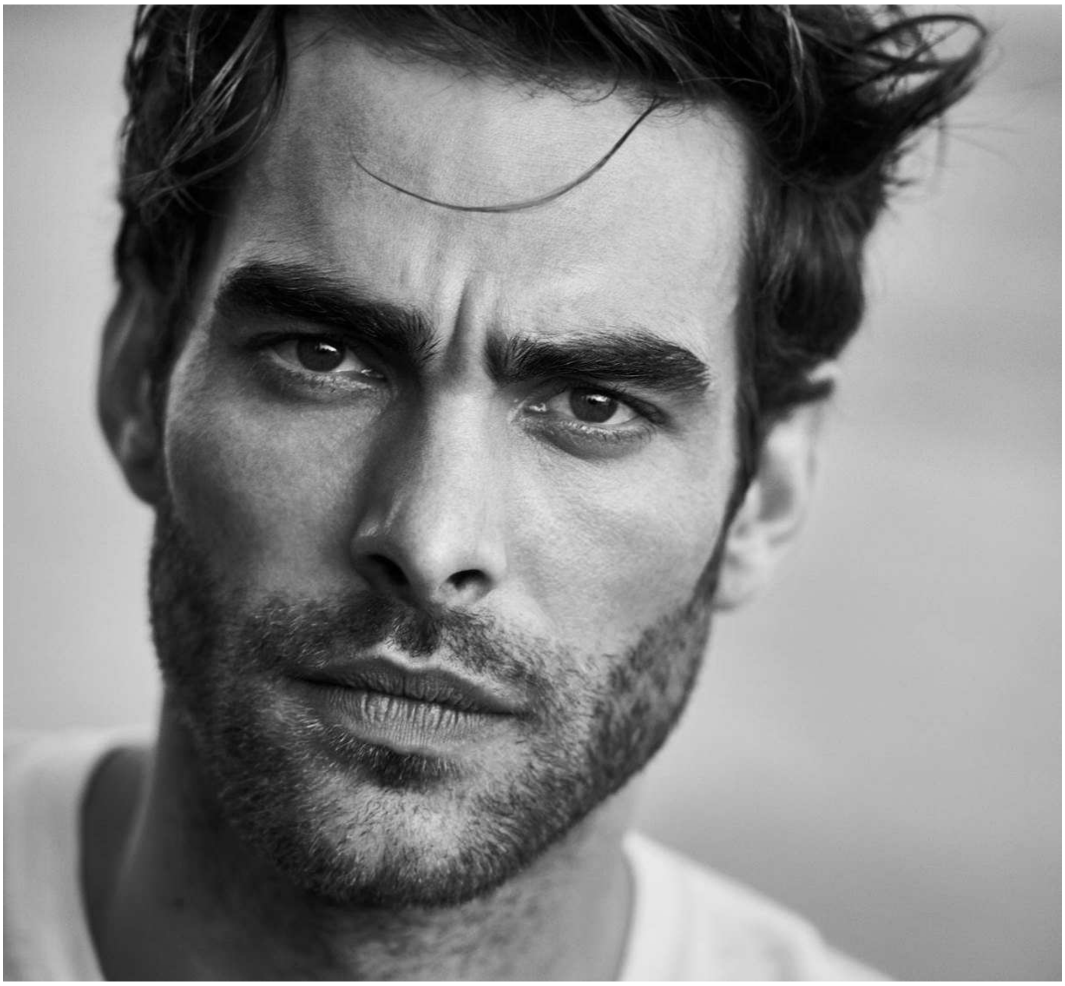

3M FY 2018/19
Interim Financial Report

Kirk Beauty One GmbH

as at December 31, 2018

DOUGLAS

DOUGLAS

Content

Important Notice..3
Disclosure Regarding Forward-Looking Statements..4
Management's Discussion and Analysis of Financial Condition and Results of Operations 5
The Company 6
Result of Operations..... 7
Segment Reporting 8
Three Months Ended December 31, 2018 compared to Three Months Ended December 31, 2017...10
Liquidity and Capital Resources..14
Overview 14
Net Working Capital..15
Investments in non-current assets 15
Consolidated Cash Flow Data..16
Interim Consolidated Financial Statements..18
Interim Consolidated Statement of Profit or Loss 19
Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income...20
Interim Consolidated Statement of Financial Position 21
Interim Statement of Changes in Group Equity 23
Interim Consolidated Statement of Cash Flows 24
Notes to the Interim Consolidated Financial Statements.......................................25

The consolidated statements have been prepared in millions of Euro (€ million). Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

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This financial report includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “aims,” “targets,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this financial report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate, other statements relating to our future business performance and general economic, regulatory and market trends and other circumstances relevant to our business.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this financial report. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this financial report, those results or developments may not be indicative of results or developments in subsequent periods.

We undertake no obligation, and do not expect, to publicly update or revise any forward-looking statement to reflect actual results, changes in assumptions based on new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this financial report.

We suggest you to read the section of this financial report entitled *“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the section “Risk Factors” of our Financial Report as at September 30, 2018* for a more detailed discussion of the factors that could affect our future performance and the industry in which we are operating.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Investors should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" together with the additional financial information contained elsewhere in this financial report including the financial statements and the related notes thereto. Our historical results are not necessarily indicative of the results to be expected in the future, and our interim results are not necessarily indicative of the results to be anticipated for the full financial year ending September 30, 2019 or any other period.

All of the financial data presented in the text and tables below are shown in millions of Euro, except as otherwise stated. Certain financial data (including percentages) in the following tables have been rounded according to established commercial standards. This may lead to individual numbers presented throughout this report not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. In respect of financial data set out in this financial report, a dash ("—") signifies that the relevant figure is not available or not applicable, while a zero ("0") signifies that the relevant figure is available but has been rounded to or equals zero.

These Interim Consolidated Financial Statements have been prepared following IAS 34 Interim Financial Reporting, and should be read in conjunction with the Company's last annual consolidated financial statements as at and for the financial year ended September 30, 2018.

The results of operations and related cash flows in the following text and tables refer to three months of the financial year 2018/19, i.e. from October 1, 2018 to December 31, 2018 compared to three months of the financial year 2017/18, i.e. from October 1, 2017 to December 31, 2017.

The Company

DOUGLAS ("DOUGLAS Group", "Kirk Beauty One GmbH", the "Company", the "Group") is a German limited liability company (Gesellschaft mit beschränkter Haftung) incorporated on April 10, 2015 and has its registered office at Luise-Rainer-Straße 7-11, 40235 Düsseldorf/Germany.

DOUGLAS is the leading European specialist retailer of selective beauty and personal care products who generates the vast majority of its sales in the selective beauty distribution channel, i.e. it requires the formal approval by a supplier to distribute a selective product, as opposed to the mass market channel.

Our overall aim is to create a customer centric #1 beauty destination and further expand and strengthen our position as European market leader for beauty across channels with a modern and premium brand positioning.

In the prior financial year 2017/18 we have launched our new value creation strategy #FORWARDBEAUTY consisting of five key pillars – DOUGLAS Brand, Stores, E-Commerce, Assortment and CRM – and brought to life by over 20,000 brand ambassadors.

The investment into the modernization of our new visual brand language and in particular new logo, the new store concept(s), the relaunch of our online shop and app, the upgrade of our assortment with a focus on trending brands as well as an increasing share of own brands, including the new own brands #INNERBEAUTY and Susanne von Schmiedeberg as well as the continued focus and expansion of our CRM program around our Beauty Card are important elements of #FORWARDBEAUTY.

In response to the important trend of medical brands, nature brands and nutrition supplements we created the new product category "beauty nutrition" including our new own brand #INNERBEAUTY, as well as different "Dr. brands", and launched a dedicated new store format "Douglas PRO" which is also available online as a separate tab in our shop.

During the prior financial year 2017/18, the following acquisitions were made; their initial inclusion limits the comparability of figures:

- Perfumerías IF Group, Spain (IF):
  In November 2017, 103 Perfumerías IF stores (thereof 5 retail stores in Andorra) were acquired and included for the first time as of November 1, 2017.
- LLG Group, Italy (LLG):
  The Douglas Group acquired Limoni S.p.A., Milan/Italy, and La Gardenia Beauty S.p.A., Grosseto/Italy in mid-November 2017. They were first included in the Kirk Beauty One Group as of November 1, 2017.
- Parfümerie AKZENTE GmbH, Germany (Parfumdreams):
  By mid-August 2018, the Parfümerie AKZENTE GmbH was acquired and included for the first time as of September 1, 2018.

Result of Operations

The following table summarizes our financial performance for the periods indicated:

		10/01/2018 - 12/31/2018 EUR m	10/01/2017 - 12/31/2017 EUR m
1.	Sales	1,219.7	1,137.7
2.	Cost of raw materials, consumables and supplies and merchandise	-692.2	-647.2
3.	Gross profit from retail business	527.5	490.5
4.	Other operating income	95.9	81.5
5.	Personnel expenses	-170.8	-162.8
6.	Other operating expenses	-277.2	-249.4
7.	EBITDA	175.3	159.9
	Effects non-recurring on a regular basis	11.0	23.3
	Adjusted EBITDA	186.3	183.2
8.	Amortization/depreciation	-28.3	-28.9
9.	EBIT	147.0	131.0
10.	Financial income	10.9	6.8
11.	Financial expenses	-29.7	-29.6
12.	Financial result	-18.8	-22.8
13.	Earnings (loss) before tax (EBT)	128.2	108.1
14.	Income taxes	-37.7	-33.3
15.	Profit (loss) for the period	90.5	74.9

Segment Reporting

In conformity with IFRS 8 “Operating Segments”, the reporting segments are categorized on the basis of their organizational and decision-making structure and the content of the internal reporting to the chief operating decision-maker. Unchanged to the financial year ended September 30, 2018, the DOUGLAS Group’s countries are classified as operating segments which are allocated to the reportable segments Germany, France, South-Western Europe and Eastern Europe.

Except for the adjustments of the expenses and income that the management considers to be “non-recurring effects on a regular basis” the segment results of the operating segments are determined in accordance with the IFRS accounting and valuation methods. Transfers between segments are generally performed at the same prices that would apply if the transaction were executed with third parties (arm’s length transactions).

Segment sales represent sales with external third parties. Intersegment sales present sales between individual segments. The allocation of segment sales is based on the registered office of the selling unit. The segment performance indicator is adjusted EBITDA. Adjusted EBITDA is the DOUGLAS Group’s key performance indicator that is used to assess the performance of the segments and manage resource allocation. Adjusted EBITDA is also decisive for calculating the underlying covenants of loan financing. To calculate this key performance indicator, EBITDA is adjusted for items that the Kirk Beauty One management considers to be “non-recurring effects on a regular basis”.

Sales

The following table shows the external sales of our segments, which exclude sales between segments, for the periods indicated:

	10/01/2018 - 12/31/2018	10/01/2017 - 12/31/2017
	EUR m	EUR m
Sales	1,219.7	1,137.7
Segments		
Germany		
Sales (net)	445.8	403.1
Intersegment sales	19.0	25.2
Sales	464.8	428.3
France		
Sales (net)	300.2	294.8
Intersegment sales	0.0	0.0
Sales	300.2	294.8
South-Western Europe		
Sales (net)	355.6	333.3
Intersegment sales	0.0	0.0
Sales	355.6	333.3
Eastern Europe		
Sales (net)	118.1	106.5
Intersegment sales	0.0	0.0
Sales	118.1	106.5

EBITDA and Adjusted EBITDA

We evaluate each of our business segments using a measure that reflects all the segment's income and expenses. We believe the most appropriate measure in this regard is Adjusted EBITDA as it is helpful for investors as a measurement of the segment's ability to generate cash and to service financing obligations. EBITDA and Adjusted EBITDA are non-IFRS measures. To obtain Adjusted EBITDA, we adjust our EBITDA for either non-recurring items on a regular basis or impacts limited to a certain period of time. Non-recurring items on a regular basis include, but are not limited to PPA effects, consulting fees, restructuring costs, extraordinary financing costs such as fees and other extraordinary costs. The definition of items included in „non-recurring items on a regular basis" is unchanged compared to the Kirk Beauty One IFRS Consolidated Financial Statements as per September 30, 2018.

Because not all companies that publish financial information calculate EBITDA and Adjusted EBITDA on a consistent basis, our presentation of these measures may not be comparable to measures under the same or similar names used by other companies. Accordingly, undue reliance should not be placed on these measures.

The following table shows our EBITDA and Adjusted EBITDA separated by segments for the periods indicated:

		10/01/2018 - 12/31/2018	10/01/2017 - 12/31/2017
EBITDA	EUR m	175.3	159.9
EBITDA margin	%	14.4	14.1
Effects non-recurring on a regular basis	EUR m	11.0	23.3
Adjusted EBITDA	EUR m	186.3	183.2
Adjusted EBITDA margin	%	15.3	16.1
Segments			
Germany			
EBITDA	EUR m	32.0	35.8
EBITDA margin	%	7.2	8.9
Effects non-recurring on a regular basis	EUR m	4.8	6.9
Adjusted EBITDA	EUR m	36.8	42.7
Adjusted EBITDA margin	%	8.3	10.6
France			
EBITDA	EUR m	64.1	62.5
EBITDA margin	%	21.4	21.2
Effects non-recurring on a regular basis	EUR m	3.3	2.0
Adjusted EBITDA	EUR m	67.4	64.5
Adjusted EBITDA margin	%	22.4	21.9
South-Western Europe			
EBITDA	EUR m	53.5	37.5
EBITDA margin	%	15.0	11.3
Effects non-recurring on a regular basis	EUR m	2.0	13.9
Adjusted EBITDA	EUR m	55.5	51.5
Adjusted EBITDA margin	%	15.6	15.4
Eastern Europe			
EBITDA	EUR m	25.6	24.3
EBITDA margin	%	21.7	22.8
Effects non-recurring on a regular basis	EUR m	1.0	0.5
Adjusted EBITDA	EUR m	26.6	24.8
Adjusted EBITDA margin	%	22.5	23.3

Three Months Ended December 31, 2018 compared to Three Months Ended December 31, 2017

Sales (net) (i.e. sales generated from third parties)

Total sales (net) increased versus previous year by very strong 7.2 percent, resulting from both our strong organic growth, in particular online, fueled by successful campaigns around key events such as Singles' Day, Black Friday and Christmas business as well as acquisitions of "Parfumdreams", "LLG" and "Perfumerias IF" which were not (fully) included in the prior-year period 2017/18. All segments, managed to increase their sales during the three months ended December 31, 2018, compared to the first quarter of the financial year 2017/18.

Also, on a like-for-like basis our sales (net) increased strongly by 3.6 percent, a strong testimony of #FORWARDBEAUTY showing effects.

Our total online sales increased by an excellent 36.9 percent compared to the prior-year period.

Sales (net) in our four reporting segments – Germany, France, South-Western Europe and Eastern Europe – developed as follows:

Sales (net) in Germany increased by €42.7 million or 10.6 percent versus the prior-year period. This increase in sales is mainly attributable to positive effects of #FORWARDBEAUTY, in particular online, the successful business around key events as mentioned above as well as the acquisition of "parfumdreams". On a like-for-like basis our sales (net) in Germany increased strongly by 3.8 percent.

In France sales (net) exceeded prior-year period with 1.8 percent, resulting from both a significant growth of online sales and good sales in stores. This stable sales level reflects the attractive CRM offers during Christmas, particularly in the context of yellow vest riots. On a like-for-like basis our sales (net) in France increased by presentable 2.0 percent.

Especially due to our acquisition of Limoni and La Gardenia in Italy and the acquired stores from Perfumerias IF in Spain, both in November 2017, sales in South-Western Europe grew strongly versus previous year by 6.7 percent. The integration of the acquisitions is making progress and the South-Western Region, with Italy and Spain as leading countries, returned to organic growth, reflected by positive like-for-like sales, increased by strong 3.7 percent.

Sales (net) increased in Eastern Europe by an excellent 10.9 percent with all countries contributing to this positive sales development. The sales increase was driven by a strong store performance in each country as well as a significant increase in online sales. On a like-for-like basis our sales (net) in Eastern Europe increased by excellent 6.8 percent.

Cost of raw materials, consumables, supplies and merchandise

The cost of raw materials, consumables, supplies and merchandise for the first three months of the financial year 2018/19 amounted to €692.2 million (56.8 percent of total sales) compared to €647.2 million (56.9 percent of total sales) for the three months ended December 31, 2017. Corresponding to our net sales this step change is mainly due to our acquisition "Parfumdreams", "LLG" and "Perfumerias If" which were not fully included in the first three months of the financial year 2017/18 as well as to strong overall and especially very strong online sales.

Adjusted for non-recurring effects on a regular basis resulting from PPA-effects of our acquisition the adjusted cost of raw materials, consumables, supplies and merchandise for the three months ended December 31, 2018 amounted to €690.3 million (56.6 percent of total sales) compared to €642.3 million (56.5 percent of total sales) for the three months ended December 31, 2017.

Our adjusted gross margin decreased slightly by 0.1 percentage points as a percentage of total sales.

Other operating income

Other operating income increased from 7.2 percent to 7.9 percent as a percentage of sales. The increase was mainly affected by higher marketing income in combination with our increased marketing spend. Adjusted for extraordinary effects resulting from our acquisitions, other operating income as a percentage of total sales accounted for 7.8 percent compared to 7.2 percent in the financial year 2017/18.

Personnel expenses

The increase of €8.0 million in personnel expenses was mainly attributable to our acquisitions. Adjusted for extraordinary effects amounting to €2.5 million, the personnel expenses as a percentage of total sales slightly improved accounting for 13.8 percent as compared to 14.2 percent during the three months ended December 31, 2017.

Other operating expenses

As a percentage of total sales, other operating expenses increased to 22.7 percent compared to 21.9 percent during the three months ended December 31, 2017. Most of this increase is related to higher marketing and advertising costs. Adjusted for extraordinary effects mainly in connection with the reclassification of credit card fees into the financial result and our acquisitions, other operating expenses as a percentage of total sales accounted for 22.2 percent compared to 20.4 percent in the first three months of the financial year 2017/18.

EBITDA and Adjusted EBITDA

The EBITDA increased by 9.6 percent to €175.3 million during the first three months of the financial year 2017/18, especially related to higher sales driven by strong performance of the underlying business and further fueled by our acquisitions at an overall constant gross profit margin, partially compensated by higher marketing costs.

Adjusted EBITDA increased by 1.7 percent to €186.3 million during the three months ended December 31, 2018 from €183.2 million during the three months ended December 31, 2017.

As a percentage of sales (net), adjusted EBITDA has been below prior-year level particularly due to lower adjusted EBITDA level of Germany in light of marketing expenses as part of #FORWARDBEAUTY. Total adjustments for non-recurring items on a regular basis as well as credit card fees decreased by €12.3 million to €11.0 million during the first three months of the financial year 2018/19 compared to €23.3 million during the first three months of the financial year 2017/18. This decrease essentially results from lover consulting fees and restructuring costs referring to the acquisitions.

EBITDA and Adjusted EBITDA in our four reporting segments – Germany, France, South-Western Europe and Eastern Europe – developed as follows:

Adjusted EBITDA in Germany decreased by €5.9 million to €36.8 million during the three months ended December 31, 2018 from €42.7 million during the three months ended December 31, 2017. Adjustments on EBITDA of the German reporting segment totaled €4.8 million during the three months ended December 31, 2018, primarily resulting from PPA-effects and credit card fees. The decrease in adjusted EBITDA mainly resulted from front-loading of #FORWARDBEAUTY marketing measures to activate customers in the most important season of the year and to a lower extent certain investments into pricing in a highly price and promotion aggressive environment. Adjusted EBITDA margin decreased by 2.3 percentage points from 10.6 percent to 8.3 percent.

Adjusted EBITDA in France increased by €2.8million to €67.4 million during the three months ended December 31, 2018 from €64.5 million during the three months ended December 31, 2017. This improvement reflects an over-proportionate growth, supported by a very favorable assortment mix. The adjustments of €3.3 million during the three months ended December 31, 2018 mainly related to credit card fees.

Compared to prior-year period adjusted EBITDA in South-Western Europe significantly increased during the three months ended December 31, 2018 by €4.0 million from €51.5 million to €55.5 million, resulting especially from sales development of the acquisitions. The adjustments of

€2.0 million during the three months ended December 31, 2018 are primarily attributable to credit card fees and restructuring costs.

During the first three months of the financial year 2018/19 adjusted EBITDA in the Eastern Europe segment grew above prior-year level by €1.8 million from €24.8 million to €26.6 million in line with the growth path established over the past few years, with minor investments into still very attractive margins. The adjustments of €1.0 million during the three months ended December 31, 2018 mainly resulted from credit card fees.

EBIT

In the first three months of the financial year 2018/19, EBIT increased by €16.0 million to €147.0 million from €131.0 million during the three months ended December 31, 2017. Amortization and depreciation expenses are at prior year's level, hence we refer to the above section "EBITDA and adjusted EBITDA".

Financial result

Due to higher interest income from receivables, the financial result increased by €4.1 million to - €18.8 million during the three months ended December 31, 2018 from -€22.8 million compared to the three months of the financial year compared to the prior year period.

Income taxes

Income tax expenses amounted to € 37.7 million during the three months ended December 31, 2018 compared to € 33.3million during the three months ended December 31, 2017, driven by the increase of pre-tax income.

Profit and Adjusted Profit

As a result of the foregoing, our profit for the three months ended December 31, 2018 amounted to €90.5 million, compared to our profit amounting to €74.9 million during the three months ended December 31, 2017. Adjusted profit during the three months ended December 31, 2018 amounted to €94.9 million compared to €87.3 million in the prior-year period.

The adjustments in respect of EBITDA, already being disclosed above in the section "EBITDA and Adjusted EBITDA" and totaling €11.0 in the first three months ended December 31, 2018 are partially compensated by credit card fees and effects from valuation of financial instruments totaling €4.1 million, impairment effects accounting to €0.5 million and income tax effects of €2.0 million.

Liquidity and Capital Resources

Overview

The main sources of liquidity on an ongoing basis are the operating cash flows and a liquidity reserve from our €200.0 million senior secured multi-currency revolving credit facility (the "Revolving Credit Facility" or "RCF"). Our ability to generate cash depends on our operating performance which in turn depends to some extent on general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond our control. We believe that, based on our current level of operations as reflected in our results of operations for the three months ended December 31, 2018, our cash flows from operating activities, cash on hand and the availability of borrowings under our Revolving Credit Facility will be sufficient to fund our operations, capital expenditures and debt service for at least the next twelve months. As of December 31, 2018, there were no outstanding borrowings[1] under the Revolving Credit Facility.

The ability of the subsidiaries to pay dividends and make other payments to us may be restricted by, among other things, legal prohibitions on such payments or otherwise distributing funds to us, including for servicing debt.

We anticipate that we will continue to be leveraged in the foreseeable future. Our current level of debt may have negative consequences. In addition, any additional indebtedness that we do incur could reduce the amount of our cash flow available to make payments on our then existing indebtedness and increase our leverage.

[1] Available amount for borrowings is reduced by €7.8 million of outstanding letters of credit.

Net Working Capital

We define our net working capital as the sum of the line items (i) inventories, (ii) trade accounts receivable, (iii) trade accounts payable (including liabilities from investments in non-current assets), as well as (iv) other receivables and liabilities related to supplier receivables for rebates/bonuses and marketing subsidies and outstanding voucher liabilities. Our net working capital shows seasonal patterns with investments in inventory generally reaching a peak in October and November while our trade payables typically peak in December. The development of our net working capital is a key factor for our operating cash flow.

The following table summarizes our net working capital as at the dates indicated:

	12/31/2018	12/31/2017
	EUR m	EUR m
Inventories	816.6	843.0
Trade accounts receivable	77.0	75.2
Trade accounts payable	-804.5	-795.7
Others	55.2	9.1
Net Working Capital	144.2	131.6

Net Working Capital increased by €12.6 million to €144.2 million as of December 31, 2018. The increase of the Net Working Capital is mainly a result of higher bonus receivables, which rose by €43.9 million, disclosed in „Others", not fully compensated by lower inventories and higher trade accounts payable.

Investments in non-current assets

The investments made during the three months ended December 31, 2018 mainly related to investments in the refurbishment, maintenance, design and re-design, especially in connection with our new brand appearance, of existing stores.

In the three months ended December 31, 2018, our investment in non-current assets amounted to €37.1 million, significantly above prior-year payments of €12.9 million and consisted of €21.3 million additions in tangible and intangible assets (CAPEX) as well as the realization of provisions for outstanding invoices on fixed assets of €15,8 million.

Consolidated Cash Flow Data

			10/01/2018-12/31/2018 EUR m	10/01/2017-12/31/2017 EUR m
1.	=	EBITDA	175.3	159.9
2.	+/-	Increase/decrease in provisions	-16.1	-12.0
3.	+/-	Other non-cash expense/income	-0.3	0.7
4.	+/-	Loss/profit on the disposal of non-current assets	0.0	0.0
5.	+/-	Changes in net working capital without liabilities from investments in non-current assets	102.8	128.6
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	55.9	65.1
7.	-/+	Paid/reimbursed taxes	-12.0	-8.7
8.	=	Net cash flow from operating activities	305.6	333.5
9.	+	Proceeds from the disposal of non-current assets	0.9	0.0
10.	-	Investments in non-current assets	-37.1	-14.0
11.	-	Payments for the acquisition of consolidated companies and other business units	0.0	-251.9
12.	=	Net cash flow from investing activities	-36.3	-265.8
13.		Free cash flow (total of 8. and 12.)	269.3	67.7
14.	-	Payments for the repayment of financial liabilities	-0.8	-1.2
15.	+	Proceeds from borrowings	1.0	301.0
16.	+	Dividends received	0.3	0.0
17.	-	Interest paid	-15.6	-15.7
18.	+	Proceeds from sale of interests to non-controlling shareholders	0.0	5.0
19.	-	Payments for the acquisition of derivative financial instruments	0.0	-0.8
20.	=	Net cash flow from financing activities	-15.1	288.3
21.		Net change in cash and cash equivalents (total of 8., 12. and 20.)	254.2	356.0
22.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	0.2
23.	+	Cash and cash equivalents at the beginning of the reporting period	102.9	178.4
24.	**=**	**Cash and cash equivalents at the end of the reporting period**	**357.0**	534.5

Three months ended December 31, 2018, compared to three months ended December 31, 2017

Cash Flow from operating activities

Cash provided by operating activities decreased by €27.9 million, to €305.6 million during the three months ended December 31, 2018, from €333.5 million during the three months ended December 31, 2017. This decrease was mainly the result of lower changes in net working capital due to timing effects.

Cash Flow from investing activities

Cash used for investing activities (cash outflows) decreased by €229.6 million to €36.3 million during the three months ended December 31, 2018, from €265.8 million during the three months ended December 31, 2017. This decrease was related to the acquisitions of Limoni and La Gardenia as well as Perfumerías If, both closed in the three months of the prior financial year 2016/17.

Cash Flow from financing activities

During the three months ended December 31, 2018, cash used for financing activities (cash outflows) amounted to €15.1 million compared to cash inflows of €288.3 million during the three months ended December 31, 2017. The decrease of €303.4 million primarily relates to the additional tranche of €300.0 million under the Term Loan B Facility for the funding of the Limoni and La Gardenia acquisition in the three months ended December 31, 2017.

Liquidity as at December 31, 2018

As at December 31, 2018 the cash balance amounted to € 357.0 million. Our net debt position includes the nominal values of the Term Loan B Facility and the Notes on December 31, 2018.

	12/31/2018	12/31/2017
	EUR m	EUR m
Term Loan B	-1,670.0	-1,670.0
Senior Notes	-335.0	-335.0
Senior Secured Notes	-300.0	-300.0
Accrued interests	-22.6	-22.5
Other financial indebtedness	-0.6	-0.3
Total Debt	-2,328.3	-2,327.7
Cash and cash equivalents	357.0	534.5
Net Debt	-1,971.3	-1,793.3

Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017.

Interim Consolidated Statement of Profit or Loss

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017.

		10/01/2018-12/31/2018 EUR m	10/01/2017-12/31/2017 EUR m
1.	Sales	1,219.7	1,137.7
2.	Cost of raw materials, consumables and supplies and merchandise	-692.2	-647.2
3.	Gross profit from retail business	527.5	490.5
4.	Other operating income	95.9	81.5
5.	Personnel expenses	-170.8	-162.8
6.	Other operating expenses	-277.2	-249.4
7.	EBITDA	175.3	159.9
8.	Amortization/depreciation	-28.3	-28.9
9.	EBIT	147.0	131.0
10.	Financial income	10.9	6.8
11.	Financial expenses	-29.7	-29.6
12.	Financial result	-18.8	-22.8
13.	Earnings (loss) before tax (EBT)	128.2	108.1
14.	Income taxes	-37.7	-33.3
15.	Profit (+) or Loss (-) of the period	90.5	74.9

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017.

	10/01/2018-12/31/2018 EUR m	10/01/2017-12/31/2017 EUR m
Profit (+) or Loss (-) of the period	90.5	74.9
Components that are or may be reclassified subsequently to the income statement		
Foreign currency translation differences arising from translating the financial statements of a foreign operation	-0.3	1.8
Components that will not be reclassified to profit or loss		
Actuarial gains/losses from pension provisions	0.0	0.0
Other comprehensive income	**-0.3**	**1.8**
Total comprehensive income	**90.2**	**76.7**
Total comprehensive income attributable to group shareholders	90.2	76.7
Total comprehensive income attributable to non-controlling interests	0.0	0.0

Interim Consolidated Statement of Financial Position

of Kirk Beauty One GmbH as of December 31, 2018 and 2017 and as of September 30, 2018.

Assets		12/31/2018 EUR m	12/31/2017 EUR m	09/30/2018 EUR m
A.	Non-current assets			
I.	Intangible assets	2,355.9	2,515.2	2,360.6
II.	Property, plant and equipment	310.0	282.3	313.2
III.	Tax receivables	0.0	0.0	0.0
IV.	Financial assets	387.3	12.5	383.7
V.	Shares in associated companies	0.0	0.0	0.0
VI.	Deferred tax assets	64.6	59.4	63.5
		3,117.7	2,869.4	3,120.9
B.	Current assets			
I.	Inventories	816.6	843.0	756.0
II.	Trade accounts receivable	77.0	75.2	47.2
III.	Tax receivables	37.8	39.0	26.6
IV.	Financial assets	472.9	677.8	368.5
V.	Other assets	33.5	24.7	26.6
VI.	Cash and cash equivalents	357.0	534.5	102.9
		1,794.6	2,194.2	1,327.9
Total		**4,912.3**	**5,063.6**	**4,448.8**

Equity and Liabilities

		12/31/2018 EUR m	12/31/2017 EUR m	09/30/2018 EUR m
A.	Equity			
I.	Capital stock	0.0	0.0	0.0
II.	Additional paid-in capital	1,125.1	1,125.1	1,125.1
III.	Reserves	-138.0	46.2	-228.2
IV.	Non-controlling interests	0.0	0.0	0.0
		987.1	**1,171.4**	**896.9**
B.	Non-current liabilities			
I.	Pension provisions	33.1	35.5	33.3
II.	Other non-current provisions	41.7	33.8	41.9
III.	Financial liabilities	2,306.4	2,304.4	2,306.1
IV.	Other liabilities	6.3	0.5	5.0
V.	Deferred tax liabilities	206.3	209.8	208.8
		2,593.9	**2,584.1**	**2,595.1**
C.	Current liabilities			
I.	Current provisions	86.9	103.1	102.6
II.	Trade accounts payable	804.5	795.7	565.5
III.	Tax liabilities	135.9	134.4	54.5
IV.	Financial liabilities	51.1	25.7	31.3
V.	Other liabilities	252.9	249.2	202.9
		1,331.3	**1,308.1**	**956.8**
Total		**4,912.3**	**5,063.6**	**4,448.8**

Interim Statement of Changes in Group Equity

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017

		Reserves					
	Capital stock EUR m	Additional paid-in capital EUR m	Other reserves EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Non-controlling interests EUR m	Total EUR m
10/01/2018	0.0	1,125.1	-229.0	2.5	-1.6	0.0	896.9
Currency translation					-0.3		-0.3
Profit (+) or Loss (-) of the period			90.5			0.0	90.5
Total comprehensive income	0.0	0.0	90.5	0.0	-0.3	0.0	90.2
12/31/2018	**0.0**	**1,125.1**	**-138.5**	**2.5**	**-1.9**	**0.0**	**987.1**

		Reserves					
	Capital stock EUR m	Additional paid-in capital EUR m	Other reserves EUR m	Reserves for pension provisions EUR m	Differences from currency translation EUR m	Non-controlling interests EUR m	Total EUR m
10/01/2017	0.0	1,125.1	-30.5	1.5	-1.4	0.0	1,094.7
Currency translation					1.8		1.8
Profit (+) or Loss (-) of the period			74.9			0.0	74.9
Total comprehensive income	0.0	0.0	74.9	0.0	1.8	0.0	76.7
Capital increase	0.0	0.0					0.0
12/31/2017	**0.0**	**1,125.1**	**44.4**	**1.5**	**0.4**	**0.0**	**1,171.4**

Interim Consolidated Statement of Cash Flows

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017

			10/01/2018-12/31/2018 EUR m	10/01/2017-12/31/2017 EUR m
1.		Profit (+) or Loss (-) of the period	90.5	74.9
2.	+	Income taxes	37.7	33.3
3.	+	Financial result	18.8	22.8
4.	+	Amortization/depreciation	28.3	28.9
5.	=	EBITDA	175.3	159.9
6.	+/-	Increase/decrease in provisions	-16.1	-12.0
7.	+/-	Other non-cash expense/income	-0.3	0.7
8.	+/-	Loss/profit on the disposal of non-current assets	0.0	0.0
9.	+/-	Changes in net working capital without liabilities from investments in non-current assets	102.8	128.6
10.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	55.9	65.1
11.	-/+	Paid/reimbursed taxes	-12.0	-8.7
12.	=	Net cash flow from operating activities	305.6	333.5
13.	+	Proceeds from the disposal of non-current assets	0.9	0.0
14.	-	Investments in non-current assets	-37.1	-14.0
15.	-	Payments for the acquisition of consolidated companies and other business units	0.0	-251.9
16.	=	Net cash flow from investing activities	-36.3	-265.8
17.		Free cash flow (total of 12. and 16.)	269.3	67.7
18.	-	Payments for the repayment of financial liabilities	-0.8	-1.2
19.	+	Proceeds from borrowings	1.0	301.0
20.	+	Dividends received	0.3	0.0
21.	-	Interest paid	-15.6	-15.7
22.	+	Proceeds from sale of interests to non-controlling shareholders	0.0	5.0
23.	-	Payments for the acquisition of derivative financial instruments	0.0	-0.8
24.	=	Net cash flow from financing activities	-15.1	288.3
25.		Net change in cash and cash equivalents (total of 12., 16. and 24.)	254.2	356.0
26.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	0.2
27.	+	Cash and cash equivalents at the beginning of the reporting period	102.9	178.4
28.	**=**	**Cash and cash equivalents at the end of the reporting period**	**357.0**	534.5

Notes to the Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2018 through December 31, 2018 and for the period from October 1, 2017 through December 31, 2017

Segment Reporting

Reportable Segments

		Germany 10/01/2018-12/31/2018	10/01/2017-12/31/2017	France 10/01/2018-12/31/2018	10/01/2017-12/31/2017	South-Western Europe 10/01/2018-12/31/2018	10/01/2017-12/31/2017
Sales (net)	EUR m	445.8	403.1	300.2	294.8	355.6	333.3
Intersegment sales	EUR m	19.0	25.2	0.0	0.0	0.0	0.0
Sales	EUR m	464.8	428.3	300.2	294.8	355.6	333.3
EBITDA	EUR m	32.0	35.8	64.1	62.5	53.5	37.5
EBITDA margin	%	7.2	8.9	21.4	21.2	15.0	11.3
Non-recurring effects/adjustments	EUR m	4.8	6.9	3.3	2.0	2.0	13.9
Adjusted EBITDA	EUR m	36.8	42.7	67.4	64.5	55.5	51.5
Adjusted EBITDA margin	%	8.3	10.6	22.4	21.9	15.6	15.4
Inventories	EUR m	280.5	261.9	135.6	131.7	303.8	360.6
Capital expenditure	EUR m	9.7	4.9	2.8	2.4	5.8	2.8

		Eastern Europe 10/01/2018-12/31/2018	10/01/2017-12/31/2017	Consolidation 10/01/2018-12/31/2018	10/01/2017-12/31/2017	Kirk Beauty One GmbH 10/01/2018-12/31/2018	10/01/2017-12/31/2017
Sales (net)	EUR m	118.1	106.5			1,219.7	1,137.7
Intersegment sales	EUR m	0.0	0.0	-19.0	-25.2	0.0	0.0
Sales	EUR m	118.1	106.5	-19.0	-25.2	1,219.7	1,137.7
EBITDA	EUR m	25.6	24.3	0.0	-0.3	175.3	159.9
EBITDA margin	%	21.7	22.8			14.4	14.1
Non-recurring effects/adjustments	EUR m	1.0	0.5			11.0	23.3
Adjusted EBITDA	EUR m	26.6	24.8	0.0	-0.3	186.3	183.2
Adjusted EBITDA margin	%	22.5	23.3			15.3	16.1
Inventories	EUR m	101.6	93.2	-4.9	-4.3	816.6	843.0
Capital expenditure	EUR m	3.0	2.8			21.3	13.0

Reconciliation from EBITDA to Adjusted Profit (+) or Loss (-)

	10/01/2018-12/31/2018 EUR m	**10/01/2017-12/31/2017 EUR m**
EBITDA	175.3	159.9
Purchase Price Allocations (PPA)	2.8	2.2
Restructuring costs and severance payments	1.6	1.5
Consulting fees	0.8	10.1
Credit card fees	5.0	4.1
Other non-recurring effects on a regular basis	0.8	5.4
Sum of adjustments	11.0	23.3
Adjusted EBITDA	186.3	183.2
Amortization/depreciation	-28.3	-28.9
Impairment of non-current and current assets	-0.5	-0.6
Adjusted EBIT	157.4	153.7
Financial result	-18.8	-22.8
Effects from valuation of financial instruments and credit card fees	-4.1	-4.4
Adjusted EBT	134.6	126.4
Income taxes	-37.7	-33.3
Income taxes on adjustments	-2.0	-5.9
Adjusted Profit (+) or Loss (-)	**94.9**	**87.3**

General principles

Kirk Beauty One GmbH (Kirk Beauty One, parent company, company) is a German limited liability company (Gesellschaft mit beschränkter Haftung), has its registered office at Luise-Rainer-Str. 7-11, 40235 Düsseldorf, Germany and is registered in commercial register B of the district court of Düsseldorf under the registration number 79429.

Kirk Beauty One and Douglas GmbH issued Senior Secured Notes and Senior Notes at GEM segment of the Irish Stock Exchange in July 2015.

These Interim Consolidated Financial Statements cover the period of the first three months of the financial year 2018/19 from October 1, 2018 through December 31, 2018 (interim period) as of December 31, 2018 (interim reporting date) and were prepared according to the International Financial Reporting Standards (IFRS) taking into account all mandatory accounting standards and interpretations in the European Union adopted at that time.

These Interim Consolidated Financial Statements have been prepared by following IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the Company's last Annual Consolidated Financial Statements for the financial year ended September 30, 2018. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last (Interim) consolidated financial statements.

The accounting and valuation principles as well as the consolidation principles for the reporting period are substantially consistent with those applied for the Kirk Beauty One's Annual Consolidated Financial Statements as of September 30, 2018. All sales-related, seasonal or cyclical issues have been deferred during the financial year in accordance with sound business judgement.

This Interim Consolidated Financial Statements were authorized for issue by the Company's management board on February 11, 2018.

The Consolidated Financial Statements were prepared in euros (EUR/€). All figures are stated in millions of euros (EUR m) unless otherwise stated.

New accounting standards

The Interim Consolidated Financial Statements of Kirk Beauty One GmbH were prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and mandatory for the financial year 2018/19.

Regarding new accounting standards reference is made to the overview summary of newly implemented or revised IASB accounting standards and interpretations on page F-11 of the Kirk Beauty One's Annual IFRS consolidated financial statements as per September 30, 2018.

Consolidation principles

Group of consolidated companies

All of the German and foreign companies over which Kirk Beauty One GmbH has direct or indirect control are fully consolidated in the Consolidated Financial Statements.

Group of consolidated companies

10/01/2018	Germany 21	Other countries 43	Total 64
companies consolidated for the first time	0	0	0
deconsolidated companies	0	0	0
merged companies	0	0	0
12/31/2018	**21**	**43**	**64**

Currency translation

The Interim Consolidated Financial Statements are presented in euros (Group currency), the functional currency of the parent company. The annual financial statements of foreign subsidiaries whose functional currency is not the same as the Group currency are translated into euros according to the functional currency concept.

The following exchange rates have been used for currency conversion for the foreign subsidiaries:

		Average exchange rate 10/01/2018-12/31/2018 EUR	Closing rate 12/31/2018 EUR	Average exchange rate 10/01/2017-12/31/2017 EUR	Closing rate 12/31/2017 EUR
Bulgarian Lev	BGN	0.51130	0.51130	0.51130	0.51130
Swiss Franc	CHF	0.86589	0.88739	0.89963	0.85455
Czech Koruna	CZK	0.03900	0.03887	0.03798	0.03916
Croatian Kuna	HRK	0.13480	0.13491	0.13396	0.13441
Hungarian Forint	HUF	0.00314	0.00312	0.00323	0.00322
Polish Zloty	PLN	0.23471	0.23248	0.23494	0.23941
Romanian Lei	RON	0.21487	0.21443	0.21888	0.21466
Turkish Lira	TRY	0.17548	0.16505	0.24264	0.21995
U.S. Dollar	USD	0.84639	0.87336	0.88556	0.83382

Foreign currency transactions are recognized in the functional currency as translated at the applicable exchange rate at the time of the transaction. Assets and liabilities nominally denominated in such foreign currencies are translated at the exchange rate on the interim reporting date. All differences resulting from currency translation are recognized in profit or loss in the consolidated income statement.

Accounting and valuation principles

The accounting and valuation principles for the reporting period are substantially consistent with those applied for the Kirk Beauty One's Annual Consolidated Financial Statements as of September 30, 2018. All sales-related, seasonal or cyclical issues have been deferred during the financial year in accordance with sound business judgement.

Use of judgements

Judgement was applied in particular in relation to the assessment of the level of control in determining the scope of consolidation and to determine whether leases were operating leases or finance leases.

Assumptions and estimates

Assumptions and estimates have been made in the preparation of the Interim Consolidated Financial Statements that impact the disclosure and amount of the assets and liabilities, income and expenses carried in these statements. These assumptions and estimates were used, in particular, in the determination of useful lives, valuing provisions and pension provisions, assessing the impairment of goodwill and uncertain tax positions and measuring instruments which are issued as part of share-based payment programs as well as estimating the probability that future tax refunds will be realized. In addition, assumptions and estimates are of significance in determining the fair values and acquisition costs associated with business combinations. Actual values may vary in individual cases from the assumptions and estimates made. Changes are recognized in income as soon as more detailed information is known. Actual values may vary in individual cases from the assumptions and estimates made. Changes are recognized in income as soon as more detailed information is known.

Borrowing liabilities

As of December 31, 2018, the borrowings comprise Senior Notes and bank liabilities, excluding current accounts and Revolving Credit Facility, as follows:

	12/31/2018		12/31/2017		09/30/2018	
	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m	Nominal amount EUR m	Carrying amount EUR m
Senior Secured Notes	300.0	303.0	300.0	301.4	300.0	297.9
Senior Notes	335.0	341.0	335.0	339.3	335.0	333.2
Term Loan B Facility	1,670.0	1,670.5	1,670.0	1,670.3	1,670.0	1,670.3
Total	**2,305.0**	**2,314.4**	**2,305.0**	**2,311.1**	**2,305.0**	**2,301.4**

Kirk Beauty One also has access to a Revolving Credit Facility in the amount of €200.0 million, which has not been utilized as of December 31, 2018.[2] Individual companies also have access to bilateral credit lines, of which €0,7 million had been utilized as of December 31, 2018.

Kirk Beauty One and its subsidiaries have to meet certain obligations and key financial covenants, in the event that 40.0 percent of the Revolving Credit Facility is drawn. Besides these financial covenants Kirk Beauty One also has to meet certain qualitative covenants. If the obligations are not met, the lenders are entitled to cancel the loan agreements with immediate effect and call upon all pledged collateral. As of December 31, 2018, the Company was in compliance with all covenants.

[2] Available amount for borrowings is reduced by €7.8 million of outstanding letters of credit.

Hedging of financing liabilities

Interest rate caps are in place to hedge against the risk of interest rate fluctuations over a total nominal volume of €1,100.0 million. These caps reduce the risk of an increase in EURIBOR to a maximum of 1.0 percent. The resulting cash flows can affect the interest result during the period from October 1, 2015 through September 30, 2021. The Senior Facility Agreement contains an interest rate floor at 0.0 percent EURIBOR. The cash flows from this agreement will affect the interest result until August 13, 2022.

	12/31/2018 Reference amount EUR m	Fair values: Financial assets EUR m	12/31/2017 Reference amount EUR m	Fair values: Financial assets EUR m
Interest rate caps	1,100.0	0.4	800.0	2.6
of which not part of a hedge relationship	1,100.0	0.4	800.0	2.6

Events after the interim reporting date

There have been no adjusting events between the consolidated balance sheet date and the date of approval of the Consolidated Financial Statement for publication.