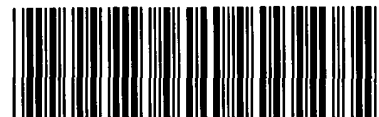


ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANIES HOUSE

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

COMPANY INFORMATION

Director	J F Owen
Registered number	05094961
Registered office	1st Floor Charter Building Charter Place Uxbridge Middlesex UB8 1JG
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG
Bankers	National Westminster Bank plc 250 Regent Street Soho London W1B 3BN
Solicitors	Diserio Martin O'Connor & Castiglioni LLP 1010 Washington Boulevard Stamford Connecticut CT 06901

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

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ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the Strategic Report for Original Additions (Beauty Products) Limited for the year ended 31 December 2021.

Principal activity

The Company's principal activity during the year was that of the design, production and distribution of beauty products. The Company's principal brands are Eylure, Elegant Touch and Salon Systems.

Business review

In 2021 sales were £50.6 million, an increase on 2020. 2021 reflected a partial recovery from the negative impact of the COVID-19 pandemic.

Gross margin declined from 41% in 2020 to 39% in 2021. This change in gross margin is attributable to channel and product mix.

In 2018 we began the process of preparing for the departure of the United Kingdom from the European Union, which was effective January 1, 2021. While we have experienced increases in logistics costs and increases in shipping times we have continued to service our European customers into 2022.

During 2021 we exited our own operated distribution centre and moved to a third party logistics model. Additionally, we relocated our head office to Uxbridge. These moves are intended to assist us in better serving our customers and in providing a better environment for our employees.

Financial key performance indicators

The director monitors the following KPIs:

- Gross margin - 39% (2020 - 41%)
- Percentage of revenue from overseas markets - 36% (2020 - 31%)

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Director's statement of compliance with duty to promote the success of the Company

The director of the Company must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as whole and, in doing so, have regards (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members/shareholders of the Company.

Decision Making and Governance

Within Original Additions (Beauty Products) Limited the directors fulfil their duties, as summarised above, through a corporate governance structure that delegates day-to-day decision making to the employees of the Company. In managing risks and exploiting opportunities the Company seeks to balance market share, retailer and consumer satisfaction, brand perception, and the financial wellbeing of the Company. Actions yielding short terms gains are not taken if long term ramifications are detrimental to any of these measures.

Employees

The Company is committed to be a responsible business. Our behaviour is aligned with the expectations of our employees, customers, and shareholders. Our average tenure of employee is 8 years, and 52% of our employees have been employed by us for at least five years.

Business Relationships

Our strategy prioritises organic growth in the UK and internationally, and securing new customers for the Company. To do this we need to develop and maintain strong customer and distributor relationships. We also need to develop and maintain close relationships with our suppliers, many of whom we have worked with for a number of years, to foster innovation.

Community and Environment

The Company's approach is to use its position, as far as it can and on a proportionate and responsible basis, as an employer and distributor of beauty products to create positive change for the people and communities with which we interact.

Standards of Business Conduct

We are committed to conducting business with high ethical standards, including compliance with all applicable laws and regulations.

Balancing Interests of Diverse Shareholders

As we are a wholly owned subsidiary of our US based parent company, Parfums de Coeur Ltd, this point is not applicable.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Streamlined Energy & Carbon Reporting (SECR)

In the reporting period the Company demonstrated a decrease in both scope 1 and 2 emissions. This was due to the downsizing of offices into a new shared office, and now outsourcing the warehouses to third parties.

Both the Company owned vehicle usage and employee-owned business miles saw an increase as the Company began to increase travel, this was possible due to the lessened restrictions comparing to the previous reference period.

Methodology

ista Energy Solutions was appointed as the specialist service adviser to quantify the Greenhouse Gas (GHG) emissions associated with the Company's operations.

The UK Government's Condensed Greenhouse Gas conversion factors for 2020 have been applied to calculate the carbon emissions to the following reporting standards:

- The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004).
- The Greenhouse Gas Protocol – Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015). Application of location-based and market-based emission factors for electricity supplies.
- The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011).
- Where data was missing, values were estimated using an extrapolation of available data or ESOS Phase 3 information.

An operational control approach has been used to define the Company's organisational boundary. This is the basis for determining Scope 1 and Scope 2 emissions for which the Company is responsible.

Operational SECR Inventory

	2021	2020
Energy consumption used to calculate tCO ₂ e: /kWh	553,169	679,447
Emissions from Scope 1 tCO ₂ e	64	79
Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	34	57
Emissions from business travel in rental cars or employee-owned vehicles where the Company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	12	7
Total gross tCO ₂ e based on above	110	143
Intensity ratio: tCO ₂ e gross pre £000,000 sales revenue	2.2	3.2
Sales revenue £000,000	50.6	44.8

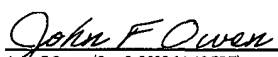
ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Base Year

A rolling base year has been selected. The choice was made as it is only the second year of SECR and it was deemed more reliable to embed emissions reporting before selecting a base year.

This report was approved by the board and signed on its behalf.


John F Owen (Sep 8, 2022 14:46 EDT)

J F Owen
Director

Date: 08/09/2022

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £3,835,959 (2020 - £3,717,026).

No dividends were paid or proposed in the year (2020 - £Nil).

Director

The director who served during the year was:

J F Owen

Financial risk management

Mitigation of foreign currency exchange risk

An appreciable portion of the Company's purchases are made in US dollars and, to protect the value of these purchases against currency fluctuations, dollar purchases are covered by forward foreign exchange contracts. There were forward contracts totalling \$4.2m in place at 31 December 2021 (2020 - \$10m). In 2021 they had an average cost of £1:\$1.326 (2020 - £1:\$1.306) compared to the market rate of £1:\$1.347 (2020 - £1:\$1.365).

Mitigation of credit risk

The Company regularly reviews the outstanding debts to reduce the likelihood of bad debt losses.

Liquidity risk

The liquidity risk is managed through forecasting the Company's future cash flow requirements and maintaining sufficient cash reserves.

Price risk

The Company is exposed to price risk due to normal inflationary increases in the purchase price of supplies and services.

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.


Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.


John F Owen (Sep 8, 2022 14:46 EDT)

J F Owen
Director

Date: 08/09/2022

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

Opinion

We have audited the financial statements of Original Additions (Beauty Products) Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with the framework through:

- Outsourcing payroll, accounts preparation and tax compliance to external experts; and
- Subscribing to relevant updates from external experts and making changes to internal procedures as necessary.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Stock and debtor provisions as these are estimates made by management; and
- Management override of controls resulting in manipulation of the financial statements, especially revenue, via fraudulent journal entries or error affecting cut-off around the year end.

These areas were communicated to the other members of the engagement team not present at the discussion. The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above and comparison to post-year-end data as appropriate;
- Substantive work on material areas affecting profit;
- Testing journal entries, particularly focussing on postings to unexpected or unusual accounts; and
- Testing of transactions around the year end, agreeing that revenue was recognised appropriately.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORIGINAL ADDITIONS (BEAUTY PRODUCTS)
LIMITED (CONTINUED)

Use of our report

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

CLA Evelyn Partners Limited

CLA Evelyn Partners Limited (Sep 9, 2022 11:48 GMT+1)

Alan Waters (Senior Statutory Auditor)

for and on behalf of

CLA Evelyn Partners Limited

Chartered Accountants

Statutory Auditor

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

Hampshire

SO15 2BG

Date: 09/09/2022

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	50,641,242	42,089,250
Cost of sales		(30,643,531)	(24,645,425)
Gross profit		19,997,711	17,443,825
Administrative expenses		(15,745,625)	(12,531,026)
Fair value movements on foreign exchange forward contracts		272,476	(254,461)
Operating profit	5	4,524,562	4,658,338
Tax on profit	7	(688,603)	(941,312)
Profit for the financial year		3,835,959	3,717,026

There was no other comprehensive income for 2021 (2020 - £Nil).

The notes on pages 16 to 32 form part of these financial statements.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED
REGISTERED NUMBER:05094961

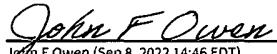
BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	8	917,086	1,286,410
Tangible assets	9	630,101	133,349
Investments	10	2,452	2,452
		<u>1,549,639</u>	<u>1,422,211</u>
Current assets			
Stocks	11	12,891,454	13,314,666
Debtors: amounts falling due within one year	12	24,702,863	20,921,498
Cash at bank and in hand	13	9,609,218	7,333,503
		<u>47,203,535</u>	<u>41,569,667</u>
Creditors: amounts falling due within one year	14	(11,732,915)	(9,473,795)
Net current assets		<u>35,470,620</u>	<u>32,095,872</u>
Total assets less current liabilities		<u>37,020,259</u>	<u>33,518,083</u>
Provisions for liabilities			
Deferred tax	15	(65,217)	-
Other provisions	16	(15,000)	(414,000)
Net assets		<u>36,940,042</u>	<u>33,104,083</u>
Capital and reserves			
Called up share capital	17	821	821
Share premium account	18	100,072	100,072
Capital redemption reserve	18	359,707	359,707
Profit and loss account	18	36,479,442	32,643,483
Shareholders' funds		<u>36,940,042</u>	<u>33,104,083</u>

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED
REGISTERED NUMBER:05094961

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


John F Owen (Sep 8, 2022 14:46 EDT)

J F Owen
Director

Date: 08/09/2022

The notes on pages 16 to 32 form part of these financial statements.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2020	821	100,072	359,707	28,926,457	29,387,057
Comprehensive income for the year					
Profit for the year	-	-	-	3,717,026	3,717,026
At 1 January 2021	821	100,072	359,707	32,643,483	33,104,083
Comprehensive income for the year					
Profit for the year	-	-	-	3,835,959	3,835,959
At 31 December 2021	821	100,072	359,707	36,479,442	36,940,042

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Original Additions (Beauty Products) Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 05094961). The registered office address is 1st Floor Charter Building, Charter Place, Uxbridge, Middlesex, UB8 1JG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemptions under the reduced disclosure framework

The Company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows; and
- reduced disclosures for share-based payments and financial instruments (as equivalent disclosures have been given in the consolidated financial statements of PDC Brands UK Limited).

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2.4 Going concern

The board has reviewed forecasts and further information that has reassured it that there is a reasonable expectation that the Company will have adequate cash resources to meet its obligations as they fall due for a period of at least twelve months after the date on which the report and financial statements are signed.

The UK parent company, PDC Brands UK Limited, has a loan facility provided by its parent company, Parfums de Coeur Ltd, which is currently due for repayment in June 2023. A letter of support has been obtained from Parfums de Coeur Ltd confirming its intention to refinance this loan facility and provide any other financial support needed such that the UK Group will remain a going concern for 12 months from the date of signing the accounts. For these reasons, the Company continues to adopt the going concern basis in the financial statements.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.6 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.8 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to profit or loss over its useful economic life of 20 years. The amortisation expense is included within administrative expenses.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the term of the lease of 20 years
Fixtures, fittings and office equipment	- 25% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss, as described below.

Non-financial assets

The recoverable amount of a non-financial asset is the higher of its fair value less costs to sell and its value in use. An asset is impaired where the estimated recoverable value of the asset has been reduced.

The recoverable amount of goodwill is derived from measurement of the present value of the future cashflows of the cash-generating units ("CGUs") of which the goodwill is part. Any impairment loss is allocated first to the goodwill attached to that CGU, and thereafter to other assets within that CGU on a pro rata basis.

Financial assets

Financial assets that are measured at cost or amortised cost are assessed at the end of each reporting period for objective evidence of impairment. The impairment loss is measured as the difference between a financial asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the related contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the board's best estimate of its value, with the latter being an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.12 Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, and are shown net of provisions for slow moving and obsolete stocks. Costs include materials, costs of assembly, freight and duty costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Derivative financial instruments are classified as other financial instruments. They are measured at fair value on initial recognition and at the end of each reporting period, with changes in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Company are outlined below.

Stock provision

At each reporting date, the Company's stock holding is analysed to identify items which may be obsolete and a provision is made against those items. The carrying value after provision totalled £12,891,454 (2020 - £13,314,666).

Debtor provision

At each reporting date, the Company's trade debtor balance is reviewed to identify balances against which specific provisions are required. The carrying value after provision totalled £7,450,779 (2020 - £4,694,241).

Retrospective and promotional discounts

Certain promotions are funded retrospectively, the cost of these promotions cannot be confirmed until the promotions are concluded and the customer submits a claim. At each reporting date, an estimate of the outstanding and uninvoiced charges is provided for in the Company's accounts.

4. Turnover

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	32,565,062	29,207,397
Rest of Europe	15,046,996	10,348,992
Rest of the world	3,029,184	2,532,861
	<u>50,641,242</u>	<u>42,089,250</u>

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	46,655	44,455
Exchange differences	188,163	(43,888)
Operating lease rentals	728,724	768,649
	<u>728,724</u>	<u>768,649</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent company.

6. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	3,545,499	3,500,459
Social security costs	437,013	388,200
Cost of defined contribution scheme	122,539	96,057
	<u>4,105,051</u>	<u>3,984,716</u>

The average monthly number of employees, including the director, during the year was as follows:

	2021 No.	2020 No.
Production and distribution	24	28
Sales and marketing	11	39
Office and administration	38	14
	<u>73</u>	<u>81</u>

Director's remuneration

The director is remunerated from other group companies and it is not possible to split their emoluments between other group companies.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	619,506	1,030,526
Adjustments in respect of previous periods	(81,846)	-
Total current tax	<u>537,660</u>	<u>1,030,526</u>
Deferred tax		
Origination and reversal of timing differences	153,895	(73,891)
Effect of tax rate change on opening balance	(21,282)	(1,246)
Adjustments in respect of prior periods	18,330	(14,077)
Total deferred tax	<u>150,943</u>	<u>(89,214)</u>
Taxation on profit on ordinary activities	<u>688,603</u>	<u>941,312</u>

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>4,524,562</u>	<u>4,658,338</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	859,667	885,084
Effects of:		
Expenses not deductible for tax purposes	70,695	136,201
Adjustments to tax charge in respect of prior periods	(81,846)	-
Adjustments to tax charge in respect of prior periods - deferred tax	18,330	(14,077)
Other timing differences leading to an increase in taxation	23,547	-
Non-taxable income	(47,814)	-
Other tax differences	28,224	(64,649)
Group relief claimed	(197,853)	-
Remeasurement of deferred tax for changes in tax rates	15,653	(1,247)
Total tax charge for the year	<u>688,603</u>	<u>941,312</u>

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8. Intangible assets

	Goodwill £
Cost	
At 1 January 2021	7,386,411
At 31 December 2021	<u>7,386,411</u>
Amortisation	
At 1 January 2021	6,100,001
Charge for the year	369,324
At 31 December 2021	<u>6,469,325</u>
Net book value	
At 31 December 2021	<u>917,086</u>
<i>At 31 December 2020</i>	<u><u>1,286,410</u></u>

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

9. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings and office equipment £	Total £
Cost			
At 1 January 2021	139,885	683,540	823,425
Additions	-	788,311	788,311
Disposals	(139,885)	(35,474)	(175,359)
At 31 December 2021	-	1,436,377	1,436,377
Depreciation			
At 1 January 2021	139,885	550,191	690,076
Charge for the year	-	276,699	276,699
Disposals	(139,885)	(20,614)	(160,499)
At 31 December 2021	-	806,276	806,276
Net book value			
At 31 December 2021	-	630,101	630,101
At 31 December 2020	-	133,349	133,349

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2021	2,452
At 31 December 2021	<u>2,452</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Eylure Limited	Dormant	Ordinary	100%
Naturelle Limited	Dormant	Ordinary	100%
City Chick Limited	Dormant	Ordinary	100%
Nail Basics Limited	Dormant	Ordinary	100%
Salon System Limited	Dormant	Ordinary	100%
Original Additions Limited	Dormant	Ordinary	100%
Original Additions LLC	Dormant	Ordinary	100%

The registered office address of the UK subsidiaries (Eylure Limited, Naturelle Limited, City Chick Limited, Nail Basics Limited, Salon System Limited and Original Additions Limited) is 1st Floor Charter Building, Charter Place, Uxbridge, Middlesex, UB8 1JG.

The registered office address of the US subsidiary (Original Additions LLC) is Cogency Global Inc., 850 New Burton Road Suit 201, Dover, Kent, 19904 DE.

11. Stocks

	2021 £	2020 £
Raw materials and consumables	215,459	1,469,818
Finished goods and goods for resale	12,675,995	11,844,848
	<u>12,891,454</u>	<u>13,314,666</u>

An impairment loss of £200,154 (2020 - £216,445) was recognised in cost of sales in relation to the movement in provision against stock during the year due to slow-moving and obsolete stock.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Debtors

	2021 £	2020 £
Trade debtors	7,450,779	4,694,241
Amounts owed by group undertakings	15,041,662	14,782,097
Other debtors	772,988	301,751
Prepayments and accrued income	1,437,434	1,057,683
Deferred taxation (note 15)	-	85,726
	<u>24,702,863</u>	<u>20,921,498</u>

13. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>9,609,218</u>	<u>7,333,503</u>

An intercompany guarantee is in place with Original Additions Topco Limited as security on the bank accounts held by the Company.

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	4,503,374	2,099,174
Amounts owed to group undertakings	2,843,762	3,033,006
Corporation tax	319,974	921,817
Other taxation and social security	125,128	220,795
Other creditors	1,308,136	1,243,426
Accruals and deferred income	2,567,750	1,618,310
Derivative financial liabilities	64,791	337,267
	<u>11,732,915</u>	<u>9,473,795</u>

Included above are forward foreign exchange contracts held at fair value totalling £64,791 (2020 - £337,267). The fair values of the liabilities held at fair value through profit or loss at the period end date are determined using quoted prices.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Deferred taxation

	2021 £	2020 £
(Asset)/liability at beginning of year	(85,726)	3,488
Charged/(credited) to profit or loss	150,943	(89,214)
Liability/(asset) at end of year	65,217	(85,726)

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	91,395	4,270
Short-term timing differences	(26,178)	(89,996)
	65,217	(85,726)

16. Other provisions

	Dilapidations provision £
At 1 January 2021	414,000
Amounts utilised during the year	(414,000)
Amounts charged during the year	15,000
At 31 December 2021	15,000

During 2021, the provision in relation to the business' former premises was settled.

The amounts charged during the year relate to the contractual obligations of the Company on surrender of certain operating leases in respect of their new premises, to reinstate these premises to the same state and conditions as before the occupancy.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
331 Ordinary class A shares of £1.00 each	331	331
400 Ordinary class B shares of £1.00 each	400	400
90 Ordinary class C shares of £1.00 each	90	90
	<hr/>	<hr/>
	821	821
	<hr/>	<hr/>

Ordinary shareholders of any class are entitled to attend, speak and vote at general meetings. All ordinary shares in issue rank pari passu.

On winding up of the Company, ordinary shares are treated as one class and rank equally in respect of the distribution on wind up of any surplus assets and retained profits.

18. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

This reserve relates to the nominal value of shares that the Company has bought back.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

19. Share-based payments

Certain members of the Company have been awarded share appreciation rights in the ultimate parent entity. At the year end, 1,950 units (2020 - 1,750) had been granted with a stated value of between \$964 and \$1,445. Of these units, two thirds vest over a 5-year period and one third are performance based subject to an exit event on a specified return of capital. 200 units (2020 - 300) were granted during the year and none (2020 - 500) lapsed. No charge has been recognised on the grounds of immateriality.

20. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund as well as to certain employees' personal schemes and amounted to £122,539 (2020 - £96,057). Contributions totalling £50,599 (2020 - £50,599) were payable to the fund at the balance sheet date.

ORIGINAL ADDITIONS (BEAUTY PRODUCTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

21. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	192,975	288,622
Later than 1 year and not later than 5 years	1,093,591	41,154
Later than 5 years	1,070,935	-
	<u>2,357,501</u>	<u>329,776</u>

22. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

23. Controlling party

The immediate parent undertaking is Original Additions Topco Limited, a company registered in England and Wales.

The ultimate parent undertaking is Wellness Group Holdings LP, a company registered in the United States of America.

The smallest group of undertakings for which group accounts for the year ending 31 December 2021 have been drawn up, is that headed by PDC Brands UK Limited. The registered office address of PDC Brands UK Limited is 1st Floor Charter Building, Charter Place, Uxbridge, Middlesex, UB8 1JG. Copies of the consolidated financial statements can be obtained from Companies House.

The largest group of undertakings for which group accounts for the year ending 31 December 2021 have been drawn up, is that headed by Wellness Group Holdings LP. The registered office address of Wellness Group Holdings LP is c/o CVC Capital Advisors, One Maritime Plaza, Unit 1610, San Francisco, CA 94111. Copies of the consolidated financial statements can be obtained from c/o PDC Brands, 750 E Main St, Suite 1000, Stamford, CT 06902, USA.

The directors do not consider there to be an ultimate controlling party.