the time frames contemplated or at all;
- increased competition, consolidation among retailers, shifts in consumers’ preferred distribution and marketing channels (including to digital and luxury channels), distribution and shelf-space resets or reductions, compression of go-to-market cycles, changes in product and marketing requirements by retailers, reductions in retailer inventory levels and order lead-times or changes in purchasing patterns, impact from COVID-19 on retail revenues, and other changes in the retail, e-commerce and wholesale environment in which we do business and sell our products and our ability to respond to such changes;
- our and our joint ventures’, business partners’ and licensors’ abilities to obtain, maintain and protect the intellectual property used in our and their respective businesses, protect our and their respective reputations (including those of our and their executives or influencers) and public goodwill, and defend claims by third parties for infringement of intellectual property rights;
- any change to our capital allocation and/or cash management priorities, including any change in our stock dividend reinvestment program (the “Stock Dividend Reinvestment Program”) and dividend policy;
- any unanticipated problems, liabilities or integration or other challenges associated with a past or future acquired business, joint ventures or strategic partnerships which could result in increased risk or new, unanticipated or unknown liabilities, including with respect to environmental, competition and other regulatory, compliance or legal matters;
- our international operations and joint ventures, including enforceability and effectiveness of our joint venture agreements and reputational, compliance, regulatory, economic and foreign political risks, including difficulties and costs associated with maintaining compliance with a broad variety of complex local and international regulations;
- our dependence on certain licenses (especially in the fragrance category) and our ability to renew expiring licenses on favorable terms or at all;
- our dependence on entities performing outsourced functions, including outsourcing of distribution functions, and third-party manufacturers, logistics and supply chain suppliers, and other suppliers, including third-party software providers;
- administrative, product development and other difficulties in meeting the expected timing of market expansions, product launches and marketing efforts;
- global political and/or economic uncertainties, disruptions or major regulatory or policy changes, and/or the enforcement thereof that affect our business, financial performance, operations or products, including the impact of Brexit (and business or market disruption arising from a “hard Brexit”), the current U.S. administration, changes in the U.S. tax code, and recent changes and future changes in tariffs, retaliatory or trade protection measures, trade policies and other international trade regulations in the U.S., the European Union and Asia and in other regions where we operate;
- currency exchange rate volatility and currency devaluation;

- the number, type, outcomes (by judgment, order or settlement) and costs of current or future legal, compliance, tax, regulatory or administrative proceedings, investigations and/or litigation, including litigation relating to the tender offer by Cottage Holdco B.V. (the “Cottage Tender Offer”);
- our ability to manage seasonal factors and other variability and to anticipate future business trends and needs;
- disruptions in operations, sales and in other areas, including due to disruptions in our supply chain, restructurings and other business alignment activities, the move of our headquarters to Amsterdam, implementation of the Strategic Review, manufacturing or information technology systems, labor disputes, extreme weather and natural disasters, impact from COVID-19 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;
- restrictions imposed on us through our license agreements, credit facilities and senior unsecured bonds or other material contracts, our ability to generate cash flow to repay, refinance or recapitalize debt and otherwise comply with our debt instruments, and changes in the manner in which we finance our debt and future capital needs;
- increasing dependency on information technology, including as a result of remote working in response to COVID-19, and our ability to protect against service interruptions, data corruption, cyber-based attacks or network security breaches, costs and timing of implementation and effectiveness of any upgrades or other changes to information technology systems, and the cost of compliance or our failure to comply with any privacy or data security laws (including the European Union General Data Protection Regulation (the “GDPR”) and the California Consumer Privacy Act) or to protect against theft of customer, employee and corporate sensitive information;
- our ability to attract and retain key personnel and the impact of senior management transitions and organizational structure changes, including the co-location of key business leaders and functions in Amsterdam;
- the distribution and sale by third parties of counterfeit and/or gray market versions of our products;
- the impact of the Cottage Tender Offer and of our Turnaround Plan, and the Strategic Review and any related transactions, on our relationships with key customers and suppliers and certain material contracts;
- our relationship with Cottage Holdco B.V., as our majority stockholder, and its affiliates, and any related conflicts of interest or litigation;
- 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 SEC from time to time.

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

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

Industry, Ranking and Market Data

Unless otherwise indicated, information contained in this Quarterly Report on Form 10-Q concerning our industry and the markets in which we operate, including our general expectations about our industry, market position, market opportunity and market sizes, 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. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. While we generally believe the market, industry and other information included in this Quarterly Report on Form 10-Q to be the most recently available and to be reliable, such information is inherently imprecise and we have not independently verified any third-party information or verified that more recent information is not available.

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

OVERVIEW

We are one of the world’s largest beauty companies, with an iconic portfolio of brands across fragrance, color cosmetics, hair color and styling, and skin and body care. We are the global leader in fragrance, a strong number two in professional hair color & styling, and number three in color cosmetics. The transformational acquisition of The Procter & Gamble Company’s beauty business (the “P&G Beauty Business”) and our other strategic transactions, including the King Kylie Transaction, have strengthened and diversified our presence across the countries, categories and channels in which we compete, building a strong beauty platform. Our products are sold in more than 150 countries around the world.

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

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

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

Strategic Review Update

On May 11, 2020, we announced that as a result of the Company’s previously announced Strategic Review that we signed a Memorandum of Understanding (“MOU”) with KKR for the sale of a 60% interest in our Professional Beauty business and retail hair brands, including *OPI* and *ghd* (“the PB Sale”), at an enterprise value of \$4,300.0. Under the terms of the MOU, the Company agreed to exclusively negotiate a definitive agreement with respect to the PB Sale with KKR. Upon reaching such agreement, Coty will carve out such business into a standalone company in which KKR will acquire a 60% stake and Coty will retain the remaining 40% interest. On signing of the PB Sale transaction, KKR will make an incremental convertible preferred investment of \$250.0 in Coty.

Turnaround Plan Update

In July 2019, we commenced our multi-year Turnaround Plan, which aims to stabilize and gradually accelerate revenue growth, improve our profitability through gross margin growth and cost control, and deleverage our balance sheet. In connection with the Turnaround Plan, we also announced organizational changes to reduce geographic fragmentation and costs, including the co-location of most of our executive team and corporate functions in a centralized management headquarters in Amsterdam, which is expected to host approximately several hundred roles (largely impacting our London, Geneva and New York operations). On May 11, 2020, we announced an expansion of the Turnaround Plan. As part of this expansion, we plan to implement a 25% reduction of our cost base, which does not vary with revenues, by the end of fiscal 2023, including reprioritizing projects providing larger cost reduction benefits, an adaptation of our supply network and organization as well as a reduction of certain discretionary expenses. The expansion is designed to adjust our cost base to allow us to exit the post-COVID recovery phase as a financially and operationally stronger, more nimble company, which is well positioned to capture growth opportunities. We expect to incur cash costs consistent with the previously announced estimate.

In connection with these organizational initiatives, we have also changed the reporting structure used to allocate resources from the previous category focused organizational structure to a structure based on regional commercial business units. These segment changes were implemented during the three months ended March 31, 2020. As a result of these changes, the Company

has four operating segments and reportable segments: Europe, Middle East & Africa (“EMEA”), Americas, Asia Pacific, and Professional Beauty. EMEA, Americas and Asia Pacific include the businesses focused on prestige fragrances, premium skin care, premium color cosmetics, mass color cosmetics, retail hair coloring and styling products, mass fragrance, mass skin care and body care, and are supported by central marketing teams. We have changed the reporting of our results to reflect the changes in our reportable segments.

These organizational, business and structural changes are still being operationalized, which introduces additional complexity as we roll out several initiatives simultaneously, such as our Strategic Review.

We continue to be in the early stages of implementing our Turnaround Plan. Exclusive of the effects of the COVID-19 pandemic, which became more evident in the latter portion of the quarter, our global share trends in the mass color cosmetics categories in which we compete continue to decline. However, *CoverGirl*’s top franchises have experienced market share improvements. In addition, *Sally Hansen* continues to experience positive trends. These improvements reflect turnaround plan actions including improved promotional activity, improved product assortment and proactive initiatives to reduce product diversion through lower priced distribution channels and execution of price increases in certain products for certain geographies.

Our strategy to focus on the fragrance, color cosmetics and skin care categories, with the goal of stabilizing the mass beauty business and amplifying the performance of the prestige business, is underway. The King Kylie Transaction, the divestiture of the Younique business and the outcome of our Strategic Review, as noted above, are reflections of our intent to focus on our core go-to-market competencies and to simultaneously deleverage our balance sheet.

Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with GAAP, we use non-GAAP financial measures including Adjusted operating income, Adjusted net income attributable to Coty Inc. and Adjusted net income attributable to Coty Inc. per common share (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 the tables below. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Three Months Ended March 31, 2020 As Compared To Three Months Ended March 31, 2019 and Nine Months Ended March 31, 2020 As Compared To Nine Months Ended March 31, 2019.” 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, preparation of our 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 excludes restructuring costs and business structure realignment programs, amortization, acquisition-related costs and acquisition accounting impacts, asset impairment charges and other adjustments as described

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

Adjusted Performance Measures reflect adjustments based on the following items:

- Costs related to acquisition and divestiture activities: We have excluded acquisition and divestiture-related costs and the accounting impacts such as those related to transaction costs and costs associated with the revaluation of acquired inventory in connection with business combinations because these costs are unique to each transaction. 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.
- Gain on sale of business: We have excluded the impact of the Gain on sale of business as such amounts are inconsistent in amount and frequency and are significantly impacted by the size of divestitures. Our management believes that the adjustment of these items 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.
- Other expense: We have excluded the impact of costs incurred for legal and advisory services rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders. Our management believes these costs do not reflect our underlying ongoing business, and the adjustment of such costs helps investors and others compare and analyze performance from period to period. We have also excluded the impact of pension curtailment (gains) and losses and pension settlements as such events are triggered by our restructuring and other business realignment activities and the amount of such charges vary significantly based on the size and timing of the programs.
- Noncontrolling interests: 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.

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

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

Constant Currency

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

Basis of Presentation of Acquisitions, Divestitures and Terminations

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

Period of acquisition, divestiture, or termination	Acquisition, divestiture, or termination	Impact on basis of presentation
First quarter fiscal 2020	<i>Divestiture:</i> Younique - the divestiture of the interest in Foundation, which holds the net assets for Younique	September fiscal year 2020 and September - March fiscal year 2019 financial contribution excluded. Closing date of divestiture was September 16, 2019. This effectively excludes the incremental three months and 14 days of net revenue contribution from Younique in the prior year.
Third quarter fiscal 2020	<i>Acquisition:</i> King Kylie Transaction - the acquisition of 51% interest in King Kylie LLC	Third quarter fiscal year 2020 financial contribution excluded.

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

THREE MONTHS ENDED MARCH 31, 2020 AS COMPARED TO THREE MONTHS ENDED MARCH 31, 2019

NET REVENUES

In the three months ended March 31, 2020, net revenues decreased 23%, or \$462.6, to \$1,528.0 from \$1,990.6 in the three months ended March 31, 2019. Excluding the impact of the Acquisition and the Divestiture, total net revenues decreased 22%, or \$412.9, to \$1,491.0 in the three months ended March 31, 2020 from \$1,903.9 in the three months ended March 31, 2019, reflecting a decrease in unit volume of 18%, a negative foreign currency exchange translation impact of 2%, and a negative price and mix impact of 2%. The decrease in net revenues primarily reflects lower net revenues due to the COVID-19 pandemic, impacting all product categories across the Company, with the highest impact on the prestige products, professional products, mass color cosmetics and retail hair, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. *Calvin Klein*, *Gucci*, *Hugo Boss*, *Burberry* and *Wella Professional* were prestige and professional brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *CoverGirl*, *Rimmel*, *Max Factor* and *Bourjois*.

Net Revenues by Segment

(in millions)	Three Months Ended March 31,		Change %
	2020	2019	
NET REVENUES			
Americas	\$ 492.6	\$ 581.6	(15) %
EMEA	550.6	705.6	(22) %
Asia Pacific	124.7	197.7	(37) %
Professional Beauty	360.1	419.0	(14) %
Other	—	86.7	(100) %
Total	\$ 1,528.0	\$ 1,990.6	(23) %

Americas

In the three months ended March 31, 2020, net revenues from the Americas segment decreased 15%, or \$89.0 to \$492.6 compared to \$581.6 in the three months ended March 31, 2019. Excluding the impact of the Acquisition, net revenues from the Americas segment decreased 22%, or \$126.0, to \$455.6 in the three months ended March 31, 2020, from \$581.6 in the three months ended March 31, 2019 reflecting a decrease in unit volume of 21% and a negative foreign currency exchange translation impact of 3%, offset by a positive price and mix impact of 2%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. *Calvin Klein*, *philosophy*, *Gucci*, *Burberry* and *Marc Jacobs* were prestige brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *CoverGirl* and *Rimmel*;
- (ii) shelf-space losses in the United States primarily impacting *CoverGirl*, *Rimmel* and *philosophy* which have contributed to the negative share trends in mass color cosmetics and prestige skin products; and
- (iii) negative category trends in the United States for mass color cosmetics and mass fragrances.

These decreases were partially offset by increased net revenues from *Sally Hansen* due to continued success across its core sub-brands as well as incremental net revenues from the launch of *Sally Hansen Good.Kind.Pure*.

EMEA

In the three months ended March 31, 2020, net revenues from the EMEA segment decreased 22%, or \$155.0, to \$550.6 from \$705.6 in the three months ended March 31, 2019, reflecting a decrease in unit volume of 14%, a negative foreign currency exchange translation impact of 2%, and a negative price and mix impact of 6%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, primarily in Italy, Spain and the Middle East, with the highest impact on prestige products due to the closure of retail malls and travel retail channels. *Calvin Klein*, *Hugo Boss*, and *Gucci* were prestige brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *Bourjois*, *Rimmel*, *Max Factor* and the retail line of *Wella*;
- (ii) negative share trends in Europe for mass color cosmetics partially due to a strategic decision to withdraw *Bourjois* in the UK and negative share trends for hair color;
- (iii) negative category trends in Europe for mass color cosmetics and hair color impacting *Bourjois* and the retail hair line of *Wella*; and
- (iv) declines in *adidas*, *Rimmel*, *Bourjois*, *Max Factor* and mass fragrances due to a renegotiation with key third party distributors in the Middle East and strategic distribution limits in Africa.

These decreases were partially offset by net revenue increases in Russia from the growth of a key mass retail customer.

Asia Pacific

In the three months ended March 31, 2020, net revenues from the Asia Pacific segment decreased 37%, or \$73.0, to \$124.7 from \$197.7 in the three months ended March 31, 2019, reflecting a decrease in unit volume of 32%, a negative foreign currency exchange translation impact of 2%, and a negative price and mix impact of 3%. The decrease in net revenues primarily reflects lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, primarily in China, with the highest impact on the prestige category due to the closure of retail malls and travel retail channels. *Gucci*, *Calvin Klein*, *Burberry* and *Miu Miu* were prestige brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *Max Factor*, *adidas* and *Rimmel*.

Professional Beauty

In the three months ended March 31, 2020, net revenues from the Professional Beauty segment decreased 14%, or \$58.9, to \$360.1 from \$419.0 in the three months ended March 31, 2019, reflecting a decrease in unit volume of 13% and a negative foreign currency exchange translation impact of 2%, offset by a positive in price and mix impact of 1%. The decrease in net revenues primarily reflects lower net revenues due to the COVID-19 pandemic, with the highest impact on *Wella Professional* and *OPI*. These decreases were partially offset by increased net revenues from *ghd* due to continued success from the launches of *ghd Glide* and *ghd Oracle*, as well as increased *ghd* e-commerce sales.

Other

Other consists of the prior period net revenues from the Divestiture of Younique.

COST OF SALES

In the three months ended March 31, 2020, cost of sales decreased 17%, or \$124.1, to \$617.1 from \$741.2 in the three months ended March 31, 2019. Cost of sales as a percentage of net revenues increased to 40.4% in the three months ended March 31, 2020 from 37.2% in the three months ended March 31, 2019, resulting in a gross margin decrease of approximately 320 basis points, primarily reflecting:

- (i) incremental expense of underutilized facilities costs due to reduced sales volume resulting from the COVID-19 pandemic;
- (ii) increased excess and obsolescence expense on inventory, primarily in the Americas and EMEA segments mainly impacting prestige products, due to the COVID-19 pandemic impacting demand;
- (iii) negative foreign currency exchange on imported materials, primarily impacting Brazil; and
- (iv) negative gross margin impacts from the Divestiture due to prior year margin benefits provided by Younique.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In the three months ended March 31, 2020, selling, general and administrative expenses decreased 7%, or \$71.4, to \$999.1 from \$1,070.5 in the three months ended March 31, 2019. Selling, general and administrative expenses as a percentage of net revenues increased to 65.4% in the three months ended March 31, 2020 from 53.8% in the three months ended March 31, 2019, or approximately 1160 basis points. This increase primarily reflects:

- (i) 490 basis points related to higher administrative costs as a percentage of net revenue as the compensation expense savings from prior restructuring programs were out-paced by the decline in net revenues;
- (ii) 210 basis points related to higher negative transactional impact from our exposure to foreign currency exchange fluctuations;
- (iii) 150 basis points related to higher advertising and consumer promotion costs as a percentage of net revenues as the savings in media and promotional trade spending from the COVID-19 pandemic were out-paced by the decline in net revenues;
- (iv) 140 basis points related to higher share-based compensation due to significant executive forfeitures of share-based compensation instruments in the prior year;
- (v) 40 basis points related to lower logistics costs due to prior year integration costs, outpaced by the decline in the net revenues;
- (vi) 30 basis points related to higher bad debt expense; and
- (vii) 100 basis points related to other expenses, primarily related to costs associated with our business realignment.

OPERATING INCOME (LOSS)

In the three months ended March 31, 2020, operating loss was \$258.8 compared to income of \$85.5 in the three months ended March 31, 2019. Operating margin, or operating loss as a percentage of net revenues, decreased to (16.9)% in the three months ended March 31, 2020 as compared to an operating income as a percentage of net revenues of 4.3% in the three months ended March 31, 2019. The operating margin declines are largely driven by the reduced sales volume due to the COVID-19 pandemic impacting demand, increased cost of sales and increased selling, general and administrative expenses as a percentage of net revenues in the current year, in addition to increased acquisition and divestiture related expenses, asset impairment charges and amortization expense as a percentage of net revenues.

Operating Income by Segment

(in millions)	Three Months Ended March 31,		Change %
	2020	2019	
Operating income (loss)			
Americas	\$ (16.8)	\$ 36.4	<(100%)
EMEA	(47.4)	53.8	<(100%)
Asia Pacific	(24.7)	22.4	<(100%)
Professional Beauty	2.1	33.0	(94)%
Other	—	(2.9)	100 %
Corporate	(172.0)	(57.2)	<(100%)
Total	\$ (258.8)	\$ 85.5	<(100%)

Americas

In the three months ended March 31, 2020, operating loss for Americas was \$16.8 compared to an income of \$36.4 in the three months ended March 31, 2019. Operating margin decreased to (3.4)% of net revenues in the three months ended March 31, 2020 as compared to 6.3% in the three months ended March 31, 2019, driven by reduced sales volume due to the COVID-19 pandemic impacting demand, higher cost of goods sold as a percentage of net revenues, higher selling, general and administrative expenses as a percentage of net revenues, and higher amortization expense as a percentage of net revenues.

EMEA

In the three months ended March 31, 2020, operating loss for EMEA was \$47.4 compared to an income of \$53.8 in the three months ended March 31, 2019. Operating margin decreased to (8.6)% of net revenues in the three months ended March 31, 2020 as compared to 7.6% in the three months ended March 31, 2019, driven by reduced sales volume due to the COVID-19 pandemic impacting demand, higher cost of goods sold as a percentage of net revenues, higher selling, general and administrative expenses as a percentage of net revenues, and higher amortization expense as a percentage of net revenues.

Asia Pacific

In the three months ended March 31, 2020, operating loss for Asia Pacific was \$24.7 compared to an income of \$22.4 in the three months ended March 31, 2019. Operating margin decreased to (19.8)% of net revenues in the three months ended March 31, 2020 as compared to 11.3% in the three months ended March 31, 2019, primarily driven by reduced sales volume due to the COVID-19 pandemic impacting demand, higher selling and general administrative costs as a percentage of net revenues, partially offset by lower cost of goods sold as a percentage of net revenues.

Professional Beauty

In the three months ended March 31, 2020, operating income for Professional Beauty was \$2.1 compared to an income of \$33.0 in the three months ended March 31, 2019. Operating margin decreased to 0.6% of net revenues in the three months ended March 31, 2020 as compared to 7.9% in the three months ended March 31, 2019, driven by reduced sales volume due to the COVID-19 pandemic impacting demand, higher cost of goods sold as a percentage of net revenues, higher selling, general and administrative expenses as a percentage of net revenues, and higher amortization expense as a percentage of net revenues.

Other

Other represents operating income (loss) from the Divestiture of Younique.

Corporate

Corporate primarily includes income and 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.

In the three months ended March 31, 2020, the operating loss for Corporate was \$172.0 compared to a loss of \$57.2 in the three months ended March 31, 2019, as described under “Adjusted Operating Income for Coty Inc.” below. The decrease to operating loss for Corporate was primarily driven by an increase in acquisition and divestiture related costs, increase in restructuring and other business realignment costs and asset impairment charges incurred in the current year.

Adjusted Operating Income (loss) by Segment

We believe that adjusted operating income (loss) 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)	Three Months Ended March 31, 2020		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Operating (loss) income			
Americas	\$ (16.8)	\$ (29.7)	\$ 12.9
EMEA	(47.4)	(33.6)	(13.8)
Asia Pacific	(24.7)	(7.1)	(17.6)
Professional Beauty	2.1	(17.2)	19.3
Other	—	—	—
Corporate	(172.0)	(171.3)	(0.7)
Total	\$ (258.8)	\$ (258.9)	\$ 0.1

(in millions)	Three Months Ended March 31, 2019		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Operating income (loss)			
Americas	\$ 36.4	\$ (20.0)	\$ 56.4
EMEA	53.8	(34.5)	88.3
Asia Pacific	22.4	(6.8)	29.2
Professional Beauty	33.0	(16.7)	49.7
Other	(2.9)	(8.5)	5.6
Corporate	(57.2)	(57.5)	0.3
Total	\$ 85.5	\$ (144.0)	\$ 229.5

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

Adjusted Operating Income for Coty Inc.

We believe that adjusted operating income (loss) further enhances an investor’s understanding of our performance. See “Overview—Non-GAAP Financial Measures.” Reconciliation of reported operating income to adjusted operating income is presented below:

(in millions)	Three Months Ended March 31,		Change %
	2020	2019	
Reported operating income (loss)	\$ (258.8)	\$ 85.5	<(100%)
<i>% of net revenues</i>	<i>(16.9) %</i>	<i>4.3 %</i>	
Amortization expense	87.6	86.7	1 %
Restructuring and other business realignment costs	81.6	57.3	42 %
Acquisition and divestiture-related costs	49.3	—	N/A
Asset impairment charges	40.4	—	N/A
Total adjustments to reported operating income	\$ 258.9	\$ 144.0	80 %
Adjusted operating income	\$ 0.1	\$ 229.5	(100) %
<i>% of net revenues</i>	<i>— %</i>	<i>11.5 %</i>	

In the three months ended March 31, 2020, adjusted operating income decreased approximately 100%, or \$229.4 to \$0.1 from \$229.5 in the three months ended March 31, 2019. Adjusted operating margin decreased to nil % of net revenues in the three months ended March 31, 2020 from 11.5% in the three months ended March 31, 2019, primarily driven by reduced net revenues due to the COVID-19 pandemic, higher selling, general and administrative costs as a percentage of net revenues and higher cost of goods sold as a percentage of net revenues. Excluding the impact of foreign currency exchange translations, adjusted operating income decreased approximately 99%.

Amortization Expense

In the three months ended March 31, 2020, amortization expense increased to \$87.6 from \$86.7 in the three months ended March 31, 2019. In the three months ended March 31, 2020, amortization expense of \$29.7, \$33.6, \$7.1, \$17.2, and \$0.0 was reported in the Americas, EMEA, Asia Pacific, Professional Beauty and Other segments, respectively. In three months ended March 31, 2019, amortization expense of \$20.0, \$34.6, \$6.9, \$16.7, and \$8.5 was reported in the Americas, EMEA, Asia Pacific, Professional Beauty and Other segments, respectively.

Restructuring and Other Business Realignment Costs

We continue to analyze our cost structure, including opportunities to simplify and optimize operations. On July 1, 2019, we announced our Turnaround Plan. To implement the Turnaround Plan, we expect to incur restructuring and other business

realignment costs, in addition to costs associated with previously announced programs. The Company expects incremental cash costs related to the Turnaround Plan to be approximately \$600.0. In addition, the Company will continue to incur cash costs of \$160.0 related to restructuring and other business realignment costs connected to previously announced programs. During the three months ended March 31, 2020 we spent approximately \$76.0 in connection with the execution of the Turnaround Plan and our previously announced programs.

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

In the three months ended March 31, 2020, we incurred restructuring and other business structure realignment costs of \$81.6, as follows:

- We incurred restructuring savings of \$(6.7) primarily related to changes in estimate in our restructuring plans, partially offset by additional costs related to the Turnaround Plan, included in the Condensed Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$88.3 primarily related to the Turnaround Plan and certain other programs. This amount includes \$77.1 reported in selling, general and administrative expenses, primarily related to severance, consulting costs and accelerated depreciation costs; and \$11.2 reported in cost of sales in the Condensed Consolidated Statement of Operations.

In the three months ended March 31, 2019, we incurred restructuring and other business structure realignment costs of \$57.3 as follows:

- We incurred restructuring costs of \$6.7 primarily related to the Global Integration Activities, included in the Condensed Consolidated Statements of Operations; and
- We incurred business structure realignment costs of \$50.6 primarily related to our Global Integration Activities and certain other programs. This amount includes \$48.4 reported in selling, general and administrative expenses and \$2.2 reported in cost of sales in the Condensed Consolidated Statements of Operations, primarily due to costs incurred for the realignment of the business due to the P&G Beauty Business.

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

Acquisition and Divestiture Activities

In the three months ended March 31, 2020 we incurred \$49.3 of costs related to acquisition and divestiture activities. These costs were partially driven by consulting and legal fees associated with the King Kylie purchase agreement, as well as consulting and legal fees associated with the process to explore strategic alternatives, including divestment, for the Professional Beauty business including associated hair brands sold by the Americas, EMEA and Asia Pacific segments, as well as the Company's Brazilian operations.

In the three months ended March 31, 2019 there were no acquisition or divestiture-related charges incurred.

In all reported periods, all costs related to acquisition and divestiture activities were reported in Corporate.

Asset Impairment Charges

In the three months ended March 31, 2020 we incurred asset impairment charges of \$40.4 in Corporate, relating to indefinite-lived other intangible assets (related to the *CoverGirl*, *Max Factor* and *Bourjois* trademarks).

In the three months ended March 31, 2019, we did not incur any asset impairment charges.

INTEREST EXPENSE, NET

In the three months ended March 31, 2020, net interest expense was \$73.6 as compared with \$72.0 in the three months ended March 31, 2019. This increase is primarily due to the impact of transactional foreign exchange.

INCOME TAXES

The effective income tax rate for the three months ended March 31, 2020 and 2019 was 20.6% and 0.0%, respectively. The change in the effective tax rate for the three months ended March 31, 2020, as compared to the three months ended March 31, 2019, is primarily due to the resolution of foreign uncertain tax positions in the prior period.

The effective income tax 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 unrealized tax benefits ("UTBs") 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.

On March 27, 2020, the United States government passed the Coronavirus Aid, Relief, and Economic Security Act (the "CARES" Act). The Company has analyzed the provisions, which include modifications to net operating loss limitations, modifications to the deductibility of business interest expense, as well as Alternative Minimum Tax ("AMT") credit acceleration, and interim reporting considerations and there is no impact to the current quarter.

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

(in millions)	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	(Loss) Income Before Income Taxes	(Benefit) Provision for Income Taxes	Effective Tax Rate	(Loss) Income Before Income Taxes	Provision for Income Taxes	Effective Tax Rate
Reported (loss) before income taxes	\$ (332.9)	\$ (68.5)	20.6 %	\$ (4.0)	\$ —	— %
Adjustments to reported operating income ^{(a) (b)}	258.9	52.1		144.0	38.6	
Other adjustments ^{(b)(c)}	—	—		12.7	0.8	
Adjusted income before income taxes	\$ (74.0)	\$ (16.4)	22.2 %	\$ 152.7	\$ 39.4	25.8 %

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

^(b) The tax effects of each of the items included in adjusted income are calculated in a manner that results in a corresponding income tax expense/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.

^(c) In the three months ended March 31, 2019, the Company incurred legal and advisory services of \$12.7 rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders.

The adjusted effective tax rate was 22.2% for the three months ended March 31, 2020 compared to 25.8% for the three months ended March 31, 2019. The differences were primarily due to the jurisdictional mix of income.

NET INCOME (LOSS) ATTRIBUTABLE TO COTY INC.

Net income (loss) attributable to Coty Inc. was a loss of \$271.6 in the three months ended March 31, 2020 as compared to a loss of \$12.1 in the three months ended March 31, 2019. This increase primarily reflects the increased restructuring and other business realignment costs and acquisition and divestiture related costs as well as asset impairment charges incurred in the current period.

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)	Three Months Ended March 31,		Change %
	2020	2019	
Reported net (loss) attributable to Coty Inc.	\$ (271.6)	\$ (12.1)	<(100%)
% of net revenues	(17.8)%	(0.6)%	
Adjustments to reported operating income ^(a)	258.9	144.0	80 %
Adjustment to other expense ^(b)	—	12.7	N/A
Adjustments to noncontrolling interests ^(b)	3.1	(3.6)	>100%
Change in tax provision due to adjustments to reported net income attributable to Coty Inc.	(52.1)	(39.4)	(32)%
Adjusted net income (loss) attributable to Coty Inc.	\$ (61.7)	\$ 101.6	<(100%)
% of net revenues	(4.0)%	5.1 %	
Per Share Data			
Adjusted weighted-average common shares			
Basic	760.8	751.4	
Diluted	760.8	753.9	
Adjusted net income attributable to Coty Inc. per common share			
Basic	\$ (0.08)	\$ 0.14	
Diluted	(0.08)	0.13	

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

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

NINE MONTHS ENDED MARCH 31, 2020 AS COMPARED TO NINE MONTHS ENDED MARCH 31, 2019

NET REVENUES

In the nine months ended March 31, 2020, net revenues decreased 11%, or \$717.3, to \$5,815.8 from \$6,533.1 in the nine months ended March 31, 2019. Excluding the impact of the Acquisition and the Divestiture, total net revenues decreased 9%, or \$555.5, to \$5,766.4 in the nine months ended March 31, 2020 from \$6,321.9 in the nine months ended March 31, 2019, reflecting a negative foreign currency exchange translation impact of 2%, and a decrease in unit volume of 10%, partially offset by a positive price and mix impact of 3%. The decrease in net revenues primarily reflects lower net revenues due to the COVID-19 pandemic, impacting all product categories across the Company, with the highest impact on the prestige products, professional products, mass color cosmetics and retail hair, due to the closure of retail malls, professional salons, travel retail channels and certain mass channels. *Calvin Klein, Gucci, Hugo Boss, Burberry* and *Wella Professional* were prestige and professional brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *CoverGirl, Rimmel, Max Factor* and *Bourjois*.

Net Revenues by Segment

(in millions)	Nine Months Ended March 31,		Change %
	2020	2019	
NET REVENUES			
Americas	\$ 1,689.0	\$ 1,897.4	(11) %
EMEA	2,229.7	2,406.0	(7) %
Asia Pacific	537.5	606.5	(11) %
Professional Beauty	1,304.1	1,348.6	(3) %
Other	55.5	274.6	(80) %
Total	\$ 5,815.8	\$ 6,533.1	(11) %

Americas

In the nine months ended March 31, 2020, net revenues from the Americas segment decreased 11%, or \$208.4, to \$1,689.0 from \$1,897.4 in the nine months ended March 31, 2019. Excluding the impact of the Acquisition, net revenues from the Americas segment decreased 13%, or \$245.4, to \$1,652.0 in the nine months ended March 31, 2020 from \$1,897.4 in the nine months ended March 31, 2019, reflecting a decrease in unit volume of 14% and a negative foreign currency exchange translation impact of 2%, offset by a positive price and mix impact of 3%. The decrease in net revenues primarily reflects:

- (i) lower net revenues due to the COVID-19 pandemic, impacting all product categories across the segment, with the highest impact on prestige products due to the closure of retail malls and travel retail channels. *Calvin Klein*, *philosophy*, *Gucci*, *Burberry* and *Marc Jacobs* were prestige brands with the highest net revenue decrease. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *CoverGirl* and *Rimmel*;
- (ii) shelf-space losses in the United States primarily impacting *CoverGirl*, *Rimmel* and *philosophy* which have contributed to the negative share trends in the mass color cosmetics and prestige skin products;
- (iii) negative category trends in the United States for mass color cosmetics and mass fragrances;
- (iv) declines in *Calvin Klein* due to a reduced focus on lower margin products, including gift-sets, and lower launch activity in the current year; and
- (v) declines in *Monange* and *Bozzano* in Brazil primarily driven by the negative impact of foreign currency exchange translation, partially offset by a strong improvement in price and mix.

These decreases were partially offset by:

- (i) increased net revenues in the first half of fiscal 2020 due to the resolution of the supply chain disruptions which negatively impacted net revenues in the prior year;
- (ii) incremental net revenues from *Tiffany & Co* due to the launch of *Tiffany & Love* in the prior quarter; and
- (iii) increased net revenues from *Sally Hansen* due to continued success across its core sub-brands as well as incremental net revenues from the launch of *Sally Hansen Good.Kind.Pure*.

EMEA

In the nine months ended March 31, 2020, net revenues from the EMEA segment decreased 7%, or \$176.3, to \$2,229.7 from \$2,406.0 in the nine months ended March 31, 2019, reflecting a decrease in unit volume of 8% and a negative foreign currency exchange translation impact of 2%, partially offset by a positive price and mix impact of 3%. The decrease in net revenues primarily reflects:

- (i) lower net revenues in the third quarter due to the COVID-19 pandemic, impacting all product categories across the segment, primarily in Italy, Spain and the Middle East, with the highest impact on prestige products due to the closure of retail malls and travel retail channels. *Calvin Klein*, *Hugo Boss*, and *Gucci* were prestige brands with the highest net revenue decrease. These decreases more than offset the increased net revenues from prestige products in the first half of the fiscal year. The impact to the mass category brands sold in drug and grocery stores, although significant due to social distancing directives, was relatively mitigated due to these distribution channels mostly remaining open. The corresponding net revenue declines in the mass channel were mainly seen in *Bourjois*, *Rimmel* and the retail hair line of *Wella*;
- (ii) declines in *adidas*, *Rimmel*, *Bourjois*, *Max Factor* and mass fragrances due to a renegotiation with key third party distributors in the Middle East and strategic distribution limits in Africa;
- (iii) negative share trends in Europe for mass color cosmetics partially due to a strategic decision to withdraw *Bourjois* in the UK and negative share trends for hair color;
- (iv) negative category trends in Europe for mass color cosmetics and hair color impacting *Bourjois* and the retail hair line of *Wella*;
- (v) declines in *adidas* and the retail hair line of *Wella* due to geopolitical disruptions in the Middle East;
- (vi) decreased e-commerce sales primarily in *Calvin Klein*, *Roberto Cavalli*, *Joop* and *Jil Sander*; and
- (vii) declines from *Calvin Klein* and *Jil Sander* in Germany due to a reduced focus on lower margin products, including gift-sets.

These decreases were partially offset by:

- (i) increased net revenues in the first half of fiscal 2020 due to the resolution of the supply chain disruptions which negatively impacted net revenues in the prior year;
- (ii) incremental net revenues from *Burberry* in the first half of fiscal 2020 due to continued success from the launch of *Burberry Her* in the prior year;
- (iii) incremental net revenues from *Lacoste* in Russia from the launch of *Lacoste Timeless* in the first quarter of fiscal 2020; and
- (iv) increased net revenues from *Bruno Banani* mainly driven by the launch of *Bruno Banani Loyal Man* in Germany.

Asia Pacific

In the nine months ended March 31, 2020, net revenues from the Asia Pacific segment decreased 11%, or \$69.0, to \$537.5 from \$606.5 in the nine months ended March 31, 2019, reflecting a decrease in unit volume of 13% and a negative foreign currency exchange translation impact of 2%, partially offset by a positive price and mix impact of 4%. The decrease in net revenues primarily reflects:

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

These decreases were partially offset by:

- (i) increased net revenues from the relaunch of *Gucci Make-up* in the Asia Pacific travel retail channel, despite geopolitical disruptions in Hong Kong; and
- (ii) increased net revenues in the first half of the fiscal 2020 due to the continued success from the launch of *Burberry Her* in the prior year.

Professional Beauty

In the nine months ended March 31, 2020, net revenues from the Professional Beauty segment decreased 3%, or \$44.5, to \$1,304.1 from \$1,348.6 in the nine months ended March 31, 2019, reflecting a negative foreign currency exchange translation impact of 2%, and a decrease in unit volume of 5%, partially offset by a positive price and mix impact of 4%. The decrease in this segment primarily reflects lower net revenues due to the COVID-19 pandemic, with the highest impact on *Wella Professional* and *OPI*. These decreases were partially offset by:

- (i) increased net revenues in the first half of fiscal 2020, mainly driven by the continued success of *ghd Glide* and *ghd Oracle*, as well as increased *ghd* e-commerce sales; and
- (ii) increased net revenues in the first half of fiscal 2020 due to the resolution of the supply chain disruptions which negatively impacted nail professional products in the prior year.

Other

Other consists of the net revenues from the Divestiture of Younique.

COST OF SALES

In the nine months ended March 31, 2020, cost of sales decreased 12%, or \$292.2, to \$2,214.8 from \$2,507.0 in the nine months ended March 31, 2019. Cost of sales as a percentage of net revenues decreased to 38.1% in the nine months ended March 31, 2020 from 38.4% in the nine months ended March 31, 2019 resulting in a gross margin increase of approximately 30 basis points primarily reflecting:

- (i) a favorable mix impact associated with the increased proportion of net revenue contribution from higher-margin prestige and Professional Beauty products;
- (ii) increased gross margin due to sales price increases for *Monange* and *Bozzano* in Brazil in the current period, compared to a lower base due to negative mix impact associated with a higher proportionate net revenue contribution from lower-margin body care products in the prior period;
- (iii) reduced focus on lower margin products, including gift-sets, contributing to manufacturing efficiencies for prestige products; and
- (iv) a decrease in excess and obsolescence expense on inventory in the Corporate segment for artwork transition activities on acquired inventory in connection to the acquisition of the P&G Beauty Business.

These improvements were partially offset by:

- (i) incremental expense of underutilized facilities costs due to reduced sales volume resulting from the COVID-19 pandemic;
- (ii) gross margin impacts from the Divestiture due to prior year margin benefits provided by Younique;
- (iii) increased excess and obsolescence expense on inventory, primarily in prestige products, due to the COVID-19 pandemic; and
- (iv) negative foreign currency exchange on imported materials, primarily impacting Brazil.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In the nine months ended March 31, 2020, selling, general and administrative expenses decreased 6%, or \$202.5, to \$3,274.3 from \$3,476.8 in the nine months ended March 31, 2019. Selling, general and administrative expenses as a percentage of net revenues increased to 56.3% in the nine months ended March 31, 2020 from 53.2% in the nine months ended March 31, 2019, or approximately 310 basis points. This increase was primarily due to:

- (i) 120 basis points related to higher administrative costs as a percentage of net revenue as the compensation expense savings and from prior restructuring programs were out-paced by the decline in net revenues;
- (ii) 50 basis points related to higher share-based compensation due to significant executive forfeitures of share-based compensation instruments in the prior year;
- (iii) 40 basis points related to higher bad debt expense;
- (iv) 30 basis points related to higher negative transactional impact from our exposure to foreign currency exchange fluctuations;

- (v) 30 basis points related to higher advertising and consumer promotion costs as a percentage of net revenues as the savings in media and promotional trade spending from the COVID-19 pandemic were out-paced by the decline in net revenues; and
- (vi) 40 basis points related to other expenses.

OPERATING INCOME (LOSS)

In the nine months ended March 31, 2020, operating loss was \$97.4 compared to a loss of \$739.8 in the nine months ended March 31, 2019. Operating margin, or operating loss as a percentage of net revenues, decreased to (1.7)% in the nine months ended March 31, 2020 as compared to (11.3)% in the nine months ended March 31, 2019. The operating margin improvements are largely driven by the asset impairment charges incurred in the prior year, partially offset by reduced net revenues due to the impact from the COVID-19 pandemic, and increased selling and general administrative expenses as a percentage of net revenues in the current year.

Operating Income (Loss) by Segment

(in millions)	Nine Months Ended March 31,		Change %
	2020	2019	
Operating income (loss)			
Americas	\$ 20.0	\$ (293.3)	>100%
EMEA	108.8	(207.6)	>100%
Asia Pacific	3.0	(29.4)	>100%
Professional Beauty	112.4	110.8	1 %
Other	(11.0)	(11.0)	— %
Corporate	(330.6)	(309.3)	(7) %
Total	\$ (97.4)	\$ (739.8)	87 %

Americas

In the nine months ended March 31, 2020, operating income for Americas increased >100%, or \$313.3, to \$20.0 from \$(293.3) in the nine months ended March 31, 2019. Operating margin increased to 1.2% of net revenues in the nine months ended March 31, 2020 as compared to (15.5)% in the nine months ended March 31, 2019, primarily reflecting the asset impairment charges in the prior year and lower cost of goods sold as a percentage of net revenues, partially offset by reduced net revenues due to the impact from the COVID-19 pandemic, higher selling, general, and administrative expense as a percentage of net revenues, and higher amortization as a percentage of net revenue.

EMEA

In the nine months ended March 31, 2020, operating income for EMEA increased >100%, or \$316.4, to \$108.8 from \$(207.6) in the nine months ended March 31, 2019. Operating margin increased to 4.9% of net revenues in the nine months ended March 31, 2020 as compared to (8.6)% in the nine months ended March 31, 2019, primarily reflecting the asset impairment charges in the prior year, partially offset by reduced net revenues due to the impact from the COVID-19 pandemic, higher selling, general, and administrative expense as a percentage of net revenues, higher cost of goods sold as a percentage of net revenues, and higher amortization as a percentage of net revenue.

Asia Pacific

In the nine months ended March 31, 2020, operating income for Asia Pacific increased >100%, or \$32.4, to \$3.0 from \$(29.4) in the nine months ended March 31, 2019. Operating margin increased to 0.6% of net revenues in the nine months ended March 31, 2020 as compared to (4.8)% in the nine months ended March 31, 2019, primarily reflecting the asset impairment charges in the prior year and lower cost of goods sold as a percentage of net revenues, partially offset by reduced net revenues due to the impact from the COVID-19 pandemic, higher selling, general and administrative expenses as a percentage of net revenues.

Professional Beauty

In the nine months ended March 31, 2020, operating income for Professional Beauty increased 1%, or \$1.6, to \$112.4 from \$110.8 in the nine months ended March 31, 2019. Operating margin increased to 8.6% of net revenues in the nine months ended March 31, 2020 as compared to 8.2% in the nine months ended March 31, 2019, primarily driven by lower selling and general administrative costs as a percentage of net revenues and lower cost of goods sold as a percentage of net revenues.

Other

Other represents operating income (loss) from the Divestiture of Younique.

Corporate

Corporate primarily includes corporate expenses not directly related 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.

In the nine months ended March 31, 2020, the operating loss for Corporate was \$330.6 compared to a loss of \$309.3 in the nine months ended March 31, 2019, as described under “Adjusted Operating Income for Coty Inc.” below. The increase to operating loss for Corporate was primarily driven by an increase in restructuring and other business realignment costs, as well as an increase in acquisition and divestiture related costs, partially offset by a decrease in asset impairment charges and by the gain on sale of business.

Adjusted Operating Income (Loss) by Segment

We believe that Adjusted Operating income (loss) 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)	Nine Months Ended March 31, 2020		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Operating income (loss)			
Americas	20.0	\$ (66.8)	\$ 86.8
EMEA	108.8	(101.8)	210.6
Asia Pacific	3.0	(21.2)	24.2
Professional Beauty	112.4	(51.5)	163.9
Other	(11.0)	(7.4)	(3.6)
Corporate	(330.6)	(328.5)	(2.1)
Total	\$ (97.4)	\$ (577.2)	\$ 479.8

(in millions)	Nine Months Ended March 31, 2019		
	Reported (GAAP)	Adjustments ^(a)	Adjusted (Non-GAAP)
Operating (loss) income			
Americas	(293.3)	\$ (472.3)	\$ 179.0
EMEA	(207.6)	(477.9)	270.3
Asia Pacific	(29.4)	(93.0)	63.6
Professional Beauty	110.8	(52.7)	163.5
Other	(11.0)	(26.1)	15.1
Corporate	(309.3)	(310.4)	1.1
Total	\$ (739.8)	\$ (1,432.4)	\$ 692.6

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

Adjusted Operating Income for Coty Inc.

We believe that adjusted operating income 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:

(in millions)	Nine Months Ended March 31,		Change %
	2020	2019	
Reported operating income (loss)	\$ (97.4)	\$ (739.8)	87 %
<i>% of net revenues</i>	<i>(1.7) %</i>	<i>(11.3) %</i>	
Asset impairment charges	40.4	977.7	(96) %
Restructuring and other business realignment costs	287.3	187.0	54 %
Amortization expense	248.7	267.7	(7) %
Acquisition and divestiture-related costs	85.3	—	N/A
(Gain)/Loss on sale of business	(84.5)	—	N/A
Total adjustments to reported operating income	\$ 577.2	\$ 1,432.4	(60) %
Adjusted operating income	\$ 479.8	\$ 692.6	(31) %
<i>% of net revenues</i>	<i>8.2 %</i>	<i>10.6 %</i>	

Adjusted operating income in the nine months ended March 31, 2020 decreased 31%, or \$212.8, to \$479.8 from \$692.6 in the nine months ended March 31, 2019. Adjusted operating margin decreased to 8.2% of net revenues in the nine months ended March 31, 2020 as compared to 10.6% in the nine months ended March 31, 2019, primarily driven by reduced net revenues due to the COVID-19 pandemic, higher selling, general and administrative costs as a percentage of net revenues and higher cost of goods sold as a percentage of net revenues. Excluding the impact of foreign currency exchange translations, adjusted operating income decreased 28%.

Asset Impairment Charges

In the nine months ended March 31, 2020, we incurred asset impairment charges of \$40.4 in Corporate, relating to indefinite-lived other intangible assets (related to the *CoverGirl*, *Max Factor* and *Bourjois* trademarks).

In the nine months ended March 31, 2019, we incurred \$977.7 of asset impairment charges primarily due to \$930.3 related to goodwill and other intangible assets in the Americas, EMEA and Asia Pacific segments recorded during the second quarter; \$22.8 related to the *philosophy* trademark recorded during the second quarter; \$12.6 charge during the first quarter due to an acquired trademark associated with a terminated pre-existing license as a result of the acquisition; and \$12.0 related to a Corporate equity security investment recorded during the second quarter.

Amortization Expense

In the nine months ended March 31, 2020, amortization expense decreased to \$248.7 from \$267.7 in the nine months ended March 31, 2019. In the nine months ended March 31, 2020, amortization expense of \$66.8, \$101.8, \$21.2, \$51.5 and \$7.4 was reported in the Americas, EMEA, Asia Pacific, Professional Beauty, and Other segments, respectively. In the nine months ended March 31, 2019, amortization expense of \$61.8, \$106.2, \$20.9, \$52.7, and \$26.1 was reported in the Americas, EMEA, Asia Pacific, Professional Beauty, and Other segments, respectively.

Restructuring and Other Business Realignment Costs

We continue to analyze our cost structure, including opportunities to simplify and optimize operations. On July 1, 2019, we announced our Turnaround Plan. To implement the Turnaround Plan, we expect to incur restructuring and other business realignment costs, in addition to costs associated with previously announced programs. The Company expects incremental cash costs related to the Turnaround Plan to be approximately \$600.0. In addition, the Company will continue to incur cash costs of \$160.0 related to restructuring and other business realignment costs connected to previously announced programs. During the

nine months ended March 31, 2020 we spent approximately \$162.0 in connection with the execution of the Turnaround Plan and our previously announced programs.

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

In the nine months ended March 31, 2020, we incurred restructuring and other business structure realignment costs of \$287.3, as follows:

- We incurred restructuring costs of \$134.2 primarily related to the Turnaround Plan, included in the Condensed Consolidated Statements of Operations.
- We incurred business structure realignment costs of \$153.1 primarily related to our Turnaround plan and certain other programs. This amount includes \$141.9 reported in selling, general and administrative expenses, primarily related to severance, consulting costs and accelerated depreciation costs; and \$11.2 reported in cost of sales in the Condensed Consolidated Statement of Operations.

In the nine months ended March 31, 2019, we incurred restructuring and other business structure realignment costs of \$187.0 as follows:

- We incurred Restructuring costs of \$43.7 primarily related to the Global Integration Activities and 2018 Restructuring Actions, included in the Condensed Consolidated Statements of Operations.
- We incurred business structure realignment costs of \$143.3 primarily related to our Global Integration Activities and certain other programs. Of this amount \$131.3 is included in selling, general and administrative expenses and \$12.0 is included in cost of sales, primarily due to costs incurred for the realignment of the business due to the P&G Beauty Business.

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

Acquisition and Divestiture Activities

In the nine months ended March 31, 2020, we incurred \$85.3 of cost relating to consulting and legal fees associated with the King Kylie Transaction, as well as consulting and legal fees associated with the process to explore strategic alternatives, including divestment, for the Professional Beauty business including associated hair brands sold by the Americas, EMEA and Asia Pacific segments, as well as our Brazilian operations.

In the nine months ended March 31, 2019, there were no acquisition or divestiture-related charges incurred.

In all reported periods, all costs related to acquisition and divestiture activities were reported in Corporate.

Gain (Loss) on Sale of Business

In the nine months ended March 31, 2020, we completed the divestiture of Yunique resulting in income of \$84.5 included in Gain on sale of business in the Condensed Consolidated Statements of Operations. In the nine months ended March 31, 2019, we did not divest any business.

INTEREST EXPENSE, NET

In the nine months ended March 31, 2020, net interest expense was \$222.1 as compared with \$204.4 in the nine months ended March 31, 2019. This increase is primarily due to the impact of transactional foreign exchange.

INCOME TAXES

The effective income tax rate for the nine months ended March 31, 2020 and 2019 was 30.6% and (0.1)%, respectively. The positive effective tax rate in the nine months ended March 31, 2020 results from reporting losses before taxes and a benefit for income taxes. The negative effective tax rate in the nine months ended March 31, 2019 results from reporting losses before income taxes and a provision for income taxes. The change in the effective tax rate for the nine months ended March 31, 2020, as compared to the prior period is primarily due to goodwill impairment recorded in the prior period that was not tax deductible.

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

On March 27, 2020, the United States government passed the CARES Act. The Company has analyzed the provisions, which include modifications to net operating loss limitations, modifications to the deductibility of business interest expense, as well as AMT credit acceleration, and interim reporting considerations and there is no impact to the current period.

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

(in millions)	Nine Months Ended March 31, 2020			Nine Months Ended March 31, 2019		
	(Loss) Income Before Income Taxes	Provision for Income Taxes	Effective Tax Rate	(Loss) Income Before Income Taxes	Provision for Income Taxes	Effective Tax Rate
Reported (loss) income before income taxes	\$ (323.5)	\$ (99.0)	30.6 %	\$ (969.2)	\$ 0.9	(0.1) %
Gain on sale of business adjustment ^{(a)(b)}	(84.5)	4.8				
Other adjustments to reported operating income ^{(a)(b)}	661.7	138.1		1,432.4	84.5	
Other adjustments ^{(b)(c)}	\$ —	\$ —		12.7	0.8	
Adjusted income before income taxes	\$ 253.7	\$ 43.9	17.3 %	\$ 475.9	\$ 86.2	18.1 %

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

^(b) The tax effects of each of the items included in adjusted income are calculated in a manner that results in a corresponding income tax expense/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.

^(c) In the three months ended March 31, 2019, the Company incurred legal and advisory services of \$12.7 rendered in connection with the evaluation of the tender offer initiated by certain of our shareholders.

The adjusted effective tax rate was 17.3% for the nine months ended March 31, 2020 compared to 18.1% for the nine months ended March 31, 2019. The differences were primarily due to the jurisdictional mix of income.

NET INCOME (LOSS) ATTRIBUTABLE TO COTY INC.

Net income (loss) attributable to Coty Inc. was a loss of \$240.4 in the nine months ended March 31, 2020, as compared to a loss of \$984.8 in the nine months ended March 31, 2019. This decrease primarily reflects the divestiture of Younique resulting in \$84.5 of income reflected in Gain on sale of business in the Condensed Consolidated Statements of Operations for the nine months ended March 31, 2020 and asset impairment charges of \$977.7 recorded in the prior period.

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

(in millions)	Nine Months Ended March 31,		Change %
	2020	2019	
Reported net income (loss) attributable to Coty Inc.	\$ (240.4)	\$ (984.8)	76 %
<i>% of net revenues</i>	<i>(4.1) %</i>	<i>(15.1) %</i>	
Adjustments to reported operating income ^(a)	577.2	1,432.4	(60) %
Adjustments to other expense ^(b)	—	12.7	(100) %
Adjustments to noncontrolling interests ^(b)	0.1	(11.0)	>100%
Change in tax provision due to adjustments to reported net income attributable to Coty Inc.	(142.9)	(85.3)	(68) %
Adjusted net income attributable to Coty Inc.	194.0	364.0	(47) %
<i>% of net revenues</i>	<i>3.3 %</i>	<i>5.6 %</i>	
Per Share Data			
Adjusted weighted-average common shares			
Basic	757.7	751.1	
Diluted	762.1	753.0	
Adjusted net income attributable to Coty Inc. per common share			
Basic	\$ 0.26	\$ 0.48	
Diluted	0.25	0.48	

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

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

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 committed and uncommitted 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 the three and six months buildup before the holiday season in anticipation of higher global sales during the second fiscal quarter. In the second fiscal quarter, we typically experience strong cash generation as a result of increased demand by retailers associated with the holiday season. In the third quarter, we experience cash demands immediately following the holiday season, primarily related to post-holiday sales returns and annual bonus payments to the retailers, as well as higher vendor payments related to certain products and services incurred for the holiday season.

Our principal uses of cash are to fund operating expenditures, capital expenditures, business structure realignment expenditures, interest payments, acquisitions, dividends, share repurchases and any principal payments on debt. 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. In addition, cash generated from the divestiture of any businesses during the next year will be utilized to reduce debt, other than a maximum of \$500.0 that will be used to fund operations.

Our response to the impact of COVID-19

In response to the risks presented by the COVID-19 pandemic, we have been actively implementing a number of measures to bolster our liquidity position and provide additional financial flexibility. Such measures include actively aligning operating expenses to the current state of the business, including slowing down our production to adjust our inventories, the recently announced temporary compensation reductions for certain executives and for our non-executive board members, hiring and travel restrictions, temporary furloughs for certain employees and the reduction of advertising and consumer promotion costs for sales channels that are closed or heavily impacted by social distancing. We intend to utilize any tax payment deferrals that apply to us in specific jurisdictions. We will actively manage our working capital to support our liquidity needs. Additionally, we announced on May 11, 2020, that KKR will be purchasing \$750.0 of convertible preferred stock in Coty, which provides us with additional liquidity. See additional information in Note 19—Subsequent Events.

Due in part to these measures, our current cash position is favorable; as of March 31, 2020, we had cash and cash equivalents of \$1,278.5 compared with \$340.4 as of June 30, 2019. As of March 31, 2020, we had \$1,289.7 of immediate liquidity, which consisted of available cash and cash equivalents and available borrowings under our 2018 Coty Revolving Credit Facility.

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

Debt

See Note 10—Debt in the notes to our Condensed Consolidated Financial Statements for additional information on our debt arrangements and prior period credit agreements.

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

On April 29, 2020, we amended our existing credit agreement. The amendment (i) provides a Total Net Leverage Ratio financial covenant “holiday” through March 31, 2021; (ii) establishes a minimum liquidity covenant through March 31, 2021 of \$350 million; and (iii) effectively places certain limitations on the ability to make certain investments and restricted payments (including limiting our ability to pay dividends in cash through March 31, 2021) and on incurring additional indebtedness. The amendment does not modify the applicable funding costs during the period through March 31, 2021.

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. Most recently, these agreements included the following:

U.S. Receivables Purchase Agreement

In March of fiscal 2019, we entered into a receivables purchase agreement with a financial institution, with an aggregate facility limit of \$150.0 to facilitate factoring of receivables by certain of our U.S. subsidiaries (the “U.S. Receivables Purchase Agreement”). Factoring of such receivables under the U.S. Receivables Purchase Agreement may be executed on a recourse or non-recourse basis.

During the nine months ended March 31, 2020, total cash received for trade receivables factored under the U.S. Receivables Purchase Agreement, net of collections and factoring costs, was \$(15.8). Gross trade receivables factored under the U.S. Receivables Purchase Agreement during the nine months ended March 31, 2020 totaled \$394.0. Remaining balances due from the factor amounted to \$2.1, as of March 31, 2020.

European Receivables Purchase Agreement

In September of fiscal 2020, we entered into a factoring agreement with a financial institution, which allows for the transfer of receivables from certain of our European subsidiaries, in exchange for cash (the “European Receivables Purchase Agreement”). The total outstanding amount permitted among such subsidiaries is €93.0 million. Factoring of such receivables under the European Receivables Purchase Agreement is executed on a non-recourse basis.

During the nine months ended March 31, 2020, total cash received for trade receivables factored under the European Receivables Purchase Agreement, net of collections and factoring costs, was \$36.7. Gross trade receivables factored under the European Receivables Purchase Agreement during the nine months ended March 31, 2020 totaled \$282.6. Remaining balances due from the factor amounted to \$6.4, as of March 31, 2020.

Cash Flows

	Nine Months Ended March 31,	
	2020	2019
Condensed Consolidated Statements of Cash Flows Data: (in millions)		
Net cash provided by operating activities	\$ 204.5	\$ 451.4
Net cash used in investing activities	(772.8)	(371.0)
Net cash provided by (used in) financing activities	1,529.8	(16.7)

Net cash provided by operating activities

Net cash provided by operating activities was \$204.5 and \$451.4 for the nine months ended March 31, 2020 and 2019, respectively, a decrease of \$246.9. Operating cash inflows were impacted by a decrease of \$267.3 in cash related to net income period over period, positively impacted by net changes in working capital accounts of \$62.4 and negatively impacted by higher outflows related to noncurrent assets and liabilities of \$42.0. Higher inflows from working capital in the current period are primarily a result of lower cash outflows from accrued expenses and other current liabilities, which were primarily the result of lower payments for restructuring and business realignment programs in the current period. Furthermore, changes in inventories contributed of the increase due to improved inventory management and the reversal of the prior period impact of the supply chain disruptions. Partially offsetting were lower inflows related to accounts receivables to lower incremental benefit from factoring and higher outflows due to accounts payables due to lower spending and a change in the timing of payments compared to the prior period.

Net cash used in investing activities

Net cash used in investing activities was \$772.8 and \$371.0 for the nine months ended March 31, 2020 and 2019, respectively. The increase in net cash used in investing activities of \$401.8 was primarily driven by the payment, net of cash acquired of \$592.2 for the purchase of 51% of the equity interest of King Kylie, LLC compared to \$40.8 of cash used for the purchase of a trademark in the prior year which did not reoccur in the current year. The overall increase in cash used in investing activities was partially offset by lower capital expenditures of \$124.5 during the comparative nine months ended March 31, 2020 and 2019 and \$25.6 of net cash proceeds from the sale of the Younique business during the first quarter of fiscal 2020.

Net cash provided by (used in) financing activities

Net cash provided by financing activities during the nine months ended March 31, 2020 was \$1,529.8 compared to net cash used in financing activities of \$16.7 during the nine months ended March 31, 2019. The increase in cash from financing activities of \$1,546.5 was primarily due to higher net proceeds associated with the Company's revolving loan facility during the nine months ended March 31, 2020 compared to net proceeds from revolver borrowings on this facility during the nine months ended March 31, 2019. The higher borrowings during the current year of \$1,474.3 were primarily driven by the Company's response to the risks presented by the COVID-19 pandemic and the number of key financial measures taken which included fully drawing down on the Company's revolving loan facilities to ensure liquidity and cash availability. These borrowings are held as part of cash and cash equivalents as of March 31, 2020. In addition, at the beginning of this fiscal quarter, the Company used borrowings for its acquisition of 51% equity interest in King Kylie, LLC. for \$600.0. The Company's Stock Dividend Reinvestment Program, which became available to stockholders in the fourth quarter of fiscal 2019, also had a positive impact on the cash from financing activities compared to the prior year as cash outflows for dividend payments were lower by \$85.9 in the current year. To partially offset the increase in cash from financing activities, the Company paid \$45.0 during the first quarter of fiscal 2020 to purchase the remaining mandatorily redeemable noncontrolling interest in the Company's Southeast Asian subsidiary, which did not occur in the prior year.

Dividends

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

Treasury Stock - Share Repurchase Program

For additional information on our Share Repurchase Program, see Note 14—Equity in the notes to our Condensed Consolidated Financial Statements.

Commitments and Contingencies

Mandatorily Redeemable Financial Interest

United Arab Emirates subsidiary

We are required under a shareholders agreement (the “U.A.E. Shareholders Agreement”) to purchase all of the shares held by the noncontrolling interest holder equal to 25% of a certain subsidiary in the United Arab Emirates (the “U.A.E. subsidiary”) at the termination of the agreement. We have determined such shares to be an MRFI that is recorded as a liability. The liability is calculated based upon a pre-determined formula in accordance with the U.A.E Shareholders Agreement. As of March 31, 2020 and June 30, 2019, the liability amounted to \$9.4 and \$7.5, of which \$7.6 and \$6.1, respectively, was recorded in Other noncurrent liabilities and \$1.8 and \$1.4, respectively, was recorded in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheet.

Southeast Asian subsidiary

In July 2019, we purchased the remaining 49% noncontrolling interest of a certain Southeast Asian subsidiary from the noncontrolling interest holder for \$45.0, pursuant to a Sale of Shares and Termination Deed, as amended. The termination was effective on June 30, 2019 and immediately prior to the cash purchase of the remaining noncontrolling interest, the noncontrolling interest balance was recorded as a MRFI liability. As of March 31, 2020, the remaining MRFI liability was nil.

Redeemable Noncontrolling Interests

Noncontrolling interests, where we may be required to repurchase the noncontrolling interest under a put option or other contractual redemption requirement, are reported in the Condensed Consolidated Balance Sheet between liabilities and equity, as redeemable noncontrolling interests (“RNCI”). We adjust the RNCI 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 additional paid-in capital (“APIC”).

Younique

On September 16, 2019, we completed the sale of all our membership interest in Foundation which held the net assets of Younique. On the date of this transaction, the Younique membership holders had a 40.7% membership interest in Foundation. See Note 5—Business Combinations, Asset Acquisitions and Divestitures. As a result of the sale of our membership interest in Foundation, RNCI of \$360.4 was derecognized as of the date of sale.

We accounted for the 40.7% noncontrolling interest portion of Foundation as redeemable noncontrolling interest (“RNCI”) due to the noncontrolling interest holder’s right to put their shares to us in certain circumstances. Foundation was a majority-owned consolidated subsidiary through September 16, 2019 and we recorded income tax expense based on our 59.3% membership interest in Foundation due to its treatment as a partnership for U.S. income tax purposes. Accordingly, Foundation’s net income attributable to RNCI is equal to the 40.7% noncontrolling interest of Foundation’s net income excluding a provision for income taxes. We recognized \$365.3 as the RNCI balance as of June 30, 2019.

Subsidiary in the Middle East

As of March 31, 2020, the noncontrolling interest holder in our subsidiary in the Middle East (“Middle East Subsidiary”) had a 25% ownership share. We recognized \$98.6 and \$86.5 as the RNCI balances as of March 31, 2020 and June 30, 2019, respectively.

Legal Contingencies

Brazilian Tax Assessments

In connection with a local tax audit of one of our subsidiaries in Brazil, we were notified of tax assessments issued in March of 2018. The assessments relate to local sales tax credits, which the Treasury Office of the State of Goiás considers improperly registered for the 2016-2017 tax periods. We are currently seeking a favorable administrative decision on the tax enforcement action filed by the Treasury Office of the State of Goiás. These tax assessments, including estimated interest and penalties amount to a total of R\$249.0 million (approximately \$47.9). We believe we have meritorious defenses and we have not recognized a loss for these assessments as we do not believe a loss is probable.

Off-Balance Sheet Arrangements

We had undrawn letters of credit of \$5.0 and \$6.3 and bank guarantees of \$51.1 and \$97.1 as of March 31, 2020 and June 30, 2019, respectively.

Contractual Obligations

Our principal contractual obligations and commitments as of March 31, 2020 are summarized in Item 7 - “Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Contractual Obligations and Commitments,” of our Fiscal 2019 Form 10-K, except as noted above. For the nine months ended March 31, 2020, there have been no material changes in our contractual obligations outside the ordinary course of business.

Critical Accounting Policies

We believe that the critical accounting policies listed below involve our more significant judgments, assumptions and estimates and, therefore, could have the greatest potential impact on our Condensed Consolidated Financial Statements:

- Revenue Recognition;
- Goodwill, Other Intangible Assets and Long-Lived Assets;
- Business Combinations;
- Inventory; and
- Income Taxes.

As part of our quarterly review of the critical accounting policies during the first quarter of fiscal 2020, we concluded that the assumptions around Pension Benefit Costs and Redeemable Noncontrolling Interests no longer involved significant judgments, assumptions or estimates due to changes in our business, and thus excluded these policies from the above list. Below are updated disclosures regarding our goodwill and intangible assets. As of March 31, 2020, there have been no other material changes to the items disclosed as critical accounting policies and estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II—Item 7 of our Fiscal 2019 Form 10-K.

Goodwill

Approach

Testing goodwill for impairment requires us to estimate fair values of reporting units using significant estimates and assumptions. The assumptions made will impact the outcome and ultimate results of the testing. We use industry accepted valuation models and set criteria that are reviewed and approved by various levels of management and, in certain instances, we engage independent third-party valuation specialists for advice. To determine fair value of the reporting unit, we used a combination of the income and market approaches. We believe the blended use of both models 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, 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 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. We would calculate an impairment charge as the difference between the reporting unit’s carrying value and fair value. Such charge could have a material effect on the Consolidated Statements of Operations and Balance Sheets.

Results

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

We performed an analysis of goodwill for impairment. The Company estimated the fair values of its reporting units based on discounted cash flow methodology reflecting the latest projections which included, among other things, the impact of COVID-19 pandemic for the Company’s impairment testing performed during the third quarter of our 2020 fiscal year. These projections assumed a gradual recovery from the COVID-19 pandemic beginning late in the fourth quarter of fiscal 2020 through the third quarter of fiscal 2021, which returns to normal business conditions prior to COVID-19. As such, the projected comparable growth rates in late fiscal 2021 and fiscal 2022 appear larger than previous and future years as they reflect the mechanical increases of the return to normal business conditions in the third quarter of fiscal 2021.

The fair values of each of the reporting units exceeded the respective carrying values of the reporting units as of March 31, 2020. Consequently, there were no goodwill impairment charges recorded as a result of the impairment testing performed during the third quarter of our 2020 fiscal year. During the third quarter impairment testing, all of the Company's reporting units, with the exception of Americas and EMEA, fair value exceeded their respective carrying value by more than 20%. We determined that the fair values of the Americas and EMEA reporting units exceeded their carrying values by 15.9% and 4.4%, respectively, and had goodwill balances of \$1,380.2 and \$1,903.9, respectively. To determine the fair value of these reporting units, we have used an average annual revenue growth rate of 3.5% and 2.2% for fiscal 2021 to fiscal 2025, for Americas and EMEA, respectively, and a discount rate of 8.0%. The fair value of the Americas and EMEA reporting units would fall below their carrying values if the assumed average annual growth rate for fiscal 2021 to fiscal 2025 fell 144 and 53 basis points, respectively, or the discount rate increased by 87 and 25 basis points, respectively.

Other Intangible Assets

The carrying value of our indefinite-lived other intangible assets was \$2,667.3 as of March 31, 2020, and is comprised of trademarks for the following brands: CoverGirl of \$474.5, the professional product line of Wella of \$413.0, Max Factor of \$237.8, Bourjois of \$60.3, and other brands totaling \$1,481.7.

Approach

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

Results

As noted above, during the third quarter of fiscal 2020, the Company was adversely impacted by the COVID-19 global pandemic. This drove a decrease in net revenue, impacting all product categories across the Company. As a result, we determined that our indefinite-lived intangible assets should be tested for potential impairment.

As a result of the lower revenue projections, the interim impairment test of indefinite-lived intangible assets resulted in the carrying values of certain tradenames and trademarks exceeding their estimated fair values. Accordingly, we recorded an impairment charge of \$40.4 for the three and nine months ended March 31, 2020 to reflect such intangible assets at their estimated fair values. These impairments related to the CoverGirl (\$26.5), Max Factor (\$9.2) and Bourjois (\$4.7) trademarks. The remaining carrying value of tradenames was approximately \$2,667.3 as of March 31, 2020.

The fair value of the CoverGirl trademark fell below its carrying value using projections that assumed an average annual growth rate of 4.0% for fiscal 2021 to fiscal 2025, and a discount rate of 8.5%. The fair value of the Max Factor trademark fell below its carrying value using projections that assumed an average annual growth rate of 2.3% for fiscal 2021 to fiscal 2025, and a discount rate of 8.5%. The fair value of Bourjois trademark fell below its carrying value using projections that assumed an annual growth rate of (4.7%) for fiscal 2021 to fiscal 2025, and a discount rate of 8.5%.

As the trademarks for which impairment charges were recorded in the three and nine months ended March 31, 2020 no longer have any excess of their fair values over their carrying values, any material decline in assumed average annual revenue growth rates or increase in the discount rate could result in additional impairment charges.

As a result of the interim impairment test performed during the third quarter of fiscal 2020, we determined the fair value of our professional product line of Wella trademark exceeded its carrying value by less than 10% using projections that assumed an average annual revenue growth rate of 5.7% for fiscal 2021 to fiscal 2025, and a discount rate of 8.5%. The most significant assumptions used in this assessment were the revenue growth rate and discount rate.

Some of the inherent estimates and assumptions used in determining fair value of the reporting units are outside the control of management, including interest rates, cost of capital, tax rates, credit ratings and industry growth. Given the current COVID-19 global pandemic and the uncertainties regarding the financial potential impact on the Company's business, there can be no assurance that the Company's estimates and assumptions regarding the impact of COVID-19 and the recovery period made for purposes of the goodwill and indefinite-lived intangible asset interim impairment testing performed during the third quarter of our 2020 fiscal year will prove to be accurate predictions of the future. While the Company believes it has made reasonable estimates and assumptions to calculate the fair values of the reporting units and other indefinite-lived intangible assets, 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 and/or indefinite-lived intangible assets. Regarding 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 reporting units and 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our Fiscal 2019 Form 10-K.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as defined in Rules 13a-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 (the “CEO”) and our Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2020. Based on the evaluation of our disclosure controls and procedures as of March 31, 2020, our CEO and CFO concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

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) of the Exchange Act during the third fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are involved, from time to time, in various litigation, administrative and other legal proceedings, including regulatory actions, incidental or related to our business, including consumer class or collective actions, personal injury (including asbestos-related claims), intellectual property, competition, non-compete, compliance and advertising claims litigation and disputes, among others (collectively, “Legal Proceedings”). While we cannot predict any final outcomes relating thereto, management believes that the outcome of current Legal Proceedings will not have a material effect upon our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities. However, management’s assessment of our Legal Proceedings is ongoing, and could change in light of the discovery of additional facts with respect to Legal Proceedings not presently known to us, 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, we are in discussions with regulators, including discussions initiated by us, about actual or

potential violations of law in order to remediate or mitigate associated legal or compliance risks and liabilities or penalties. As the outcomes of such proceedings are unpredictable, we can give no assurance that the results of any such proceedings will not materially affect our reputation, our business, prospects, financial condition, results of operations, cash flows or the trading price of our securities.

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

A second consolidated purported stockholder class action and derivative complaint concerning the Cottage Tender Offer and the Schedule 14D-9 is pending against certain current and former directors of the Company, JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. in the Court of Chancery of the State of Delaware. The Company was named as a nominal defendant. The case, which was filed on May 6, 2019, was captioned *Massachusetts Laborers’ Pension Fund v. Harf et al.*, Case No. 2019-0336-AGB. On June 14, 2019, plaintiffs in the consolidated action filed a Verified Amended Class Action and Derivative Complaint (“Amended Complaint”). After defendants responded to the Amended Complaint, on October 21, 2019, plaintiffs filed a Verified Second Amended Class Action and Derivative Complaint (the “Second Amended Complaint”), alleging that the directors and JAB Holding Company, S.à.r.l., JAB Holdings B.V., JAB Cosmetics B.V., and Cottage Holdco B.V. breached their fiduciary duties to the Company’s stockholders and breached the Stockholders Agreement. The Second Amended Complaint seeks, among other things, monetary relief. On November 21, 2019, the defendants moved to dismiss certain claims asserted in the Second Amended Complaint, and certain of the director defendants also answered the complaint. Oral argument on the motions to dismiss was held on April 21, 2020. On May 7, 2020, plaintiffs stipulated to the dismissal without prejudice of JAB Holding Company, S.à.r.l. from the action.

Item 1A. Risk Factors.

We have disclosed information about the risk factors that could adversely affect our business in Part I, Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for fiscal 2019 and subsequent Quarterly Reports on Form 10-Q. The information presented below supplements and updates and should be read in conjunction with the risk factors and information disclosed in those periodic reports.

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

Our business has been, and may continue to be, negatively impacted by the fear of exposure to or actual effects of the COVID-19 pandemic in countries where we operate or our customers are located, such as reduced travel or recommendations or mandates from governmental authorities to avoid large gatherings or to self-quarantine, as well as temporary closures of our facilities or the facilities of our customers or suppliers. These impacts include, but are not limited to:

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

partners, suppliers, or customers from sufficiently staffing operations, including operations necessary for the production, distribution, sale, and support of our products, which could adversely impact our results.

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

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

No shares of our Class A Common Stock were repurchased during the fiscal quarter ended March 31, 2020.

Item 6. Exhibits, Financial Statement Schedules.

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Description
10.1	Employment Agreement Letter, dated January 9, 2020, between Coty Management B.V. and Pierre Laubies.†
10.2	Settlement Agreement, dated February 27, 2020, between Coty Management B.V. and Pierre Laubies.†
10.3	Side Letter to Settlement Agreement, dated May 5, 2020, between Coty Management B.V. and Pierre Laubies.†
10.4	Series A-1 Preferred Stock Repurchase Agreement, dated as of February 27, 2020, between Coty Inc., Pierre Laubies and Elmfort Invest B.V.†
10.5	Employment Agreement, dated January 27, 2020, between Coty Management B.V. and Kristin Blazewicz.†
10.6	Employment Agreement dated January 6, 2020, between Coty Management B.V. and Giovanni Pieraccioni.†
10.7	Employment Agreement, dated December 10, 2019, between Coty Management B.V. and Pierre-Andre Terisse.†
10.8	Amended Employment Agreement, dated June 20, 2019, between Coty SAS and Simona Cattaneo.†
10.9	Employment Agreement, dated February 27, 2020, between Coty Management B.V. and Fiona Hughes.†
10.10	Offer Letter, dated June 20, 2019, between Coty Inc. and Edgar Huber.†
10.11	Side Letter, dated March 17, 2020, between Coty Inc. and Edgar Huber.†
21.1	List of significant subsidiaries.
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a).
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a).
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

† Exhibit is a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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.

COTY INC.

Date: May 11, 2020

By: /s/Pierre Laubies

Name: Pierre Laubies

Title: Chief Executive Officer

(Principal Executive Officer)

/s/Pierre-André Terisse

Name: Pierre-André Terisse

Title: Chief Financial Officer

(Principal Financial Officer)

Schiphol, 9 January, 2020

To Pierre Laubies

Subject: Employment contract

Dear Pierre,

In light of the establishment of our Management headquarter in Amsterdam, your employment agreement with the Group will transfer from Coty Services UK Limited to Coty Netherlands B.V., effective January 1st, 2020.

Your contract is expected to be transferred to COTY MANAGEMENT B.V. in the course of 1H 2020, that you hereby expressly accept.

We thank you to put your initials on each page and sign the last one.

1 Termination UK employment

This agreement replaces all your previous employment agreements with another group entity, in particular your employment contract signed with Coty Services UK on November 12th, 2018, except the following provisions that will continue to apply :

- Clause 2 (position)
- Clause 4 (Stock Purchase)
- Clause 5 (Matching Award)
- Clause 6 (Sign-On Restricted Stock Unit Award)
- Clause 12 (Miscellaneous, Claw back)
- The Subscription and Stock Option Agreement and the Restricted Stock Unit award Terms and Conditions under the Coty Inc. Equity and Long-Term Incentive Plan that were attached.

The plans and regulations referred to in the clauses might however be amended from time to time, in which case the most recent version always applies.

2 Term and role

Your employment with Coty Netherlands B.V. will start as of January 1st, 2020 and is for an indefinite period. You will continue to be employed as Chief Executive Officer.

Your length of service built up in the UK will be respected by Coty Netherlands B.V., i.e., November 12th, 2018.

The position of CEO can imply that you will also act as a managing director or supervisory director of other companies that are or will be affiliated or parent with your employing entity, without receiving additional remuneration for that. If your position of CEO is

terminated, you shall resign from those positions, without being entitled to any compensation.

You agree to travel and work (both within and outside Europe) as may be required for the proper performance of your duties under the employment agreement.

You may only perform additional activities if Coty has given its prior written consent. If the additional activities are compatible with your duties and Coty's interests, this consent will, in principle, be given. If the nature of the additional activities for which we have given our consent changes, you shall discuss this with us and come to further agreement.

3 Base Salary and Executive Benefits

Your gross base salary amounts to € 1,351,550 per year, including holiday allowance. As mentioned in the Local Company Regulations, this holiday allowance will be paid in the month of May of each year. The year for the calculation of the holiday allowance runs from 1st June up to and including 31 May of the current year.

This means that the gross salary per month will be € 104,363.43. All amounts are based on a fulltime employment.

All the statutory deductions such as wage withholding tax and national insurance contributions will be deducted from the gross salary and the gross holiday allowance. The employer will provide a statement (pay slip) containing details of the deductions made from the gross salary and the gross holiday allowance. An annual statement will be provided at the end of the year. Employee agreements with receiving the statements digitally.

4 Company policies and regulations

The enclosed Local Company Regulations, dated September 2nd, 2019, apply to this employment agreement and are part of this agreement. These regulations might be updated.

You will participate in the employee benefits plans, generally made available to senior executives of the Group in the Netherlands, including without limitation any pension plan or medical plan.

The next attachments are also part of this agreement:

- Car Policy
- iPhone and iPad Policy
- RCA
- Three Party Transfer Agreement

5. Termination

The employment may be terminated by you or by Coty as from the last day of any calendar month by written notice to the other party; You accept to observe a notice period of 3 months and Coty Agrees to observe a notice period of 6 months. Where notice has been served by either party, Coty may in its absolute discretion to require you to take Garden Leave for all or any part of the notice. You also may be asked to resign immediately from any offices you hold with the Company or with any Group Company.

Upon termination, unless otherwise agreed, you will be deemed to have resigned from all positions (including but not limited to any officer or director positions) and you commit to execute any document or instruments that could be necessary to effectuate such resignation.

Coty shall pay you one annual base salary (including holiday allowance) if the employment agreement ends due to termination of the employment agreement by or at the initiative of Coty for reasons other than :

- urgent cause as referred to in article 7:678 BW,
- grossly culpable acts or omissions on your part within the meaning of article 7:673 BW;
- reaching the pensionable age; and
- after two years of illness.

Coty shall pay you two annual base salaries (including holiday allowance) if the employment agreement ends due to a Change in Control.

If Coty gives notice of termination of the employment agreement, the sum that Coty has paid or will pay you in connection with the applicable notice period will be deducted from the payment referred to in this Clause 5.

If the court awards you additional equitable compensation in connection with the termination of your employment agreement, such compensation will be deducted from the payment referred to in this Clause 5.

The transition payment as referred to in article 7:673 BW is deemed to be included in the payment referred to in this Clause 5.

The employment will in any case terminate on the day on which you reach the pensionable age under the State Pension Act (*Algemene Ouderdomswet*).

6 Illness

In the event that you are prevented from performing your duties under this agreement as a result of illness, injury or other physical incapacity as referred to in article 7:629 of the Dutch Civil Code (Illness), you are required to give notice thereof to Coty Netherlands B.V at the earliest possible opportunity. During a period of Illness, you agree to (i) comply with all provisions of Dutch law regarding illness or disability, (ii) follow all instructions or directions of Coty and/or any other authority, if any, and (iii) co-operate with a medical examination by a physician to be appointed by Coty, if such examination is required by the company in addition to (i) and (ii) hereof.

Consecutive periods of Illness interrupted by one or more periods of less than four weeks each, during which you perform (part of) your duties, will be deemed to be one period of Illness for the determination of the time during which Coty shall continue to pay your base salary.

The payments you will receive under the Company policy will be made less any amounts paid directly to you under any statutory insurance and/or insurance taken out by Coty in this respect, to which you did not contribute, and/or benefit of and/or claims in respect of loss of income vis-a-vis third parties in connection with said Illness and/or any amounts earned by you in respect of activities performed during the period that you could have performed your job in case you would not have been prevented to do so due to Illness.

7 Confidentiality

Confidential Information

In any event "confidential information" includes information, in any form, about the business operations, manufacturing processes, products, technology, inventions, know-how,

suppliers, customers and other contacts of Coty and its group companies which you know or should reasonably know is confidential and which is not generally known to, or easily accessible for, individuals within the circles that are usually involved in that type of information.

Confidentiality obligation

With respect to the confidential information referred to in this Clause 6, you shall, both during and after the end of this agreement, (i) maintain confidentiality and refrain from disclosing it to any third party other than insofar as strictly necessary - Coty's employees, directors or agents, and (ii) refrain from using it for any purpose other than what is required in connection with the performance of this agreement. When doing so, you shall act in accordance with the internal policy rules that apply to the handling of confidential information.

The above does not apply insofar as you are obliged to disclose confidential information pursuant to the law (Dutch or otherwise) or a court decision. In that case you shall:

(a) inform Coty immediately about your obligation to disclose information; unless it is reasonably impossible, consult with Coty prior to disclosing this information;

(b) take responsible measures to ensure that the disclosed information is handled confidentially and is not used for purposes other than those for which the information was disclosed; and

(c) at Coty's request, provide all reasonable assistance in taking legal measures to resist the obligation to disclose information or to restrict or prevent the disclosure of the information.

If you fail to act in accordance with this Clause 6, you shall immediately inform Coty of that fact and take all measures that may reasonably be expected in order to reverse or mitigate this failure.

8 Non-competition, Non-solicitation, Non-poaching, Intellectual Property rights

During your employment and for a period of twelve months after the end of this agreement, you shall not, without Coty's prior written consent, directly or indirectly, for yourself or for others, and whether for payment or otherwise, in any way work for, or be involved with or have an interest in, any person or organization which conducts activities comparable to or competing with Coty's and its group activities. The preceding sentence also applies to activities in areas in which the group has become active since the commencement of this agreement. This non-competition clause applies to businesses or organizations worldwide.

The provisions of the previous paragraph will remain in effect if your work duties are extended or limited after this agreement has been signed. The parties acknowledge that this change in the work duties is part of your position and is foreseeable from the commencement date of this agreement.

During your employment and for a period of twelve months after the end of this agreement, you shall not, without Coty's prior written consent, directly or indirectly, for yourself or for others, and whether for payment or otherwise, in any way do business or maintain any form of business contact with, work for, be involved with or have an interest in existing or future customers or commercial contacts of Coty or its group legal entities.

During your employment and for a period of twelve months after the end of this agreement, you shall not, directly or indirectly, for yourself or for others, in any way poach the employees of Coty or its group legal entities with the aim of inducing these employees to terminate their employment relationship with the group.

To the extent the rights specified hereafter are not vested in Coty Netherlands B.V. by operation of law on the grounds of the employment relation between you and Coty, you hereby explicitly state that you shall transfer and, to the extent possible, hereby in advance transfer to the company any intellectual property rights of whatever nature in or arising from any work, ideas, concepts, discoveries, inventions, improvements and/or developments and all other similar or analogous items made or acquired by you in the discharge of your duties for Coty or any of its affiliated companies. You acknowledge your salary includes reasonable compensation for the fact that the intellectual property rights will vest in Coty by operation of law or for the transfer to Coty of such rights.

9 Penalty

If you are in breach of the obligations referred to in Clause 7 and 8, you must, in derogation from Article 7:650(3),(4) and (5) BW, pay to Coty, without any demand or other prior notice being required, a non-recurring penalty of 10.000 EUR to be increased by a penalty of 500 EUR for each day, including part of a day, during which the breach continues. Coty is entitled to the forfeited penalty without prejudice to any claim for performance of the obligations set out in Clause 7. Coty may claim damages instead of this penalty.

10 Amendment

Coty may amend this employment agreement unilaterally within the scope of articles 7:613 BW.

11 GDPR

Taking the rights and obligations based on the General Data Protection Regulations (GDPR) (and the implementing law connected to this) into account, the employee has drawn up a Data Privacy policy. This policy is provided separately. By signing this employment agreement, employee confirms to have taken notice of this Data Privacy policy.

12 Laws of the Netherlands

This agreement and any non-contractual obligation arising out of or in connection with it are governed exclusively by Dutch law.

Best regards,

Coty Netherlands B.V. In agreement:
Jaap Bruinsma M. Pierre LAUBIES
HR Director

/s/ Jaap Bruinsma /s/ Pierre Laubies

THIS SETTLEMENT AGREEMENT is made on 27 February 2020

BETWEEN:

(1) **COTY MANAGEMENT B.V.**, a private limited liability company incorporated under the laws of the Netherlands, having its registered seat in Amsterdam, the Netherlands, and its office address at Schiphol Boulevard 393 Toren B, 1118 BJ Schiphol, the Netherlands, hereinafter: the **Company**; and

(2) **PIERRE LAUBIES**, born on 4 August 1956, of Herengracht 56, 1015 BP Amsterdam hereinafter: the **Executive**;

The Company and the Executive together referred to as the **Parties** and each of them individually as the **Party**.

WHEREAS:

- a. the Executive entered into the employment of Coty Services UK Limited with effect from 12 November 2018 which employment was transferred to the Company with effect from 1 January 2020. The Executive currently holds the position of Chief Executive Officer;
- b. a difference of opinion has arisen between the Parties in relation to the policy of the Company which they have not been able to resolve;
- c. the Parties have now come to the conclusion that termination of the employment is therefore inevitable;
- d. the Parties emphasize that the reason for termination is not an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code, and that the initiative to terminate the employment has been taken by the Company;
- e. the Parties have discussed the terms and conditions of termination of the Executive's employment and corporate position(s) with the Company and/or with companies affiliated to the Company (the **Group**) and wish to hereby record their agreement in this respect in writing; and
- f. by concluding this settlement agreement, the Parties intend to reach a comprehensive settlement.

IT HAS BEEN AGREED AS FOLLOWS:

1. The employment between the Company and the Executive will terminate by mutual consent with effect from 1 July 2020 (the **Termination Date**).
 2. By signing this agreement, the Executive stands down or resigns, as the case may be, with effect from the Termination Date from all other employment or corporate positions he holds with the Company and/or the Group, such as supervisory and management board
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positions, and all other positions that the Executive holds in his capacity as representative of the Company or the Group, like memberships to branch organisations, without cancelling the membership of the relevant members of the Company or the Group to those organisations. The Executive undertakes to sign such documentation and to take such actions as may be required to give effect to the foregoing.

3. The Executive will continue to carry out his duties diligently until the Termination Date or, if earlier, until the date on which the Executive is released from his duties by the Company, in which case the Executive stands down or resigns from all other employment or corporate positions he holds with the Company and/or the Group as mentioned in clause 2 as from that earlier date.
 4. Subject to the provisions of this agreement, the Company will pay the Executive his regular salary and provide him with his regular benefits until the Termination Date unless the Executive is released from his duties in accordance with clause 3, in which case he will not be entitled to payment of his salary and benefits in relation to his service between 1 June 2020 and the Termination Date. Any outstanding holidays will be deemed to have been taken in the period up to the Termination Date.
 5. Any expenses not yet claimed and relating to the period up to the Termination Date will be reimbursed in accordance with the expense policies applicable within the Company from time to time, provided that a request for reimbursement will have been submitted to the Company ultimately on the Termination Date.
 6. Within one month after the Termination Date, and provided that the Executive has complied with all of the obligations following from this agreement and the employment agreement, the Company will pay to the Executive a severance payment equal to one annual base salary (including holiday allowance) amounting to EUR 1,352,550 gross (the **Severance Payment**). The Severance Payment is paid in consideration of the full employment history of the Executive with the Company and Coty Services UK Limited, i.e. with effect from 12 November 2018 until the Termination Date). The Severance Payment is deemed to include any compensation to which the Executive may be entitled in relation to the termination of his employment, including but not limited to any transition payment (*transitievergoeding*) as referred to in article 7:673 of the Dutch Civil Code, compensation for any part of the applicable notice period not having been observed, and compensation for loss of income and benefits of whatever nature relating to the employment or any other positions held by the Executive with the Group, including the termination thereof, such as entitlements arising from the use of company property and contributions to private insurance and pension arrangements. The Severance Payment will be paid to the Executive in the Netherlands, less taxes and social security premiums.
 7. Within one month after the termination of the Executive's employment with the Company, the Company will effect a normal final payment (*eindafrekening*), subject to the provisions of this agreement. The Executive will be deemed to have taken up all accrued outstanding holidays in the period up to the Termination Date.
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8. The Executive confirms that he has no claims with regard to any incentive compensation and/or share based benefits for any past or future period against the Company and/or the Group, the controlling shareholders and/or their ultimate beneficial owners.
 9. The Company will contribute an amount of at maximum EUR 1,500 gross exclusive of VAT towards legal fees incurred by the Executive in respect of legal assistance in connection with the termination of his employment, which amount shall be paid directly to his legal adviser(s) upon receipt by the Company of (an) original specified invoice(s) in the name of the Executive.
 10. Ultimately on the Termination Date, the Executive will return to the Company and/or any other party designated by the Company all property of the Company and/or the Group, and all other items made available to him by or on behalf of the Company and/or the Group in connection with the performance of his job, including, but not limited to: company car, smartphone, tablet, laptop, other computer equipment, any and all files, software and diskettes, credit cards, keys, documents, papers, records, notes, agenda, memoranda, plans, calendars, and other books and records of any kind and nature whatsoever containing information concerning the Company and/or the Group, their customers or operations. The Executive herewith confirms that he will not retain copies of any such property or other materials. The Executive confirms that he will in the period up to the Termination Date use any such company property in line with the rules and procedures applicable within the Company and/or the Group in that respect.
 11. The Executive confirms that he will not disclose, divulge, or communicate any negative or damaging information about the Company and/or the Group, the controlling shareholders and/or their ultimate beneficial owners.
 12. The Executive will keep strictly secret and confidential the existence and contents of this agreement, as well as any other information relating to the settlement or the termination of the employment agreement, unless vis-à-vis the Executive's civil partner or legal advisor or in case this would be required for the proper implementation of this agreement or as a result of a legal obligation to disclose such information.
 13. Any confidentiality and intellectual property clauses as agreed upon between the Executive and the Company and/or the Group in the employment agreement and/or the confidentiality, non-competition and non-solicitation agreement will remain in full force after the Termination Date in accordance with their terms.
 14. The non-compete, non-solicitation and non-poaching undertakings as agreed upon between the Executive and the Company and/or the Group in the employment agreement and/or the confidentiality, non-competition and non-solicitation agreement, will remain in full force after the Termination Date in accordance with their terms and including the penalties agreed in case of violation. The Executive confirms that the Severance Payment in clause 6 provides a reasonable compensation for these undertakings as meant in article 7:653, subsection 5 of the Dutch Civil Code.
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15. The Executive confirms that he will change any social media profiles (LinkedIn, Facebook, Twitter and any other relevant media being applicable) ultimately at the Termination Date, so that is unambiguously clear that the Executive is no longer employed by the Company. In addition, the Executive shall ensure that the information provided in any of his social media profiles concerning his employment with the Company is accurate, including but not limited to the position, tasks and responsibilities and the duration of the employment.
 16. Subject to the provisions of this agreement, the Executive hereby grants the Company and/or the Group full and final discharge as regards any rights or claims he may have towards them following from his employment and/or any other positions he holds with the Company and/or the Group, or the termination thereof.
 17. The Executive has been advised by the Company to seek professional legal advice before accepting the terms and conditions as laid down in this agreement, and the Executive confirms that he fully understands the terms and conditions of this agreement and is fully aware of all of the implications arising therefrom.
 18. If the Executive becomes incapacitated for work before the Termination Date, this does not change the arrangements made in this agreement. If the Executive becomes ill prior to the Termination Date or within four weeks after the Termination Date, the Executive shall immediately report this to the Company in writing and provide his contact details. The Executive will be obliged to (i) report to the company doctor upon first request, (ii) at all times provide his full cooperation to applicable reintegration obligations, and (iii) provide the Company with all information which it needs to submit to the Executive Insurance Agency (*UWV*) or other relevant authorities in this respect. If the Executive does not comply with the applicable reintegration obligations, the right of continued payment of wages shall cease. If the Executive is eligible for benefit under the Dutch Sickness Benefit Act (*Ziektewet*) or Work and Income (Capacity for Work) Act (*WIA*) or the Return to Work (Partially Disabled Persons) Regulations (*WGA*), the Executive must strictly comply with the rules and regulations in respect of sickness and incapacity for work as issued by the UWV.
 19. All amounts payable under this agreement are gross amounts. The Executive will bear all regular wage withholding and income tax, as well as any social security contributions due in relation to all amounts payable and benefits granted under this agreement, and indemnify and hold harmless the Company and any company of the Group for all these taxes and social security payments including any additional assessments (*naheffingsaanslagen*), interest and penalties and all costs incurred by them to defend these additional assessments (*naheffingsaanslagen*), interest and penalties.
 20. This agreement constitutes a settlement agreement (*vaststellingsovereenkomst*) in accordance with Article 7:900 and further of the Dutch Civil Code. The Parties to this agreement irrevocably waive their right to seek rescission and/or annulment of this agreement, it being understood that this will not prevent the Company from summarily dismissing the Executive prior to the Termination Date based on an urgent cause as meant in article 7:678 of the Dutch Civil Code in which case the Executive will no longer
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be entitled to any financial right under this agreement with the exception of his regular salary and benefits until the last day of his employment. Notwithstanding the above, the Executive has the right to within two weeks after the date of this agreement, revoke his agreement to this settlement in accordance with article 7: 670b, subsection 2 of the Dutch Civil Code by means of a written statement to the Company to that effect.

21. This agreement represents the entire understanding and agreement reached between the Parties in respect of the termination of the Executive's employment and corporate position(s) with the Company and/or the Group. This agreement supersedes all previous agreements, both oral and in writing, including correspondence, in relation to such subject matters. Modifications and/or amendments to this agreement shall only be valid if agreed in writing between the Parties.

22. This agreement shall be governed by and construed in accordance with the laws of the Netherlands.

23. All disputes arising out of or in connection with this agreement shall be submitted in the first instance to the competent court in Amsterdam.

24.

In witness whereof this agreement was executed in duplicate and signed by the Parties:

[SIGNATURE PAGE TO FOLLOW]

For Coty Management B.V. : /s/ Jaap Bruisma

For acceptance: /s/ Pierre Laubies

[Coty Management B.V. Letterhead]

Pierre Laubies
[XXX]
[XXX] Amsterdam

Amsterdam, 5 May 2020

Re: Severance Payment Adjustment; Termination Date

Dear Pierre:

This letter agreement is to confirm that pursuant to Section 21 of that certain Settlement Agreement dated 27 February 2020 (the **Settlement Agreement**) by and between you and Coty Management B.V., a private limited liability company incorporated under the laws of the Netherlands, having its registered seat in Amsterdam, the Netherlands, and its office address at Schiphol Boulevard 393 Toren B, 1118 BJ Schiphol, the Netherlands (the **Company**), the Company and you agree that:

- the "Severance Payment" set forth in Section 6 of the Settlement Agreement shall be reduced to an amount equal to **€1.014.413,00 gross** (including holiday allowance). As we have agreed, this reduction in the Severance Payment is consistent with the recent reduction in your annual base salary approved by the Board of Directors of Coty, Inc.; and
- the "Termination Date" set forth in Section 1 of the Settlement Agreement shall be amended to **1 June 2020**.

Except as expressly set forth herein, all other terms and provisions of the Settlement Agreement remain unmodified and in full force and effect. This letter agreement shall be governed by and construed in accordance with the laws of the Netherlands. All disputes arising out of or in connection with this letter agreement shall be submitted in the first instance to the competent court in Amsterdam.

Please acknowledge your agreement with the foregoing modifications to the Settlement Agreement by executing where indicated below and returning a countersigned copy to me for our records.

Best regards,
Coty Management B.V.

/s/ Jaap Bruinsma

Jaap Bruinsma
Senior HR Director Global HQ & Benelux

Acknowledged and agreed:

/s/ Pierre Laubies
Pierre Laubies
Date: 5 May 2020

SERIES A-1 PREFERRED STOCK REPURCHASE AGREEMENT

This **SERIES A-1 PREFERRED STOCK REPURCHASE AGREEMENT**, dated as of February 27, 2020 (this “**Agreement**”) is made and entered into by and between Coty Inc., a Delaware corporation (“**Buyer**”), Pierre Laubies and Elmfort Invest B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands (“**Elmfort**” and each of Pierre Laubies and Elmfort, a “**Seller**”).

WHEREAS, Elmfort holds 6,925,341 shares of Series A-1 Preferred Stock, par value \$0.01 per share (“**Series A-1 Preferred Stock**”), of Buyer purchased by Pierre Laubies pursuant to a subscription agreement, by and between Buyer and Pierre Laubies, dated February 4, 2019 (the “**February 2019 Shares**”); and

WHEREAS, Pierre Laubies purchased an additional 980,000 shares of Series A-1 Preferred Stock of Buyer pursuant to a subscription agreement, by and between Buyer and Pierre Laubies, dated June 17, 2019 (the “**June 2019 Shares**,” and together with the February 2019 Shares, the “**Shares**”).

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. **Purchase of Series A-1 Preferred Stock.** (a) Elmfort agrees to sell to Buyer, and Buyer agrees to purchase from Elmfort, the 6,925,341 February 2019 Shares for a purchase price of \$19,001,058 and (b) Pierre Laubies agrees to sell to Buyer, and Buyer agrees to purchase from Pierre Laubies, the 980,000 June 2019 Shares for a purchase price of \$0, for an aggregate total purchase price for all Shares of \$19,001,058 (the “**Purchase Price**”).
 2. **Closing.**
 - (a) At the closing (the “**Closing**”) of the purchase and sale of the Shares, which shall take place as soon as reasonably practicable following the date hereof but in any event no later than March 2, 2020, each Seller will (i) sell to Buyer the Shares held by such Seller free and clear of all liens, other than any restrictions arising under the applicable securities laws, and (ii) cause to be delivered to Buyer evidence of the registration of the Shares held by such Seller in Buyer’s name with Buyer’s transfer agent.
 - (b) At the Closing, Buyer will make payment of the Purchase Price in respect of the Shares, in immediately available funds by wire transfer to a bank account designated by each Seller, with reference “Series A-1 Payment Purchase Price.”
 3. **Representations and Warranties of the Sellers.** Each Seller hereby represents and warrants to Buyer that (i) such Seller owns and will deliver the Shares held by such Seller to Buyer at Closing, free and clear of any and all liens, claims, options, security interests and encumbrances of any kind, except any restrictions under applicable federal and state securities laws, and such Seller will convey to Buyer good, valid and marketable title to the Shares held by such Seller, except any restrictions under applicable federal and state securities laws, (ii) such Seller has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, in each case, without the need of any waiver or consent of any entity, person or governmental authority, (iii) this
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Agreement and the transactions contemplated hereby have been duly authorized by all necessary action by such Seller, and, to the extent necessary under applicable community property or other law, such Seller's spouse, as applicable and (iv) this Agreement has been duly and validly executed and delivered by such Seller and constitutes the valid and binding obligation of such Seller, enforceable in accordance with its terms. Each Seller hereby understands and acknowledges that (i) neither Buyer nor any of its affiliates, principals, stockholders, partners, employees or agents has provided such Seller with any investment advice or rendered any opinion to such Seller as to Buyer or whether the sale of the Shares held by such Seller is prudent or suitable, and such Seller is not relying on any representation or warranty of Buyer other than those set forth in Section 4 hereof, and (ii) each of the Sellers and Buyer and their affiliates may possess nonpublic information regarding Buyer which has not been disclosed and that may impact the value of the Shares (the "Information").

4. **Representations and Warranties of Buyer.** Buyer hereby represents and warrants to each Seller that (i) Buyer has all requisite power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, in each case, without the need of any waiver or consent of any entity, person or governmental authority (ii) this Agreement and the transactions contemplated hereby have been duly authorized by all necessary corporate action by Buyer, (iii) this Agreement has been duly and validly executed and delivered by Buyer and constitutes the valid and binding obligation of Buyer, enforceable in accordance with its terms, (iv) Buyer has carefully reviewed all information that it and its advisers deem necessary to make its decision to enter into the transaction, (v) Buyer is a sophisticated investor, an "accredited investor" as that term is defined in Rule 501(a)(3) of Regulation D promulgated under the Securities Act of 1933, as amended, and has the capacity to evaluate the risks and merits of the transactions contemplated by this Agreement, (vi) Buyer has made an informed decision with respect to the transactions contemplated by this Agreement without reliance on any advice from such Seller, and (vi) Buyer is acquiring the Shares for investment and not with a view toward distribution in a manner which would violate the Securities Act of 1933.

5. **Limitation on Liability.**

5.1 None of Buyer, its affiliates, principals, stockholders, partners, employees or agents shall have any liability to the Sellers or their respective affiliates, partners, agents, grantors or beneficiaries, as applicable, due to or in connection with Buyer's use or non-disclosure of the Information or otherwise as a result of the transactions contemplated hereby, and each Seller hereby irrevocably waives any claim that it might have based on the failure of Buyer to disclose the Information.

5.2 All sums payable under this Agreement or for breach of any of the representations and warranties shall be paid free and clear of all deductions or withholdings whatsoever, save only as provided in this Agreement or as required by law. Buyer shall not be obligated to pay any additional amounts to the Sellers as a result of any withholding taxes relating to the transactions contemplated hereby.

6. **Tax Indemnity.** Any taxes relating to the transactions contemplated hereby shall be borne by the Sellers. If such taxes are paid by Buyer or any of its affiliates, the Sellers shall promptly reimburse Buyer for such payment.
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7. Miscellaneous.

7.1 Governing Law. This Agreement, and any claim, controversy or dispute arising under or related to this Agreement, the relationship of the parties, and/or the interpretation and enforcement of the rights and duties of the parties, shall be governed by, and shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the conflict of laws rules thereof or that would result in the application of the laws of any other jurisdiction.

7.2 Jury Trial Waiver. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

7.3 Submission to Jurisdiction. Any action, suit or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall only be brought in a state or federal court located in the State of Delaware, and each party consents to the exclusive jurisdiction and venue of such courts (and of the appropriate appellate courts therefrom) in any such action, suit or proceeding.

7.4 Further Assurances. The parties hereto agree to sign or execute all such other deeds and documents and do such other things as may be necessary or desirable for more completely and effectually carrying out the terms and intention of this Agreement.

7.5 Binding Effect. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns, and shall inure to the benefit of the parties hereto, their respective successors and permitted assigns.

7.6 No Assignment. This Agreement shall not be assigned by any party hereto without the express prior written consent of the other parties hereto.

7.7 Counterparts. This Agreement may be signed in any number of counterparts (including by facsimile or other electronic transmission), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received counterparts hereof signed by all of the parties hereto.

7.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded, but as consistent with its objectives as possible, and shall be enforceable in accordance with its terms.

7.9 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations and agreements with respect to the subject matter hereof.

7.10 Third Party Beneficiaries. This Agreement is for the benefit of the parties hereto and is not intended to confer any rights upon any other third parties.

7.11 Amendments. This Agreement may not be modified, amended or supplemented except in a writing signed by each of the parties hereto.

7.12 Specific Performance; Remedies. Each party acknowledges and agrees that the other party would be damaged irreparably if any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the parties will be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and its provisions in addition to any other remedy to which they may be entitled, at law or in equity. Except as expressly provided herein, the rights, obligations and remedies created by this Agreement are cumulative and in addition to any other rights, obligations or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein will be considered an election of remedies.

7.13 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.14 Confidentiality. Each of the Sellers and Buyer shall maintain the confidentiality of the terms of this Agreement and the transactions contemplated hereby unless otherwise required by law or regulatory authority, or other legal process, except that each of the Sellers and Buyer may disclose the terms of this Agreement and the transactions contemplated hereby to its affiliates, attorneys, accountants and other professionals and in connection with the enforcement of its respective rights and obligations hereunder, provided that such persons are made aware of the confidentiality provisions and such Seller or Buyer, as the case may be, is responsible for the failure of such persons to respect the confidentiality obligations.

7.15 Fees and Expenses. Each party will bear its own costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of agents, representatives, financial advisors, legal counsel and accountants.

[Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

COTY INC. (as “Buyer”)

By: /s/ Pierre-Andre Terisse
Name: Pierre-André Terisse
Title: Chief Financial Officer and Chief
Operating Officer

ELMFORT INVEST B.V.

By: /s/ Pierre Laubies
Name: Pierre Laubies

PIERRE LAUBIES

By: /s/ Pierre Laubies

COTY

EMPLOYMENT CONTRACT FOR AN INDEFINITE PERIOD OF TIME

BETWEEN

(1) Coty Management B.V., established at Schiphol Boulevard 393, 1118 BJ Schiphol, duly represented in the present matter by Jaap Bruinsma in his capacity as Senior HR Director Global HQ & Benelux, hereinafter "**the employer**"; and

(2) **Ms. Kristen Blazewicz**, born on XXXX, hereinafter "**the employee**";

WHEREAS

The parties wish to enter into an employment contract for an indefinite period of time and record the details of that agreement in writing as follows;

AGREE UNDER THE FOLLOWING TERMS

1. COMMENCEMENT DATE, POSITION AND DUTIES

- 1.1 The employee shall enter the employer's service with effect from 15 March 2020 in the position of Chief Legal Officer, General Counsel and Secretary. The employee will report to the CEO.
- 1.2 The employee will perform all the work that, having regard to the employer's activities, forms part of or may be deemed to form part of the position.
- 1.3 The employer may also require the employee to carry out work other than the duties forming part of the normal performance of employee's job if and insofar as the employee may reasonably be asked to carry out that other work.

2. WORK LOCATION

- 2.1 The employee will normally perform the agreed duties from the employer's premises in Amsterdam but is prepared to perform the duties at or from other locations where this is necessary for the proper performance of employee's job or in the company's interest.
- 2.2 The employer reserves the right to transfer the employee to another business location.

3. DURATION OF EMPLOYMENT CONTRACT AND TERMINATION

- 3.1 This employment contract is entered into for an indefinite period of time.
 - 3.2 Either party may terminate the contract with due observance of the agreed terms in the Confidentiality, Non-Competition and Non-Solicitation agreement ("RCA").
 - 3.3 Notice must be given in writing to the end of a calendar month.
 - 3.4 The employment contract terminates in any case by operation of law, without prior notice, on the day the employee reaches the applicable statutory pensionable age (*AOW-gerechtigde leeftijd*).
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4. PROBATIONARY PERIOD

- 4.1 The parties agree a probationary period of two months from the date of commencement of employment, during which period either party may terminate the employment contract with immediate effect.

5. WORKING HOURS AND OVERTIME WORKING

- 5.1 The employment contract is entered into for 40 hours per week.
- 5.2 The days and times during which the work is to be performed will be specified by the employer in the Employee Handbook. In doing so, the employer will take the employee's wishes into account insofar as is compatible with the proper conduct of business.
- 5.3 Insofar as in the employer's opinion the performance of the work so requires, the employee undertakes to perform additional work outside the set working hours.
- 5.4 The nature of the duties of employee involves that they also have to be carried out beyond the normal working hours. The overtime working and/or additional work is deemed to form part of the employee's duties and to be covered by the relevant remuneration.

6. SALARY AND HOLIDAY ALLOWANCE

- 6.1 The employee's annual salary, based on fulltime (100%), at the time of concluding the contract is € 450.000,00 gross per year including holiday allowance of 8%. The monthly gross salary will amount to € 34.722,22.
- 6.2 The monthly salary will be paid around the 25th of the month or ultimately by the end of the month by payment into a bank account to be specified by the employee.
- 6.3 The year for the calculation of the holiday allowance runs from 1 June up to and including 31 May of the current year. The holiday allowance is paid out annually together with the salary for May. Employees who have been with the company for part of that period only shall receive holiday allowance on a pro rata temporize basis. Holiday allowance shall also be calculated in line with any salary adjustments made during the aforesaid period and this as of the effective date of the salary adjustment.
- 6.4 All the statutory deductions such as wage withholding tax and national insurance contributions will be deducted from the gross salary and the gross holiday allowance. The employer will provide a statement (pay slip) containing details of the deductions made from the gross salary and the gross holiday allowance. An annual statement will be provided at the end of the year. Employee agrees with receiving the statements digitally.

7. RULES ON TERMS AND CONDITIONS OF EMPLOYMENT

- 7.1 Except insofar as expressly stated otherwise in this employment contract, the Employee Handbook and Code of Conduct and RCA form an integral part of the present employment contract. By employee's signature to this contract the employee acknowledges the receipt of a copy of these rules and the agreement thereto.
- 7.2 The rules apply insofar as no express provision to the contrary is made in this employment contract.
- 7.3 Additional arrangements agreed upon in the offer letter as signed by employee and dated 10 January 2020, insofar as not included in this contract, form part of the employment contract.
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8. BONUS / INCENTIVE SCHEMES

- 8.1 The employee will participate in our Annual Performance Plan in accordance with the policy as long as the employee meets the requirements for eligibility. As a result, the employee will be eligible to a yearly on target performance bonus of 70% of the employee's gross annual base salary, based on achieved results against company targets. The employee must be actively employed by Coty on the day the APP award is paid (usually in October) to be eligible.
- 8.2 The employee will also participate in the Equity & Long-Term Incentive Plan and the Coty Elite program in accordance with the policies, as long as the employee meets the requirements for eligibility.

9. HOLIDAY ENTITLEMENT

- 9.1 The employee is entitled to 30 days of paid leave in each holiday year (based on full time). In case of a fulltime employment contract, 20 of these days of paid leave are statutory holidays; the others are holidays in excess of the statutory entitlement.
- 9.2 The holiday year runs from 1 January to 31 December of each calendar year.
- 9.3 Holiday dates are determined by the employer on the basis of a proposal by the employee.
- 9.4 The statutory holiday entitlement accrued in a calendar year will lapse six months after the end of the calendar year. The extra statutory holiday entitlement accrued in a calendar year will lapse five years after the end of the calendar year.
- 9.5 Where the employee is not employed for the whole holiday year, the employee will be entitled to 1/12th of the above number of holiday days for each month of employment.
- 9.6 During the period that employee is unable to perform work because of illness, employee will accrue statutory holiday entitlement. From one month of illness the employee will not accrue extra statutory holiday entitlement.
- 9.7 Holiday days normally have to be taken in the holiday year to which they relate.
- 9.8 Employer can appoint a maximum of 2 days per calendar year as mandatory vacation days without consulting employee.

10. INCAPACITY FOR WORK

- 10.1 If the employee is unfit for work, the employee must inform the direct manager accordingly without delay on the first day of employee's incapacity for work. When reporting sick, the employee shall also provide the employer with the information that the employer requires to determine whether it must continue to pay the employee's wages.
- 10.2 Further detailed information and rules regarding illness are included in the Employee Handbook.

11. SUPPLEMENTARY INSURANCE COVER

- 11.1 The employer has taken out group disablement benefit shortfall insurances cover for its employees (*WGA-hiaatverzekering* and *WIA-exedentverzekering*).
- 11.2 Further detailed information regarding these insurances is included in the Insurance appendix.

12. MOBILITY ALLOWANCE OR LEASE CAR

12.1 The employee is entitled to a mobility allowance or lease car at the moment of entering this employment agreement in accordance with the Mobility Policy. This entitlement may change in accordance with the Mobility Policy.

13. COMPANY PROPERTY AND OTHER PROVIDED ITEMS

13.1 The employee will use and deal with the company property entrusted to employee for the performance of employee's duties in accordance with its proper purpose and will generally treat it with due care, as it benefits a good employee. The employee must inform the employer immediately of any defect in or loss of any item of company property.

13.2 The employee undertakes to hand back to the employer all items in employee's possession that are the property of the employer and all documents relating to the employer and/or its affiliated companies when the employment contract ends.

13.3 If the employee does not carry out any work for the employer for an uninterrupted period of more than one month, due to incapacity for work or otherwise, the employer may similarly require the employee to hand back the items of company property entrusted to the employee for the remainder of employee's absence.

14. PENSION

14.1 The employee participates in the collective pension scheme of the employer. The pension regulations are included in the Pension appendix.

15. PROHIBITION OF OUTSIDE WORK

15.1 Except with the prior permission in writing from the employer the employee may not carry out work of whatever nature, whether paid of otherwise, either for employee or for and/or on behalf of third parties during the term of the employment contract.

16. CONFIDENTIALITY CLAUSE

16.1 Both during the term of the employment contract and after its end the employee shall observe strict confidentiality on all matters that come to employee's knowledge in the performance of employee's duties relating to the business affairs and interests of the employer's company or its affiliated companies. This includes statements on social media.

16.2 This duty of confidentiality also applies to all details and particulars of the employer's business associates and clients that come to the employee's knowledge in the course of employee's duties.

16.3 Breaching the confidentiality provides an urgent reason for dismissal and / or declaration in respect of the crime under article 272 and / or article 273 of the Dutch Criminal Law.

16.4 The Employee declares and confirms that he is not bound by any non-competition/ nonsolicitation agreement towards his former(s) employers or any agreement that restrains his capabilities to perform his contractual duties within the company.

16.5 The Employee formally acknowledges that the Company expects from him a strict respect of the confidentiality obligation he should be bound towards his former(s) employers. Consequently, the employee is formally requested to not share, use, store, print any of their confidential information and trade secrets during the course of his employment with the Company.

17. ADDITIONS, VARIATIONS AND CHANGES

17.1 This employment contract is deemed to represent the full agreement between the parties as it exists at the moment of signing the contract.

17.2 Any additions or variations to this employment contract are valid only if and insofar as they have been agreed by the parties in writing or confirmed in writing by the employer.

17.3 The employer may change one or more of the terms and conditions of employment resulting from this contract in the cases specified in article 7 :613 of the Dutch Civil Code (i.e. where the employer has such a weighty interest in the change in question that on criteria of reasonableness and fairness the employer's interest must prevail over the interest of the employee negatively affected by the change).

17.4 The employer is also entitled to change the pension agreement, as mentioned in article 20 of this agreement, without consent of the employee. The employer will only be able to change without consent in case its substantial interests outweigh the interests of the employee in accordance with the standards of reasonableness and fairness. The pension agreement will therefore be changed.

The requirement of overriding interests of the employer is applicable if:

- (a) any relevant change occurs on the fiscal, social and / or pension legislation, or if;
- (b) the financial situation of the employer necessitates an alteration, or if;
- (c) an obligation of a sectorial pension fund is applicable or appears to be applicable.

18. APPLICABLE LAW

18.1 This contract and further contracts flowing from it shall be governed solely by the law of the Netherlands.

19. DOCUMENTS

19.1 Employee hereby declares to be familiar with the content of the hereafter mentioned documents, which form an integral part of this employment contract. These documents, and if necessary, to be decided upon later regulations, are or will be delivered per e-mail to employee/can be consulted and downloaded by employee through employer's intranet.

- Employee Handbook
 - Code of Conduct (signature required)
 - RCA (signature required)
 - Mobility Policy
 - Social Media Policy
 - GDPR
 - Travel & Expenses Policy
 - Pension appendix (in development)
 - Insurance appendix as referred to in paragraph 11 (*WGA-hiaat* or *WIA-excedent*) (in development)
-

So agreed, drawn up in duplicate and signed
at Amsterdam
on 27 January 2020

SIGNATURE

Employer Employee
Coty Management B.V.

/S/ Jaap Bruinsma /S/ Kristin Blazewicz
Jaap Bruinsma Kristin Blazewicz
Senior HR Director Global HQ & Benelux

COTY

EMPLOYMENT CONTRACT FOR AN INDEFINITE PERIOD OF TIME

BETWEEN

(1) Coty Management B.V., established at Schiphol Boulevard 393, 1118 BJ Schiphol, duly represented in the present matter by Jaap Bruinsma in his capacity as Senior HR Director Global HQ & Benelux, hereinafter "**the employer**"; and

(2) **Mr. Giovanni Pieraccioni**, born on XXXX hereinafter "**the employee**";

WHEREAS

The parties wish to enter into an employment contract for an indefinite period of time and record the details of that agreement in writing as follows;

AGREE UNDER THE FOLLOWING TERMS

1. COMMENCEMENT DATE, POSITION AND DUTIES

- 1.1 The employee shall enter the employer's service with effect from 1 February 2020 in the position of President EMEA. His length of service will be taken into account since 14 January 2019. The employee will report to Pierre Laubies, CEO.
- 1.2 The employee will perform all the work that, having regard to the employer's activities, forms part of or may be deemed to form part of the position.
- 1.3 The employer may also require the employee to carry out work other than the duties forming part of the normal performance of employee's job if and insofar as the employee may reasonably be asked to carry out that other work.

2. WORK LOCATION

- 2.1 The employee will normally perform the agreed duties from the employer's premises in Amsterdam but is prepared to perform the duties at or from other locations where this is necessary for the proper performance of employee's job or in the company's interest.
- 2.2 The employer reserves the right to transfer the employee to another business location.

3. DURATION OF EMPLOYMENT CONTRACT AND TERMINATION

- 3.1 This employment contract is entered into for an indefinite period of time.
 - 3.2 Either party may terminate the contract with due observance of the agreed terms in the Confidentiality, Non-Competition and Non-Solicitation agreement ("RCA").
 - 3.3 Notice must be given in writing to the end of a calendar month.
 - 3.4 The employment contract terminates in any case by operation of law, without prior notice, on the day the employee reaches the applicable statutory pensionable age (*AOW-gerechtigde leeftijd*).
-

4. PROBATIONARY PERIOD

4.1 A probationary period is not applicable.

5. WORKING HOURS AND OVERTIME WORKING

5.1 The employment contract is entered into for 40 hours per week.

5.2 The days and times during which the work is to be performed will be specified by the employer in the Employee Handbook. In doing so, the employer will take the employee's wishes into account insofar as is compatible with the proper conduct of business.

5.3 Insofar as in the employer's opinion the performance of the work so requires, the employee undertakes to perform additional work outside the set working hours.

5.4 The nature of the duties of employee involves that they also have to be carried out beyond the normal working hours. The overtime working and/or additional work is deemed to form part of the employee's duties and to be covered by the relevant remuneration.

6. SALARY AND HOLIDAY ALLOWANCE

6.1 The employee's annual salary, based on fulltime (100%), at the time of concluding the contract is € 700,000.00 gross per year including holiday allowance of 8%. The monthly gross salary will amount to € 54,102.35.

6.2 The monthly salary will be paid around the 25th of the month or ultimately by the end of the month by payment into a bank account to be specified by the employee.

6.3 The year for the calculation of the holiday allowance runs from 1 June up to and including 31 May of the current year. The holiday allowance is paid out annually together with the salary for May. Employees who have been with the company for part of that period only shall receive holiday allowance on a pro rata temporize basis. Holiday allowance shall also be calculated in line with any salary adjustments made during the aforesaid period and this as of the effective date of the salary adjustment.

6.4 All the statutory deductions such as wage withholding tax and national insurance contributions will be deducted from the gross salary and the gross holiday allowance. The employer will provide a statement (pay slip) containing details of the deductions made from the gross salary and the gross holiday allowance. An annual statement will be provided at the end of the year. Employee agrees with receiving the statements digitally.

7. RULES ON TERMS AND CONDITIONS OF EMPLOYMENT

7.1 Except insofar as expressly stated otherwise in this employment contract, the Employee Handbook and Code of Conduct and RCA form an integral part of the present employment contract. By employee's signature to this contract the employee acknowledges the receipt of a copy of these rules and the agreement thereto.

7.2 The rules apply insofar as no express provision to the contrary is made in this employment contract.

7.8 Additional arrangements agreed upon in the offer letter as signed by employee and dated 28 June 2019, insofar as not included in this contract, form part of the employment contract.

8. BONUS / INCENTIVE SCHEMES

- 8.1 The employee will participate in our Annual Performance Plan in accordance with the policy as long as the employee meets the requirements for eligibility. As a result, the employee will be eligible to a yearly on target performance bonus of 70% of his gross annual base salary, based on achieved results against company targets. The employee must be actively employed by Coty on the day the APP award is paid (usually in October) to be eligible.
- 8.2 The employee will also participate in the Equity & Long-Term Incentive Plan and the Coty Elite program, in accordance with the policies, as long as the employee meets the requirements for eligibility.

9. HOLIDAY ENTITLEMENT

- 9.1 The employee is entitled to 30 days of paid leave in each holiday year (based on full time). In case of a fulltime employment contract, 20 of these days of paid leave are statutory holidays; the others are holidays in excess of the statutory entitlement.
- 9.2 The holiday year runs from 1 January to 31 December of each calendar year.
- 9.3 Holiday dates are determined by the employer on the basis of a proposal by the employee.
- 9.4 The statutory holiday entitlement accrued in a calendar year will lapse six months after the end of the calendar year. The extra statutory holiday entitlement accrued in a calendar year will lapse five years after the end of the calendar year.
- 9.5 Where the employee is not employed for the whole holiday year, the employee will be entitled to 1/12th of the above number of holiday days for each month of employment.
- 9.6 During the period that employee is unable to perform work because of illness, employee will accrue statutory holiday entitlement. From one month of illness the employee will not accrue extra statutory holiday entitlement.
- 9.7 Holiday days normally have to be taken in the holiday year to which they relate.
- 9.8 Employer can appoint a maximum of 2 days per calendar year as mandatory vacation days without consulting employee.

10. INCAPACITY FOR WORK

- 10.1 If the employee is unfit for work, the employee must inform the direct manager accordingly without delay on the first day of employee's incapacity for work. When reporting sick, the employee shall also provide the employer with the information that the employer requires to determine whether it must continue to pay the employee's wages.
- 10.2 Further detailed information and rules regarding illness are included in the Employee Handbook.

11. SUPPLEMENTARY INSURANCE COVER

- 11.1 The employer has taken out group disablement benefit shortfall insurances cover for its employees (*WGA-hiaatverzekering* and *WIA-exedentverzekering*).
- 11.2 Further detailed information regarding these insurances is included in the Insurance appendix.

12. MOBILITY ALLOWANCE OR LEASE CAR

12.1 The employee is entitled to mobility allowance or lease car at the moment of entering this employment agreement in accordance with the mobility policy. This entitlement may change in accordance with the mobility policy.

13. COMPANY PROPERTY AND OTHER PROVIDED ITEMS

13.1 The employee will use and deal with the company property entrusted to employee for the performance of employee's duties in accordance with its proper purpose and will generally treat it with due care, as it benefits a good employee. The employee must inform the employer immediately of any defect in or loss of any item of company property.

13.2 The employee undertakes to hand back to the employer all items in employee's possession that are the property of the employer and all documents relating to the employer and/or its affiliated companies when the employment contract ends.

13.3 If the employee does not carry out any work for the employer for an uninterrupted period of more than one month, due to incapacity for work or otherwise, the employer may similarly require the employee to hand back the items of company property entrusted to the employee for the remainder of employee's absence.

14. PENSION

14.1 The employee participates in the collective pension scheme of the employer. The pension regulations are included in the Pension appendix.

15. PROHIBITION OF OUTSIDE WORK

15.1 Except with the prior permission in writing from the employer the employee may not carry out work of whatever nature, whether paid of otherwise, either for employee or for and/or on behalf of third parties during the term of the employment contract.

16. CONFIDENTIALITY CLAUSE

16.1 Both during the term of the employment contract and after its end the employee shall observe strict confidentiality on all matters that come to employee's knowledge in the performance of employee's duties relating to the business affairs and interests of the employer's company or its affiliated companies. This includes statements on social media.

16.2 This duty of confidentiality also applies to all details and particulars of the employer's business associates and clients that come to the employee's knowledge in the course of employee's duties.

16.3 Breaching the confidentiality provides an urgent reason for dismissal and / or declaration in respect of the crime under article 272 and / or article 273 of the Dutch Criminal Law.

16.4 The Employee declares and confirms that he is not bound by any non-competition/ nonsolicitation agreement towards his former(s) employers or any agreement that restrains his capabilities to perform his contractual duties within the company.

16.5 The Employee formally acknowledges that the Company expects from him a strict respect of the confidentiality obligation he should be bound towards his former(s) employers. Consequently, the employee is formally requested to not share, use, store, print any of their confidential information and trade secrets during the course of his employment with the Company.

17. ADDITIONS, VARIATIONS AND CHANGES

17.1 This employment contract is deemed to represent the full agreement between the parties as it exists at the moment of signing the contract.

17.2 Any additions or variations to this employment contract are valid only if and insofar as they have been agreed by the parties in writing or confirmed in writing by the employer.

17.3 The employer may change one or more of the terms and conditions of employment resulting from this contract in the cases specified in article 7 :613 of the Dutch Civil Code (i.e. where the employer has such a weighty interest in the change in question that on criteria of reasonableness and fairness the employer's interest must prevail over the interest of the employee negatively affected by the change).

17.4 The employer is also entitled to change the pension agreement, as mentioned in article 20 of this agreement, without consent of the employee. The employer will only be able to change without consent in case its substantial interests outweigh the interests of the employee in accordance with the standards of reasonableness and fairness. The pension agreement will therefore be changed.

The requirement of overriding interests of the employer is applicable if:

- (a) any relevant change occurs on the fiscal, social and / or pension legislation, or if;
- (b) the financial situation of the employer necessitates an alteration, or if;
- (c) an obligation of a sectorial pension fund is applicable or appears to be applicable.

18. APPLICABLE LAW

18.1 This contract and further contracts flowing from it shall be governed solely by the law of the Netherlands.

19. DOCUMENTS

19.1 Employee hereby declares to be familiar with the content of the hereafter mentioned documents, which form an integral part of this employment contract. These documents, and if necessary, to be decided upon later regulations, are or will be delivered per e-mail to employee I can be consulted and downloaded by employee through employer's intranet.

- Employee Handbook
 - Code of Conduct (signature required)
 - RCA (signature required)
 - Mobility Policy
 - Social Media Policy
 - GDPR
 - Travel & Expenses Policy
 - Pension appendix (in development)
 - Insurance appendix as referred to in paragraph 11 (*WGA-hiaat* or *WIA-excedent*) (in development)
-

So agreed, drawn up in duplicate and signed
at Schiphol
on 6 January 2020

SIGNATURE

Employer Employee
Coty Management B.V.

/S/ Jaap Bruinsma /S/ Giovanni Pieraccione
Jaap Bruinsma Giovanni Pieraccione
Senior HR Director Global HQ & Benelux

EMPLOYMENT CONTRACT FOR AN indefinite PERIOD OF TIME

BETWEEN

- a. Coty Management B.V., established at Schiphol Boulevard 393, 1118 BJ Schiphol, duly represented in the present matter by Mr. Jaap Bruinsma in his capacity as Senior HR Director Global HQ & Benelux, hereinafter "the employer"; and
- b. **Mr. Pierre André Terisse**, born in XX, XX on XX, residing at XX, hereinafter "the employee";

WHEREAS

The parties wish to enter into an employment contract for an indefinite period of time and record the details of that agreement in writing as follows;

AGREE UNDER THE FOLLOWING TERMS

1. COMMENCEMENT DATE, POSITION AND DUTIES

- a. The employee shall enter the employer's service with effect from **1 January 2020** in the position of Chief Financial Officer. His length of service will be taken into account since 1 February 2019. The employee will report to Pierre Laubies, CEO.
- b. The employee will perform all the work that, having regard to the employer's activities, forms part of or may be deemed to form part of the position of Chief Financial Officer.
- c. The employer may also require the employee to carry out work other than the duties forming part of the normal performance of the employee's job if and insofar as the employee may reasonably be asked to carry out that other work.

2. WORK LOCATION

- a. The employee will normally perform the agreed duties from the employer's premises in Amsterdam but is prepared to perform the duties at or from other locations where this is necessary for the proper performance of the employee's job or in the company's interest.
- b. The employer reserves the right to transfer the employee to another business location.

3. DURATION OF EMPLOYMENT CONTRACT AND TERMINATION

- a. This employment contract is entered for an indefinite period of time.
- b. Either party may terminate the contract with due observance of the agreed terms in the Confidentiality, Non-Competition and Non-Solicitation agreement ("RCA").
- c. Notice must be given in writing to the end of a calendar month.
- d. The employment contract terminates in any case by operation of law, without prior notice, on the day the employee reaches the applicable statutory pensionable age (*AOW-gerechtigde leeftijd*).

4. PROBATIONARY PERIOD

- a. A probationary period is not applicable.
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5. WORKING HOURS AND OVERTIME WORKING

- a. The employment contract is entered into for 40 hours per week. In case of part time:
 - b. The days and times during which the work is to be performed will be specified by the employer in the Company Regulations. In doing so, the employer will take the employee's wishes into account insofar as is compatible with the proper conduct of business.
 - c. Insofar as in the employer's opinion the performance of the work so requires, the employee undertakes to perform additional work outside the set working hours.
 - d. The nature of the duties of the employee involves that they also have to be carried out beyond the normal working hours. The overtime working and/or additional work is deemed to form part of the employee's duties and to be covered by the relevant remuneration.
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6. SALARY AND HOLIDAY allowance

- a. The employee's annual salary at the time of concluding the contract is € 680.000,00 gross per year including holiday allowance of 8%. The monthly gross salary will amount to € 52.469,14.
 - b. The monthly salary will be paid around the 25th of the month or ultimately by the end of the month by payment into a bank account to be specified by the employee.
 - c. The year for the calculation of the holiday allowance runs from 1 June up to and including 31 May of the current year. The holiday allowance is paid out annually together with the salary for May. Employees who have been with the company for part of that period only shall receive holiday allowance on a pro rata temporize basis. Holiday allowance shall also be calculated in line with any salary adjustments made during the aforesaid period and this as of the effective date of the salary adjustment.
 - d. All the statutory deductions such as wage withholding tax and national insurance contributions will be deducted from the gross salary and the gross holiday allowance. The employer will provide a statement (pay slip) containing details of the deductions made from the gross salary and the gross holiday allowance. An annual statement will be provided at the end of the year. Employee agrees with receiving the statements digitally.
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7. RULES ON TERMS AND CONDITIONS OF EMPLOYMENT

- a. Except insofar as expressly stated otherwise in this employment contract, the employer's Company Regulations and Code of Conduct and RCA form an integral part of the present employment contract. By employee's signature to this contract the employee acknowledges the receipt of a copy of these rules and the agreement thereto.
 - b. The rules apply insofar as no express provision to the contrary is made in this employment contract.
-

8. BONUS / incentive schemes

- a. The employee will participate in our Annual Performance Plan in accordance with the policy as long as the employee meets the requirements for eligibility. As a result, the employee will be eligible to a yearly on target performance bonus of 70% of his gross annual base salary, based on achieved results against company
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targets. The employee must be actively employed by Coty on the day the APP award is paid (usually in October) to be eligible.

- b. The employee will also participate in the Equity & Long-Term Incentive Plan and the Coty ownership plan, the Elite program, in accordance with the policies as long as the employee meets the requirements for eligibility.

9. HOLIDAY ENTITLEMENT

- a. The employee is entitled to 30 days of paid leave in each holiday year (based on full time). In case of a fulltime employment contract, 20 of these days of paid leave are statutory holidays; the others are holidays in excess of the statutory entitlement.
- b. The holiday year runs from 1 January to 31 December of each calendar year.
- c. Holiday dates are determined by the employer on the basis of a proposal by the employee.
- d. The statutory holiday entitlement accrued in a calendar year will lapse six months after the end of the calendar year. The extra statutory holiday entitlement accrued in a calendar year will lapse five years after the end of the calendar year.
- e. Where the employee is not employed for the whole holiday year, the employee will be entitled to 1/12th of the above number of holiday days for each month of employment.
- f. During the period that the employee is unable to perform work because of illness, the employee will accrue statutory holiday entitlement. From one month of illness the employee will not accrue extra statutory holiday entitlement.
- g. Holiday days normally have to be taken in the holiday year to which they relate.
- h. Employer can appoint a maximum of 2 days per calendar year as mandatory vacation days without consulting the employee.

10. INCAPACITY FOR WORK

- a. If the employee is unfit for work, the employee must inform the direct manager accordingly without delay on the first day of employee's incapacity for work. When reporting sick, the employee shall also provide the employer with the information that the employer requires to determine whether it must continue to pay the employee's wages.
- b. Further detailed information and rules regarding illness are included in the Company Regulations.

11. SUPPLEMENTARY INSURANCE COVER

- a. The employer has taken out group disablement benefit shortfall insurances cover for its employees (*WGA-hiaatverzekering* and *WIA-exedentverzekering*).
- b. Further detailed information regarding these insurances is included in the Insurance appendix.
- c. Employee is eligible for insurance covering by MSH International.

12. Mobility allowance or LEASE CAR

- a. The employee is entitled to a mobility allowance or lease car at the moment of entering this employment agreement in accordance with the mobility policy. This entitlement may change in accordance with the mobility policy.

13. COMPANY PROPERTY AND OTHER PROVIDED ITEMS

- a. The employee will use and deal with the company property entrusted to the employee for the performance of the employee's duties in accordance with its
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- proper purpose and will generally treat it with due care, as it benefits a good employee. The employee must inform the employer immediately of any defect in or loss of any item of company property.
- b. The employee undertakes to hand back to the employer all items in the employee's possession that are the property of the employer and all documents relating to the employer and/or its affiliated companies when the employment contract ends.
 - c. If the employee does not carry out any work for the employer for an uninterrupted period of more than one month, due to incapacity for work or otherwise, the employer may similarly require the employee to hand back the items of company property entrusted to the employee for the remainder of employee's absence.
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14. PENSION

The employee participates in the collective pension scheme of the employer. The pension regulations are included in the Pension appendix.

15. PROHIBITION OF OUTSIDE WORK

- a. Except with the prior permission in writing from the employer the employee may not carry out work of whatever nature, whether paid or otherwise, either for the employee or for and/or on behalf of third parties during the term of the employment contract.
 - b. This permission was granted to Employee regarding his activities as non-executive chairman for his water business, as referred to in our letter of 7 March 2019.
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16. CONFIDENTIALITY CLAUSE

- a. Both during the term of the employment contract and after its end the employee shall observe strict confidentiality on all matters that come to employee's knowledge in the performance of employee's duties relating to the business affairs and interests of the employer's company or its affiliated companies. This includes statements on social media.
 - b. This duty of confidentiality also applies to all details and particulars of the employer's business associates and clients that come to the employee's knowledge in the course of employee's duties.
 - c. Breaching the confidentiality provides an urgent reason for dismissal and / or declaration in respect of the crime under article 272 and / or article 273 of the Dutch Criminal Law.
 - d. The Employee declares and confirms that he is not bound by any non-competition/non-solicitation agreement towards his former(s) employers or any agreement that restrains his capabilities to perform his contractual duties within the company.
 - e. The Employee formally acknowledges that the Company expects from him a strict respect of the confidentiality obligation he should be bound towards his former(s) employers. Consequently, the employee is formally requested to not share, use, store, print any of their confidential information and trade secrets during the course of his employment with the Company.
-

17. ADDITIONS, VARIATIONS AND CHANGES

- a. This employment contract is deemed to represent the full agreement between the parties as it exists at the moment of signing the contract.
-

- b. Any additions or variations to this employment contract are valid only if and insofar as they have been agreed by the parties in writing or confirmed in writing by the employer.
- c. The employer may change one or more of the terms and conditions of employment resulting from this contract in the cases specified in article 7:613 of the Dutch Civil Code (i.e. where the employer has such a weighty interest in the change in question that on criteria of reasonableness and fairness the employer's interest must prevail over the interest of the employee negatively affected by the change).
- d. The employer is also entitled to change the pension agreement, as mentioned in article 20 of this agreement, without consent of the employee. The employer will only be able to change without consent in case its substantial interests outweigh the interests of the employee in accordance with the standards of reasonableness and fairness. The pension agreement will therefore be changed.

The requirement of overriding interests of the employer is applicable if:

- i. any relevant change occurs on the fiscal, social and / or pension legislation, or if;
- i. the financial situation of the employer necessitates an alteration, or if;
- ii. an obligation of a sectorial pension fund is applicable or appears to be applicable.

18. APPLICABLE LAW

This contract and further contracts flowing from it shall be governed solely by the law of the Netherlands.

19. Documents

The employee hereby declares to be familiar with the content of the hereafter mentioned documents, which form an integral part of this employment contract. These documents, and if necessary, to be decided upon later regulations, are or will be delivered per e-mail to the employee / can be consulted and downloaded by the employee through employer's intranet.

- Company regulations (in development)
 - Code of Conduct (signature required)
 - RCA (signature required)
 - Mobility Policy (in development)
 - Social Media Policy
 - GDPR
 - Global Travel Expenses Policy
 - Pension appendix (in development)
 - Insurance appendix as referred to in paragraph 11 (WGA-hiaat or WIA-excedent) (in development)
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So agreed, drawn up in duplicate and signed
at Schiphol
on 10 December 2019

SIGNATURE

Employer Employee
Coty Management B.V.

/s/ Jaap Bruinsma /s/ Pierre-Andre Terisse

Mr. Jaap Bruinsma Mr. Pierre André Terisse
Senior HR Director Global HQ & Benelux

CONTRACT AMENDMENT
INTELLECTUAL PROPERTY, CONFIDENTIALITY, NON-COMPETITION, NON-SOLICITATION

This amendment to the employment contract (the "Amendment") is concluded by and between **Coty S.A.S. and Coty S.A.S.** whose registered office is located at 14, rue du Quatre Septembre, 75002 Paris, France, (the "Company") and **Simona CATTANEO** ("the Employee") (hereinafter referred to individually as a "Party" and collectively as the "Parties").

The Company and the Employee have agreed to amend the Employee's employment contract and any amendments thereto (the "Employment Contract") under the conditions specified below.

I. Definitions.

For the purposes of the Endorsement:

- a. "Company and/or Group Property" means all Company and/or Group property in the possession, disposal or control of the Employee, including, without limitation and as the case may be: computers, personal computers, laptops, hard disks, memory cards, USB sticks and data in any form (including Company or Group data held on any computer); any home office equipment purchased for or provided to the Employee by the Company; documents, files and records in any form (including originals and copies thereof); mobile phones, iPhones and similar electronic devices; keys, identification and access cards; and any other documents, materials, equipment or other property of the Company and/or the Group.
 - b. "Competitive Entity" means any person or entity engaged or about to engage in any Competitive Activity.
 - c. "Competing Activity" means any commercial, professional or other activity in the field of perfumes, make-up, cosmetics, hygiene and body care and hair products that competes in any way whatsoever with any product, service or activity of the Group for which the Employee has worked or for which he or she has assumed responsibility during the last two (2) years of his or her employment with the Company or the Group.
 - d. "Group" means all the companies directly or indirectly affiliated with the Company and any company with which the Company is directly or indirectly affiliated.
 - e. "Confidential Information" refers to information disclosed to the Employee or acquired, obtained, learned or known by the Employee because of, or in the context of his or her functions within the Company, which is not generally accessible to players in the sector in which the Company operates or established on the basis of information that is accessible to the public or made public, concerning the Company and/or the Group, including, in particular, its activities, products, processes, systems and services, whether existing or under development, its customers, distributors and suppliers. The Confidential Information includes, by way of illustration: Trade Secrets; information concerning the Company's and/or the Group's business plans or the Company's and/or the Group's activities, as carried out and planned; past, current and planned products, processes, systems or services of the Company's Group; technical recordings on laptops; patent applications not yet published; designs of machines, equipment, processes and products, including all related drawings and descriptions; unwritten knowledge and know-how; software, programs and safety information; user manuals; training materials relating to products and services; manufacturing and development processes and related costs; cost of raw materials; selling expenses; delivery costs; production schedules; customer lists; customer preferences, pricing and cost data; customer purchase and other records and information relating to customers, including any compilation thereof; non-publicly available information relating to suppliers and distributors of the Company and/or the Group; tax and financial information; mailing lists; product sales data; territory- related
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lists; market research; marketing plans; strategic plans; information relating to compensation and benefits; and any confidential and non-publicly available information of third parties entrusted to the Company and/or the Group. Information shall not be deemed to constitute Confidential Information if it becomes publicly available (as evidenced by a publicly available document) other than as a result of unauthorized disclosure, use or act by the Employee or on the Employee's instructions, or by any person receiving such information directly or indirectly from the Employee.

- f. "Copyrighted Works" means any intellectual work, including software, that the Employee has created alone or with third parties in the course of his/her duties, in connection with the activities of the Company and/or the Group, during the Term of Employment and for a period of one (1) year thereafter.
- g. "Invention" means any technical creation, technical solution, improvement, technology, formula, composition, process, information system, computer hardware or software, computer application or computer code in the form of source or object code, design, device, biological material or machine, whether patentable or not, as well as all related know-how (i) that is developed by the Employee, alone or with third parties, during the Term of Employment and having a direct or indirect link with the past, present or planned activities of the Company and/or the Group at the time of design or which results from, or is inspired by, any work that the Employee has carried out or could carry out for the Company or (ii) which is designed by the Employee, alone or with third parties, during the period of one (1) year following the end of the Term of Employment, on the basis of Confidential Information.
- h. "Trade Secret" means any formula, model, device or compilation of exclusive information or know-how, used in the context of the past, present or planned activities of the Company and/or the Group or linked to them and which gives the Company and/or the Group an advantage over its competitors who do not know or do not use this Trade Secret.

2. Confidentiality. Regardless of his or her general obligation of loyalty, the Employee shall refrain, during the period of his or her employment with the Company or at any time thereafter, from disclosing or using, directly or indirectly, in his or her own interest or for the benefit of any third party, any Confidential Information. The Employee acknowledges that because of the value of Confidential Information to the Company and/or the Group, the Employee must take appropriate measures to maintain its confidentiality and must protect it from disclosure or use. The Employee undertakes not to take any documents, items or objects constituting or containing Confidential Information with him/her when he/she leaves the Company and to return such documents, items or objects to the Company prior to his/her departure. To the extent that the Employee is (i) required by law to disclose any Confidential Information, or (ii) requested by an administrative or judicial authority to disclose any Confidential Information, the Employee agrees, to the extent permitted by law, to inform the Company and seek its consent prior to any such disclosure. The obligations set forth in this Article 2 shall survive the termination of the Employment Agreement.

3. Ownership of Rights.

- a. As part of his/her duties, the Employee may be required to participate in Works Protected by Copyright at the Company's initiative and under the Company's direction. The Employee acknowledges that these Works Protected by Copyright constitute collective works for which the copyright belongs to the Company in accordance with Article L. 113-5 of the French Intellectual Property Code (CPI).
 - b. The Employee undertakes to disclose and communicate without delay to the Company all Works Protected by Copyright of which he or she is the author or co-author, but which cannot be classified as a collective work within the meaning of Article L. 113-2 of the CPI. The Employee undertakes to regularize, at the Company's simple request, the transfer to the Company, free of charge, of all the economic rights that he or she may hold over
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these Works Protected by Copyright. This assignment includes the exclusive right of reproduction by all means and on all formats and media, the exclusive right of representation by all means and all processes, and the exclusive right to adapt and modify the work, including by adding or integrating new elements, throughout the world, for the entire term of the copyrights provided for by the provisions of the CPI and the international conventions in force, as well as their extensions and adaptations.

- c. Only the Company shall be entitled to register as a trademark and/or design in any country the Works Protected by Copyright referred to in sections a) and b) of this Article.
- d. In accordance with article L. 611-7 of the CPI :
 - i. the patentable Inventions that may be designed by the Employee in execution of studies or research specifically entrusted to him or her by the Company shall automatically become the property of the Company. The Employee shall then receive additional remuneration in accordance with the conditions set forth in the said Article;
 - ii. Patentable Inventions which could be conceived by the Employee (i) either in the course of the performance of his or her duties, (ii) or in the field of the Company's activities, (iii) or through the knowledge or use of techniques or means specific to the Company or of data provided by it, will be attributed to the Company if it so wishes. The Employee will then receive a fair price in accordance with the conditions set out in the said article;
- e. the Employee undertakes to assign to the Company the Inventions designed by the Employee, alone or with third parties, during the period of one (1) year following the end of the Employment Term, on the basis of Confidential Information. The price will be determined according to the conditions applicable to the fair price defined in article L. 611-7 of the CPI.

4. Assignments and requests. At the request of the Company, during the Term of Employment or at any time thereafter, the Employee shall, at the Company's expense (but without any additional compensation being due to the Employee) : (i) promptly assign to the Company or its designee any right, title or interest which the Employee may have in any Confidential Information, Invention (and any patents resulting therefrom) or Copyrighted Works which has not been automatically assigned to the

Company pursuant to the provisions of Article 3 above; (ii) promptly and fully assist the Company in the preparation and filing of any patents, copyrights, trademarks or other applications for the protection of any Inventions or Copyrighted Works and (iii) promptly execute all legal documents, swear all oaths and take all lawful actions that the Company may require in connection with the protection of any Confidential Information, Inventions or Copyrighted Works.

5. Disclosure of Inventions.

- a. The Employee declares that there are no unpatented inventions created or developed by the Employee prior to his/her employment with the Company that relate to the past, present or planned activities of the Company's Group, with the exception of those listed in Appendix A hereto, which (provided that it is shown that they were so created or developed) are excluded from the scope of the Amendment.
 - b. The Employee agrees to promptly inform the Company of any Inventions, developed by the Employee, alone or with third parties, during the Term of Employment or for a period of one (1) year thereafter, whether or not the Employee believes that they constitute Inventions within the meaning of the Amendment and whether or not the Employee believes that they are patentable.
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c. The Company agrees to receive and review Inventions so disclosed by the Employee under this Article 5 on a confidential basis.

6. Return of Company Property. When the Employee leaves the Company's employ for any reason, or at any time at the request of the Company, the Employee shall promptly return to the Company all Company and Group Property. The Employee agrees to notify the Company of any Company or Group Property which cannot be returned to the Company due to loss or destruction.

7. Exclusive. During the performance of the Employment Contract, the Employee shall devote all of his or her work and activities to the Company and shall therefore refrain, without the Company's prior written consent, from engaging in any other professional activity, either for his or her own account or for that of a third party.

8. Non-employment. For a period of 12 months from the date of his or her effective departure from the Company, the Employee shall refrain, directly or indirectly, on his or her own behalf or on behalf of a third party, from soliciting an individual employee or corporate officer of the Company or the Group to offer him or her a job, or from attempting by any means whatsoever to induce any employee of the Company or the Group to terminate his or her functions for the Company or the Group.

9. Non-compete. Given the nature and importance of the functions performed by the Employee within the Company, the information and knowledge that he or she has or may acquire within the Company, his or her training and experience, as well as the particularly competitive situation of the market in which the Company operates, the Employee shall refrain, without the Company's prior written consent, from terminating the Employment Contract by either of the Parties, for any reason whatsoever:

- a. to own or acquire directly or indirectly an interest in a company carrying on a business that competes with the Company or one of the Group's companies;
- b. to enter the service, in particular as an employee, corporate officer or consultant of a company competing, directly or indirectly, with the activities, services and products of the Company or one of the Group's companies;
- c. to create or take over, directly or indirectly, through an intermediary, an activity of the same nature or a similar activity or to collaborate directly or indirectly, in particular as an employee, corporate officer or consultant in such an activity and, more generally, in any activity related to the Company's sector of activity;
- d. to solicit or approach, directly or indirectly, any client, business partner of the Company or one of the companies in the Group, or any individual or legal entity having a business relationship with the Company (supplier or other) or with the Group, with which the Employee has been in contact during the 12 months preceding the last day worked by the Employee under the Employment Contract for purposes other than the development of the Company, and in particular for the purpose of encouraging them to cease their business relations with the Company or one of the companies in the Group.

This prohibition of competition is applicable for a period of 6 months from the termination of the Employment Agreement and applies to the following geographical area: all countries for which the Employee has carried out an activity on behalf of the Company in the 24 months preceding the date of termination of the Employment Agreement.

In consideration of this non-competition obligation, the Employee will receive **for 6 months a gross monthly indemnity equal to 2/3 of his or her average gross monthly remuneration, calculated on the basis of the basic fixed gross remuneration**, as defined by the Employment Contract and received during the last 12 months prior to the notification of the termination.

In the event of a breach of this clause, the Employee shall pay the Company **a sum set by mutual agreement at 6 times 2/3 of his/her average gross monthly remuneration, calculated on the basis of his/her basic gross fixed remuneration**, as defined by the Employment Contract and received during the last 12 months prior to notification of the termination. The Company will then be released from its commitment to pay the financial consideration.

The payment of this indemnity by the Employee shall not deprive the Company of its right to sue the Employee for compensation for the loss actually suffered and to order, under penalty, the cessation of the competitive activity and the reimbursement of the sums paid by the Company to the Employee pursuant to this non-competition clause.

In accordance with the provisions of the Collective Agreement, the Company may unilaterally remove the non-competition clause during the execution of the Employment Contract, it being specified that, in accordance with the terms of the Collective Agreement, such removal will only take effect if the Employee is not dismissed within one year from the notification of said removal.

In accordance with the provisions of the Collective Agreement, if the Company terminates the Employment Contract, for any reason whatsoever, it may, with the agreement of the person concerned, release him/her in writing from his/her non-competition obligation at the time of notification of the termination. In this case, the monthly indemnity previously provided for will be paid to the Employee for a period of 3 months from the effective termination of the Employee's duties within the Company.

In accordance with the provisions of the Collective Agreement, if the Employee breaches the Employment Contract, he or she must explicitly remind his or her employer in writing of the existence of this non-competition clause. **The Company will then have a period of three weeks to discharge the non-competition indemnity** provided for above by releasing the Employee in writing from his or her non-competition obligation. In this case, the monthly indemnity previously provided for will be paid to the Employee for a **period of 3 months from the effective termination of the Employee's duties within the Company**.

In the event of a conventional termination of the Employment Contract, the Employee and the employer may agree on the lifting of the non-competition obligation by an express mention in the termination form.

10. Agreements with Previous Employers. The Employee represents and warrants that, with the exception of the agreements listed in Schedule B attached hereto (copies of which the Employee has provided to the Company), there are no agreements, oral or written, between the Employee and a Previous Employer (or any other third party) involving a non-competition, non-solicitation obligation, or otherwise limiting the Employee's ability to enter into the Amendment or to comply with the terms and conditions of his or her employment with the Company. The Employee further agrees that the Company expects the Employee to respect and protect the confidential information and trade secrets, if any, of his or her previous employers and not to disclose such information to the Company and not to use such information in the course of his or her employment with the Company unless such information is no longer confidential or unless such previous employer (or any other third party) has consented to the Employee's use of such information. The Employee understands and agrees that the Company shall rely upon and accept the accuracy and truthfulness of the Employee's representations and warranties hereunder.

11. Breach of Contract - Notice Period. The Employment Agreement may be terminated by either of the Parties in accordance with the legal and contractual provisions in force and subject to compliance with a **notice** period of **three months (3 months)** (the "Notice Period"); it being understood, however, that the Company shall not be required to comply with this notice period if the termination of the Employment Agreement is due to serious or gross negligence on its part. This does not apply during the Trial Period during which the legal and contractual provisions specific to the Trial Period and the related Notice Period will apply.

12. Reasonableness of Restrictions. The Employee acknowledges that in view of the nature of his or her duties, his or her access to Confidential Information of the Company and the Group, as well as his or her relations with customers, prospects, service providers and employees, the restrictions set forth in Articles 7, 8 and 9 of the Amendment are reasonable and necessary to protect the interests of the Company. The Employee further expressly acknowledges that the restrictions provided for herein are neither unreasonable nor overly restrictive and that they are not an obstacle to the Employee's return to a job or remunerated activity in accordance with his/her skills after the termination of the Employment Agreement.

13. Notifications. Notices hereunder shall be delivered in writing by registered mail with return receipt requested, postage prepaid, to the following addresses:

- To the Employee, at the last address known to the Company.
- To the Company, at the address of its registered office, for the attention of the Human Resources Department.

14. Applicable law; Jurisdiction. The Rider shall be governed by French law. All disputes arising from the Rider shall be brought before the competent French courts. The Parties hereby accept the exclusive jurisdiction of said French courts and the service procedure provided for by French law. Each Party irrevocably waives its right to challenge and question the exclusive jurisdiction of the French courts.

15. Waiver. The Company's failure to seek enforcement of any provision of the Rider under any circumstances or for any period of time shall not be construed as a waiver of such provision or of the Company's right to seek enforcement of such provision in the future, subject to the applicable statute of limitations.

16. Autonomy of clauses. If a court finds any part of the Rider to be invalid or unenforceable, the remaining provisions of the Rider shall not be affected thereby and shall remain in full force and effect regardless of the invalid provisions. If the final judgment of a court of competent jurisdiction or other authority finds any of the terms to be invalid or unenforceable, the Parties agree that the court or authority so finding shall have the power to reduce the scope, duration, extent or enforceability of the term or provision, to delete specific words or phrases, or to replace the invalid, void or unenforceable terms or provisions with valid and enforceable terms or provisions that reflect as nearly as possible the intent of the invalid or unenforceable terms or provisions.

17. Entire Endorsement. The Amendment contains the entire agreement of the Parties with respect to its subject matter, and fully replaces all previous agreements, exchanges, or commitments having the same subject matter, whether written or verbal, between the Employee and the Company or any Company of the Group. The other provisions of the Employment Contract remain identical.

18. Copies. The Endorsement is signed in two original copies.

19. Reconnaissance. The Employee acknowledges that he/she has carefully read and fully understood the Rider. The Employee further acknowledges that he/she has had sufficient time to make the decision to sign the Rider and to seek the services of independent counsel if he/she so desires. The Employee further acknowledges that he/she entered into the Amendment voluntarily, knowingly and without compulsion and that neither the Company nor any of its officers, directors, employees, agents or representatives have made any representation contrary to the provisions of the Amendment.

In two original copies Location: **Paris**
Date: **2 JANUARY 2020**

For the Company: **Coty SAS**

/s/ Robert Garcia

Last name, First name: **Garcia Robert**

Quality : **HR Lead France**

Location: **Paris**
Date: 2 JANUARY 2020

/s/ Simona Cattaneo

The Employee
Last name, First name : **CATTANEO Simona**

COTY

EMPLOYMENT CONTRACT FOR AN INDEFINITE PERIOD OF TIME

BETWEEN

(1) Coty Management B.V., established at Schiphol Boulevard 393, 1118 BJ Schiphol, duly represented in the present matter by Jaap Bruinsma in his capacity as Senior HR Director Global HQ & Benelux, hereinafter "**the employer**"; and

(2) **Ms. Fiona Hughes**, born on XX, hereinafter "**the employee**";

WHEREAS

The parties wish to enter into an employment contract for an indefinite period of time and record the details of that agreement in writing as follows;

AGREE UNDER THE FOLLOWING TERMS

1. COMMENCEMENT DATE, POSITION AND DUTIES

- 1.1 The employee shall enter the employer's service with effect from 1 March 2020 in the position of President, Consumer Beauty Brands. The employee will report to the CEO.
- 1.2 The employee will perform all the work that, having regard to the employer's activities, forms part of or may be deemed to form part of the position.
- 1.3 The employer may also require the employee to carry out work other than the duties forming part of the normal performance of employee's job if and insofar as the employee may reasonably be asked to carry out that other work.

2. WORK LOCATION

- 2.1 The employee will normally perform the agreed duties from the employer's premises in Amsterdam but is prepared to perform the duties at or from other locations where this is necessary for the proper performance of employee's job or in the company's interest.
- 2.2 The employer reserves the right to transfer the employee to another business location.

3. DURATION OF EMPLOYMENT CONTRACT AND TERMINATION

- 3.1 This employment contract is entered into for an indefinite period of time.
 - 3.2 Either party may terminate the contract with due observance of the agreed terms in the Confidentiality, Non-Competition and Non-Solicitation agreement ("RCA").
 - 3.3 Notice must be given in writing to the end of a calendar month.
 - 3.4 The employment contract terminates in any case by operation of law, without prior notice, on the day the employee reaches the applicable statutory pensionable age (*AOW-gerechtigde leeftijd*).
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4. PROBATIONARY PERIOD

4.1 A probation period is not applicable.

5. WORKING HOURS AND OVERTIME WORKING

5.1 The employment contract is entered into for 40 hours per week.

5.2 The days and times during which the work is to be performed will be specified by the employer in the Employee Handbook. In doing so, the employer will take the employee's wishes into account insofar as is compatible with the proper conduct of business.

5.3 Insofar as in the employer's opinion the performance of the work so requires, the employee undertakes to perform additional work outside the set working hours.

5.4 The nature of the duties of employee involves that they also have to be carried out beyond the normal working hours. The overtime working and/or additional work is deemed to form part of the employee's duties and to be covered by the relevant remuneration.

6. SALARY AND HOLIDAY ALLOWANCE

6.1 The employee's annual salary, based on fulltime (100%), at the time of concluding the contract is €580,000.00 gross per year including holiday allowance of 8%. The monthly gross salary will amount to € 44,753.09.

6.2 The monthly salary will be paid around the 25th of the month or ultimately by the end of the month by payment into a bank account to be specified by the employee.

6.3 The year for the calculation of the holiday allowance runs from 1 June up to and including 31 May of the current year. The holiday allowance is paid out annually together with the salary for May. Employees who have been with the company for part of that period only shall receive holiday allowance on a pro rata temporize basis. Holiday allowance shall also be calculated in line with any salary adjustments made during the aforesaid period and this as of the effective date of the salary adjustment.

6.4 All the statutory deductions such as wage withholding tax and national insurance contributions will be deducted from the gross salary and the gross holiday allowance. The employer will provide a statement (pay slip) containing details of the deductions made from the gross salary and the gross holiday allowance. An annual statement will be provided at the end of the year. Employee agrees with receiving the statements digitally.

7. RULES ON TERMS AND CONDITIONS OF EMPLOYMENT

7.1 Except insofar as expressly stated otherwise in this employment contract, the Employee Handbook and Code of Conduct and RCA form an integral part of the present employment contract. By employee's signature to this contract the employee acknowledges the receipt of a copy of these rules and the agreement thereto.

7.2 The rules apply insofar as no express provision to the contrary is made in this employment contract.

- 7.3 As agreed upon between the employer and the employee, the employee will receive a supplemental gross allowance of € 11,726.00 per year for as long as this employment contract applies.
- 7.4 In addition, the parties agree that employee will receive a one-time bonus payment of € 30,000.00 (gross), payable with the salary payment for March 2020.
- 7.5 In case the employee's prior secondment to Coty Inc. in the United States results in a higher overall personal tax liability for the employee, the employer ensures a compensation will be paid to the employee to ensure that the final tax liability to be borne by the employee is comparable with the employee's tax liability without having gone on this secondment.
- 7.6 Employee is entitled to standard annual tax return preparation assistance in the Netherlands by the preferred vendor retained to provide these services, at the expense of the employer.
- 7.7 The employer will provide employee with and pay for one roundtrip ticket (business trip fare) from Amsterdam to Melbourne (Australia) per year for the employee, her partner and any dependent children for the first three years of her employment with Coty Management B.V. If the annual entitlement is not used, it will be neither carried forward nor reimbursed in cash for the upcoming year(s). It will not be used for other locations than Melbourne or for other individuals than her partner and any dependent children.
- 7.8 The employer will provide the employee with an international health insurance, premiums will be borne by the employer. Any tax due regarding the international health insurance will be for the account of the employee.

8. BONUS / INCENTIVE SCHEMES

- 8.1 The employee will participate in our Annual Performance Plan in accordance with the policy as long as the employee meets the requirements for eligibility. As a result, the employee will be eligible to a yearly on target performance bonus of 70% of the employee's gross annual base salary, based on achieved results against company targets. The employee must be actively employed by Coty on the day the APP award is paid (usually in October) to be eligible.
- 8.2 Employee is eligible to the FY20 bonus for the full year (as of July 1st, 2019) as per the terms of the Annual Performance Plan.
- 8.3 The employee will also participate in the Equity & Long-Term Incentive Plan and the Coty Elite program in accordance with the policies, as long as the employee meets the requirements for eligibility.

9. HOLIDAY ENTITLEMENT

- 9.1 The employee is entitled to 30 days of paid leave in each holiday year (based on full time). In case of a fulltime employment contract, 20 of these days of paid leave are statutory holidays; the others are holidays in excess of the statutory entitlement.
- 9.2 The holiday year runs from 1 January to 31 December of each calendar year.
- 9.3 Holiday dates are determined by the employer on the basis of a proposal by the employee.
- 9.4 The statutory holiday entitlement accrued in a calendar year will lapse six months after the end of the calendar year. The extra statutory holiday entitlement accrued in a calendar year will lapse five years after the end of the calendar year.
- 9.5 Where the employee is not employed for the whole holiday year, the employee will be entitled to 1/12th of the above number of holiday days for each month of employment.
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9.6 During the period that employee is unable to perform work because of illness, employee will accrue statutory holiday entitlement. From one month of illness the employee will not accrue extra statutory holiday entitlement.

9.7 Holiday days normally have to be taken in the holiday year to which they relate.

9.8 Employer can appoint a maximum of 2 days per calendar year as mandatory vacation days without consulting employee.

10. INCAPACITY FOR WORK

10.1 If the employee is unfit for work, the employee must inform the direct manager accordingly without delay on the first day of employee's incapacity for work. When reporting sick, the employee shall also provide the employer with the information that the employer requires to determine whether it must continue to pay the employee's wages.

10.2 Further detailed information and rules regarding illness are included in the Employee Handbook.

11. SUPPLEMENTARY INSURANCE COVER

11.1 The employer has taken out group disablement benefit shortfall insurances cover for its employees (*WGA-hiaatverzekering* and *WIA-exedentverzekering*).

11.2 Further detailed information regarding these insurances is included in the Insurance appendix.

12. MOBILITY ALLOWANCE OR LEASE CAR

12.1 The employee is entitled to a mobility allowance or lease car at the moment of entering this employment agreement in accordance with the Mobility Policy. This entitlement may change in accordance with the Mobility Policy.

12.2 Employee is eligible for a gross mobility allowance or a lease car budget equal to € 2,000.00 per month as per the Mobility Policy of the company.

13. COMPANY PROPERTY AND OTHER PROVIDED ITEMS

13.1 The employee will use and deal with the company property entrusted to employee for the performance of employee's duties in accordance with its proper purpose and will generally treat it with due care, as it benefits a good employee. The employee must inform the employer immediately of any defect in or loss of any item of company property.

13.2 The employee undertakes to hand back to the employer all items in employee's possession that are the property of the employer and all documents relating to the employer and/or its affiliated companies when the employment contract ends.

13.3 If the employee does not carry out any work for the employer for an uninterrupted period of more than one month, due to incapacity for work or otherwise, the employer may similarly require the employee to hand back the items of company property entrusted to the employee for the remainder of employee's absence.

14. PENSION

14.1 The employee participates in the collective pension scheme of the employer. An outline of the pension regulations are included in the pension brochures.

15. PROHIBITION OF OUTSIDE WORK

15.1 Except with the prior permission in writing from the employer the employee may not carry out work of whatever nature, whether paid or otherwise, either for employee or for and/or on behalf of third parties during the term of the employment contract.

16. CONFIDENTIALITY CLAUSE

16.1 Both during the term of the employment contract and after its end the employee shall observe strict confidentiality on all matters that come to employee's knowledge in the performance of employee's duties relating to the business affairs and interests of the employer's company or its affiliated companies. This includes statements on social media.

16.2 This duty of confidentiality also applies to all details and particulars of the employer's business associates and clients that come to the employee's knowledge in the course of employee's duties.

16.3 Breaching the confidentiality provides an urgent reason for dismissal and / or declaration in respect of the crime under article 272 and / or article 273 of the Dutch Criminal Law.

16.4 The Employee declares and confirms that he is not bound by any non-competition/ nonsolicitation agreement towards his former(s) employers or any agreement that restrains his capabilities to perform his contractual duties within the company.

16.5 The Employee formally acknowledges that the Company expects from him a strict respect of the confidentiality obligation he should be bound towards his former(s) employers. Consequently, the employee is formally requested to not share, use, store, print any of their confidential information and trade secrets during the course of his employment with the Company.

17. ADDITIONS, VARIATIONS AND CHANGES

17.1 This employment contract is deemed to represent the full agreement between the parties as it exists at the moment of signing the contract.

17.2 Any additions or variations to this employment contract are valid only if and insofar as they have been agreed by the parties in writing or confirmed in writing by the employer.

17.3 The employer may change one or more of the terms and conditions of employment resulting from this contract in the cases specified in article 7 :613 of the Dutch Civil Code (i.e. where the employer has such a weighty interest in the change in question that on criteria of reasonableness and fairness the employer's interest must prevail over the interest of the employee negatively affected by the change).

17.4 The employer is also entitled to change the pension agreement, as mentioned in article 20 of this agreement, without consent of the employee. The employer will only be able to change without consent in case its substantial interests outweigh the interests of the employee in accordance with the standards of reasonableness and fairness. The pension agreement will therefore be changed.

The requirement of overriding interests of the employer is applicable if:

- (a) any relevant change occurs on the fiscal, social and / or pension legislation, or if;
- (b) the financial situation of the employer necessitates an alteration, or if;
- (c) an obligation of a sectorial pension fund is applicable or appears to be applicable.

18. APPLICABLE LAW

18.1 This contract and further contracts flowing from it shall be governed solely by the law of the Netherlands.

19. DOCUMENTS

19.1 Employee hereby declares to be familiar with the content of the hereafter mentioned documents, which form an integral part of this employment contract. These documents, and if necessary, to be decided upon later regulations, are or will be delivered per e-mail to employee/can be consulted and downloaded by employee through employer's intranet.

- Employee Handbook
 - Code of Conduct (signature required)
 - RCA
 - Mobility Policy
 - Social Media Policy
 - GDPR
 - Travel & Expenses Policy
 - Pension brochures
 - Insurance appendix as referred to in paragraph 11 (*WGA-hiaat* or *WIA-excedent*)
-

So agreed, drawn up in duplicate and signed
at Amsterdam
on 27 February 2020

SIGNATURE

Employer Employee
Coty Management B.V.

/S/ Jaap Bruinsma /S/ Fiona Hughes
Jaap Bruinsma Fiona Hughes
Senior HR Director Global HQ & Benelux

June 20th, 2019
Edgar Huber

Dear **Edgar**,

We are pleased to extend our offer of employment with Coty in **the United States**. This letter serves as a summary of what you can expect in your employment in the Coty organization in **the United States** and supersedes any previous offer.
This offer is subject to the Board approval.

TITLE AND REPORTING

You will continue to be employed as **President, Coty Luxury** until December 31st, 2019 and then from January 1st, 2020 you will be appointed to the role of **President, Americas APAC**, still reporting to the Chief Executive Officer. The full specification of the role is as described in our conversations.

EFFECTIVE DATE

We anticipate that your employment will start on or around August 1st, 2019. Your actual start date will be the "Effective Date".

The exact timing of your relocation is subject to the Company successfully obtaining the relevant work permit to enable you to be eligible to live and work in the United States.

As of the Effective date, your contract with Coty in France will cease. You will no longer be an employee of Coty in France and you will become an employee of Coty in the United States.

LOCATION

Your place of employment shall be located at New York provided, however, that within the normal course of your duties, you may be required to travel or relocate in accordance with business needs.

YEARS OF SERVICE

Your service with the Coty group of companies commenced on November 2nd, 2015 this will be the date used for benefit eligibility purposes in the United States, subject to local regulations.

ANNUAL BASE SALARY

As of the Effective Date, you shall receive an annual gross base salary of USD 1,000,000 payable in 26 installments according to the local payroll practices.

ANNUAL BONUS

You will be eligible to participate in Coty's Annual Performance Plan (the "APP") with a target award of 70% of your annual base salary. The APP is designed to forge a powerful connection between your and the business's performance and results, and your rewards. Through the APP, you can earn up to 360% of your target award based on business performance. On or around the Effective Date, you will receive further information regarding the APP. Your participation will be subject to the terms of the APP and contingent upon your entry into the attached restrictive covenant agreement. Your awards will be subject to discretionary review and approval of Coty's Board of Directors.

EQUITY & LONG-TERM INCENTIVE PLAN

You will be eligible to participate in the Coty Equity & Long-Term Incentive Plan (the “ELTIP”) in accordance with its terms. All equity grants are subject to discretionary review and approval of Coty’s Board of Directors. Detailed information on this grant shall be provided separately as part of the ELTIP annual process. The grant is subject to your formal acceptance and signature of the Restrictive Covenant Agreement (“RCA”) a copy of which is provided to you along with this offer.

COTY OWNERSHIP PROGRAM

You will be invited to participate in the Coty ownership plan, the Elite program. Further details will be made available on or after the Effective Date.

EMPLOYEE BENEFITS

You will be enrolled in the local benefits programs in the United States as of the Effective Date. Detailed information describing these programs will be provided to you by the Human Resources Department in the United States. Coty reserves the right to amend, modify or terminate any of its employee benefit plans or programs at any time and for any reason.

COMPANY CAR

You will be provided with use of a company car or a car allowance in accordance with Coty’s policies, if you are eligible. Detailed information will be provided to you by the Human Resources Department in the United States.

SIGN-ON BONUS

The Company will pay you a sign-on bonus of USD 350,000 subject to all applicable taxes and withholdings, to deal with all financial matters not otherwise covered in this offer and paid in your first payroll after the Effective Date.

Should you voluntarily cancel your move or resign within eighteen (18) months of the Effective Date, you would be required to reimburse the Company for the total amount of the sign-on bonus perceived at that date, in net of social charges and taxes.

VACATION

You will accrue vacation days pursuant to Coty’s standard vacation policies for its employees as in effect in the United States with a minimum of 25 working days per complete year of work.

SCHOOL PREMIUM

The Company will pay you a lump sum of USD 30,000 net, to be grossed up against social charges and taxes in the US for the first 5 years of your assignment starting with August 1st, 2019, the Effective Date.

It will be paid on an annual basis but, in case of uncompleted years for any reason (termination, resignation, new international transfer...), it will be pro rated on a monthly basis according to your actual presence within the Company in the US during that year. The adjustment will be done through the final payroll cycle or final statement calculation by an appropriate withholding from the Company in the US.

RELOCATION SERVICES

Consistent with the International Transfer Policy "ITP", the Company will provide the following relocation services:

Relocation Allowance: The Company shall pay you a relocation allowance, equal to one twelfth of your new annual gross base salary, i.e USD 83,333, subject to all applicable taxes and withholdings. The purpose of this allowance is to fully compensate all issues or concerns not otherwise dealt with in this Offer Letter. It will be paid to you on the next payroll cycle following your physical relocation, according to the local payroll practices in the United States.

If you voluntarily cancel your move or resign within twelve (12) months of your Effective Date, you will be required to reimburse the Company for the total amount of the relocation allowance perceived, in net of social charges and taxes.

Pre-visit trip: Prior to your move, the Company shall pay the cost of one pre-visit trip for you, your spouse and children, up to 4 days (including weekend days), covering the travel in economy fare and hotel expenses tied to the Company Travel & Entertainment (T&E) policy, in the United States. During this short trip, one orientation day shall be organized with the local relocation agency to help you settling in the area of New York.

Shipment of Household Goods: The Company will pay all reasonable costs of relocating your and your family's household goods from Paris to New York using the most cost-efficient mode available. The shipment will be organized through the preferred relocation agent, as determined globally by the Company. Note that any shipment of bulky or heavy items, alcoholic beverages or items prohibited by customs, as well as pets, plants, pianos, vehicles ... will not be covered by the Company.

Inward ticket: The Company will cover for the inward ticket, between Paris and New York, in restricted economy fare, for you and your family, at the beginning of your assignment.

Temporary living: The Company shall reimburse you upon your arrival for the reasonable costs associated with your temporary housing expenses for a maximum of forty-five (45) days. Temporary living may be used prior to your move to the United States, provided the maximum is not exceeded. Living expenses (meals and sundry expenses...) will not be covered by the Company. The temporary housing will be directly organized through the preferred relocation agent, as determined globally by the Company.

Housing assistance: The Company will provide reasonable assistance with securing accommodation for you and your family in the area of New York, upon your arrival, with the local relocation agency. The Company will also reimburse you for the agency fees associated with securing an accommodation in the area of New York. Reimbursement will be made via an expense report with appropriate receipts.

Language and intercultural training: The Company shall cover reasonable English tuition fees and intercultural training for you and your family.

Work papers and visa: The Company will pay the expense associated with securing the appropriate visa documents and work papers for you as well as residence documents for your family.

Home Leave: The Company will provide you with and pay for one roundtrip ticket from New York to Paris per year for you, your spouse and children, for the first three years of your relocation starting with the Effective Date in economy fare. If the annual entitlement isn't used, it will be neither carried forward nor reimbursed in cash for the upcoming year(s). It will not be used for other locations than Paris or for other individuals than you, your spouse and children.

Job Coaching assistance: If your partner worked prior to your relocation and left her employment to go with you, the Company will offer a job coaching service with our preferred vendor based on the negotiated standard assistance, to help her to find an employment in the United States. This assistance has to be initiated during the first six months following the Relocation Date. However, the Company will not alter the conditions and terms of your offer, should the outcome of this assistance be unsuccessful.

Tax Assistance: You are personally responsible for the taxes associated with your income, and expressly exempt the Company and any related companies from any tax or related claims that may arise. The Company will make available to you, and pay the expense of a tax consultant (currently PricewaterhouseCoopers - PwC) for any reasonable tax preparation assistance required for your tax declarations in France and in the United States for the duration of your assignment. Should your employment be terminated during this period, the tax assistance would cease on the termination date.

CONFIDENTIALITY

You will not, during your employment with Coty or at any time thereafter, directly or indirectly disclose or use, for your own benefit or the benefit of any third party, any information disclosed to or acquired, developed, learned or known by you as a result of or in connection with your employment with Coty, that is not generally known in the industry in which Coty and its affiliates are engaged or ascertained from public or published information, about Coty and its affiliates (including without limitation its business, products, processes, systems and services, in existence or under development), its customers, vendors and suppliers ("Confidential Information"). You acknowledge that, because Confidential Information is extremely valuable, Coty and its affiliates take appropriate measures to maintain its confidentiality, and that you have an obligation to safeguard and protect Confidential Information from disclosure and use. You agree not to take with you any documents, materials or things that embody or contain Confidential Information when you leave Coty, and to return all such documents, material and things to Coty prior to your departure. If you are ever asked to disclose any Confidential Information, pursuant to legal process or otherwise, you agree to contact Coty and to seek (to the extent permitted by law) Coty's consent prior to such disclosure. These confidentiality obligations are permanent and do not lapse upon the termination of your employment with Coty.

RESTRICTIVE COVENANTS

You will be required, as a condition of employment or continued employment, to execute the attached restrictive covenant agreement, which sets forth a reciprocal notice period and obligations you may have with respect to confidentiality, non-competition and non-solicitation.

GOVERNING LAW

This letter will be governed by the laws of the United States. Any and all rights of any applicable works council or union will be observed, and Coty will comply with applicable law and works council and collective bargaining agreements associated with your Coty employment.

TERMINATION OF EMPLOYMENT BY THE COMPANY

Termination without cause:

If the Company terminates your employment without cause within the first year from the Effective Date in the host location, while you are on assignment, you will be offered the opportunity to relocate back to your home country, as described in the paragraph below: "Conditions of relocation".

Termination for economic cause – redundancy:

If the Company terminates your employment for economic cause for the duration of your assignment, you will be offered the opportunity to relocate back to your home country, as described in the paragraph below: “Conditions of relocation”.

Conditions of relocation:

The Company will cover the following relocation services, within maximum 6 months following the termination date:

return ticket for you and your relocating family to your home country as defined in the Transfer Agreement Letter, in economy fare;

shipment of your and your relocating family’s household goods, according to this International Transfer Policy, but not exceeding the incoming shipment. No temporary storage would be offered.

ASSIGNMENT

You may not assign any of your rights or obligations under this letter. This letter will be binding upon and inure to the benefit of Coty’s successors and assigns. Without limiting the foregoing, to the extent permissible under applicable law, Coty may assign its rights and delegate its duties hereunder in whole or in part to any transferee of all or a portion of the assets or business to which your employment relates.

AT-WILL EMPLOYEE

While we hope that your employment with Coty will be mutually beneficial, please understand that, unless otherwise provided in a separate agreement signed by an authorized representative of Coty, your employment with Coty is “at will.” This means that Coty may change the terms and conditions of the employment relationship or terminate your employment, for any reason or no reason, at any time, and that you may leave Coty, for any reason or no reason, at any time; provided, however, that, if there is any restrictive covenant agreement applicable to your employment, you will need to abide by any notice period therein.

ENTIRE AGREEMENT

This letter contains the entire understanding of you and Coty with respect to its subject matter, and supersedes and replaces all prior agreements and understandings, both written and oral, between you and Coty. You acknowledge and agree that no representations or promises concerning your employment with Coty have been made to you except as specifically set forth in this offer letter. Any amendment to this letter must be made in writing and signed by a duly authorized officer of Coty. You agree that your obligations and restrictions under this letter will continue in accordance with its terms, regardless of any change in your title, position or duties (unless otherwise agreed).

This offer is contingent on the company successfully obtaining your work papers in the United States.

We hope you share our excitement during this transformational time. We look forward to working together in building a true global leader in beauty.

Should you have any questions, please let us know.

With regards,

Accepted and agreed: Edgar Huber

Sign:/s/ Edgar Huber

Print Name: Edgar Huber

Date:06/21/2019

Private & Confidential

Edgar Huber

17 March 2020

Dear **Edgar**,

Exceptional Retention bonus

As **President, Americas APAC**, your role is critical to deliver our plans and targets and to achieve the next steps of our transformation agenda. Your constant personal effort and your strong commitment to the Company are extremely valuable to us.

I am counting on you to be fully engaged in this challenging journey. Therefore I am very pleased to inform you that if you are still an active employee of Coty on June 30th, 2021 (i.e. not having resigned at this date nor having been terminated for cause) you will be eligible to receive an exceptional bonus amounting to a gross amount of **your annual base salary**.

This bonus is purely discretionary and is not intended to set a precedent for future years. It will be paid in July 2021, subject to all statutory obligations and tax withholdings.

This retention incentive is contingent upon you continuing to make your best efforts to the business and achieving the objectives outlined for you during this timeframe.

For the avoidance of doubt, 'best efforts' means :

- Demonstrating 100% commitment to the business
- Demonstrating the same level of performance as compared to before you received this retention offer (no performance drop-off)
- Demonstrating Coty values in your own behaviour
- Delivering projects on time and with the same rigor as demonstrated today
- 100% focus on the tasks at hand.
-

All other terms of your existing employment with Coty remain unchanged.

Looking forward to receiving your formal acceptance by signature of this letter.

Yours sincerely

/s/ Pierre Laubies

Pierre Laubies
Chief Executive Officer

/s/ Edgar Huber

Edgar Huber

Coty Inc.
Subsidiary List
as of March 31, 2020

<u>Entity Name</u>	<u>Domestic Jurisdiction</u>
Coty Argentina S.A.	Argentina
Coty Australia Holdings PTY Ltd.	Australia
Coty Australia Legacy Pty. Limited	Australia
Coty Australia PTY. Limited	Australia
Gresham Cosmetics Pty Ltd	Australia
HFC Prestige International Australia PTY Ltd	Australia
Jemella Australia Pty Limited	Australia
Revolver Distribution PTY Ltd.	Australia
Coty Beauty Austria GmbH	Austria
HFC Prestige Products N.V.	Belgium
Coty Brasil Comércio Ltda	Brazil
Lancaster do Brasil Cosméticos Ltda.	Brazil
Savoy Indústria de Cosméticos S.A.	Brazil
HFC Prestige International Canada, Inc.	Canada
TJory Holdings Co. Ltd.	Cayman Islands
Coty Cosméticos Chile Limitada	Chile
Coty China Holding Limited	China
Coty Hong Kong Distribution Ltd.	China
Coty International Trade (Shanghai) Co., Ltd.	China
Coty Prestige Shanghai Ltd.	China
HFC (Shanghai) Cosmetics Co., Ltd	China
Nanjing Yanting Trade Co. Ltd.	China
Suzhou Ganon Trading Co., Ltd.	China
Suzhou Jiahua Biochemistry Co. Ltd	China
HFC Prestige Service Costa Rica S.R.L.	Costa Rica
Coty Ceska republika, s.r.o.	Czechia
HFC Prestige International Denmark ApS	Denmark
Coty Holdings UK Limited	England and Wales
Quest Beauty Limited	England and Wales
HFC Prestige International Finland Oy	Finland
Coty S.A.S.	France
Coty France S.A.S.	France
Else France S.A.S.	France
Fragrance Production S.A.S.	France
GHD France S.á r.l.	France
HFC Prestige Holding France	France
Coty Beauty Germany GmbH	Germany
Coty Brands Management GmbH	Germany
Coty Germany Holding GmbH	Germany
Coty Services and Logistics GmbH	Germany
Ghd Deutschland GmbH	Germany
HFC Prestige Manufacturing Cologne Germany GmbH	Germany
HFC Prestige Manufacturing Germany GmbH	Germany
HFC Prestige Service Germany GmbH	Germany
Sebastian Europe GmbH	Germany

Wella Grundstuecks- und Vermoegensverwaltunrgs GmbH & Co. KG	Germany
Zadafo Verwaltungsgesellschaft mbH	Germany
Wella Hellas MEPE	Greece
Chi Chun Industrial Co. Ltd.	Hong Kong
Coty Hong Kong Limited	Hong Kong
Coty INT Hong Kong Limited	Hong Kong
Coty Prestige Shanghai (HK) Ltd.	Hong Kong
Coty Prestige Southeast Asia (HK) Limited	Hong Kong
GHD Hong Kong Limited	Hong Kong
Ming-De Investment Co. Ltd.	Hong Kong
Super Globe Holdings Ltd.	Hong Kong
Coty Hungary Kft.	Hungary
Coty India Beauty and Fragrance Products Private Limited	India
Wella India Private Limited	India
PT StarAsia Distributions Indonesia	Indonesia
PT. Coty Prestige Southeast Asia Indonesia	Indonesia
Coty Ireland Ltd.	Ireland
Coty UK&I Limited	Ireland
HFC Prestige Manufacturing Ireland Ltd.	Ireland
Coty Italia S.R.L.	Italy
GHD Italia S.r.l.	Italy
HFC Prestige Japan Godo Kaisha	Japan
OPI-Japan K.K.	Japan
Coty Korea Ltd.	Korea, Republic Of
HFC Prestige International Holding Luxembourg SARL	Luxembourg
HFC Prestige International Luxembourg SARL	Luxembourg
Coty INT Malaysia Sdn. Bhd.	Malaysia
Coty Prestige Southeast Asia (M) Sdn. Bhd.	Malaysia
Coty Beauty Mexico, S.A. de C.V.	Mexico
Coty México, S.A. de C.V.	Mexico
Galería Productora de Cosméticos, S. de R.L. de C.V.	Mexico
HFC Cosmetics S. de R.L. de C.V.	Mexico
HFC Prestige International S. de R.L. de C.V.	Mexico
Coty Lancaster S.A.M.	Monaco
Coty B.V.	Netherlands
Coty Global 1 B.V.	Netherlands
Coty Global 2 B.V.	Netherlands
Coty Global 3 B.V.	Netherlands
Coty Global 4 B.V.	Netherlands
Coty Global 5 B.V.	Netherlands
Coty Global Holdings B.V.	Netherlands
Coty Holding TopCo B.V.	Netherlands
Coty Investments B.V.	Netherlands
Coty International B.V.	Netherlands
Coty International Holding B.V.	Netherlands
Coty Management B.V.	Netherlands
Coty Netherlands B.V.	Netherlands
Coty Operations B.V.	Netherlands
HFC Prestige International Netherlands Holding B.V.	Netherlands

Lancaster B.V.	Netherlands
HFC Prestige International New Zealand Limited	New Zealand
Jemella New Zealand Limited	New Zealand
HFC Prestige International Norway AS	Norway
Coty Prestige Southeast Asia Philippines, Inc.	Philippines
Coty Eastern Europe sp. z.o.o.	Poland
HFC Prestige Service Poland Sp. z.o.o.	Poland
Coty Beauty Portugal S.A.	Portugal
HFC Prestige International Puerto Rico LLC	Puerto Rico
Coty Cosmetics Romania SRL	Romania
LLC Capella	Russian Federation
Russwell Ltd	Russian Federation
Coty Arabia Trading Company LLC	Saudi Arabia
Coty Scot 1 LP	Scotland
Coty Scot 2 LP	Scotland
Coty Asia Pte. Ltd.	Singapore
Coty Operations Asia Pacific Pte. Ltd.	Singapore
Coty Prestige Southeast Asia Pte. Ltd.	Singapore
Coty Singapore Pte. Ltd.	Singapore
Coty Southeast Asia Pte. Limited	Singapore
HFC Prestige International Operations Switzerland SARL Singapore Branch	Singapore
HFC Prestige International Singapore Pte. Ltd.	Singapore
Coty Slovenská Republika s.r.o.	Slovakia
Coty Beauty South Africa (PTY) Ltd.	South Africa
Coty South Africa (Proprietary) Limited	South Africa
Good Hair Day South Africa (Proprietary) Limited	South Africa
Coty Beauty Spain, S.L.U.	Spain
Coty Spain S.L., Sociedad Unipersonal	Spain
GHD Spain, S A U	Spain
HFC Prestige International Sweden AB	Sweden
Coty International B.V. Swiss Branch	Switzerland
Coty International S.a.r.l.	Switzerland
HFC Prestige International Holding Switzerland Sàrl	Switzerland
HFC Prestige International Operations Switzerland Sàrl	Switzerland
Coty Beauty Swiss Sàrl	Switzerland
So Be Cosmetics S.A.	Switzerland
Coty Prestige (Taiwan) Ltd.	Taiwan, Province Of China
StarAsia Taiwan Co., Ltd.	Taiwan, Province Of China
Coty Prestige Southeast Asia (Thailand) Company Limited	Thailand
HFC Prestige Manufacturing (Thailand) Ltd.	Thailand
HFC Prestij Satış ve Dağıtım Ltd. Şti.	Turkey
Coty Distribution Emirates L.L.C.	United Arab Emirates
Coty Middle East Fzco	United Arab Emirates
Coty Regional Trading FZE	United Arab Emirates
HFC Prestige International Operations SARL	United Arab Emirates
Beamly Ltd.	United Kingdom
Beauty International Ltd.	United Kingdom
Bourjois Limited	United Kingdom
Coty Brands Group Limited	United Kingdom

Coty Export U.K. Ltd.	United Kingdom
Coty Manufacturing UK Ltd.	United Kingdom
Coty Services U.K. Ltd.	United Kingdom
Coty U.K. Limited	United Kingdom
Coty UK&I Ltd	United Kingdom
Del Laboratories (U.K.) Limited	United Kingdom
ghd BondCo plc	United Kingdom
GHD Group Holdings Limited	United Kingdom
GHD Group Limited	United Kingdom
GHD Holdings Limited	United Kingdom
HFC Prestige Manufacturing UK Ltd	United Kingdom
HFC Prestige Products Ltd.	United Kingdom
HFC Prestige Service UK Ltd	United Kingdom
Jemella Group (Holdings) Limited	United Kingdom
Jemella Group Limited	United Kingdom
Jemella Limited	United Kingdom
Lancaster Group, Ltd.	United Kingdom
Lion/Gloria Bidco Limited	United Kingdom
Lion/Gloria Holdco Limited	United Kingdom
Lion/Gloria Midco 2 Limited	United Kingdom
Lion/Gloria Midco 3 Limited	United Kingdom
Lion/Gloria Midco Limited	United Kingdom
Lion/Gloria Topco Limited	United Kingdom
Rimmel International Ltd.	United Kingdom
GHD Professional, North America, Inc.	United States - CA
HFC Prestige Products, Inc.	United States - CT
Beamly Inc.	United States - DE
Calvin Klein Cosmetic Corporation	United States - DE
Coty Brands Management Inc.	United States - DE
Coty Holdings, Inc.	United States - DE
Coty Holding TopCo US Branch	
Coty Inc.	United States - DE
Coty International LLC	United States - DE
Coty Operations Americas LLC	United States - DE
Coty US Holdings Inc.	United States - DE
Coty US LLC	United States - DE
DLI International Holding I LLC	United States - DE
DLI International Holding II Corp	United States - DE
Galleria Co.	United States - DE
Graham Webb International, Inc.	United States - DE
HFC Prestige International U.S. LLC	United States - DE
Launch Beauty LLC	United States - DE
O P I Products, Inc.	United States - DE
Rimmel Inc.	United States - DE
The Wella Corporation	United States - DE
Noxell Corporation	United States - MD
Coty Beauty Vietnam Company Limited	Viet Nam

Certification

I, Pierre Laubies, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coty Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2020

/s/Pierre Laubies

Pierre Laubies

Chief Executive Officer

Certification

I, Pierre-André Terisse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Coty Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2020

/s/Pierre-André Terisse

Pierre-André Terisse

Chief Financial Officer and Chief Operating Officer

Certification
Pursuant to Rule 13a-14(b) or
Rule 15d-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of Coty Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The quarterly report on Form 10-Q for the quarter ended December 31, 2018 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2020

/s/Pierre Laubies

Pierre Laubies

Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.

Certification
Pursuant to Rule 13a-14(b) or
Rule 15d-14(b) and 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002)

Pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002), the undersigned officer of Coty Inc., a Delaware corporation (the “Company”), does hereby certify, to such officer’s knowledge, that:

The quarterly report on Form 10-Q for the quarter ended December 31, 2018 (the “Report”) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m or 78o(d)), and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 11, 2020

/s/Pierre-André Terisse

Pierre-André Terisse

Chief Financial Officer and Chief Operating Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and for no other purpose.