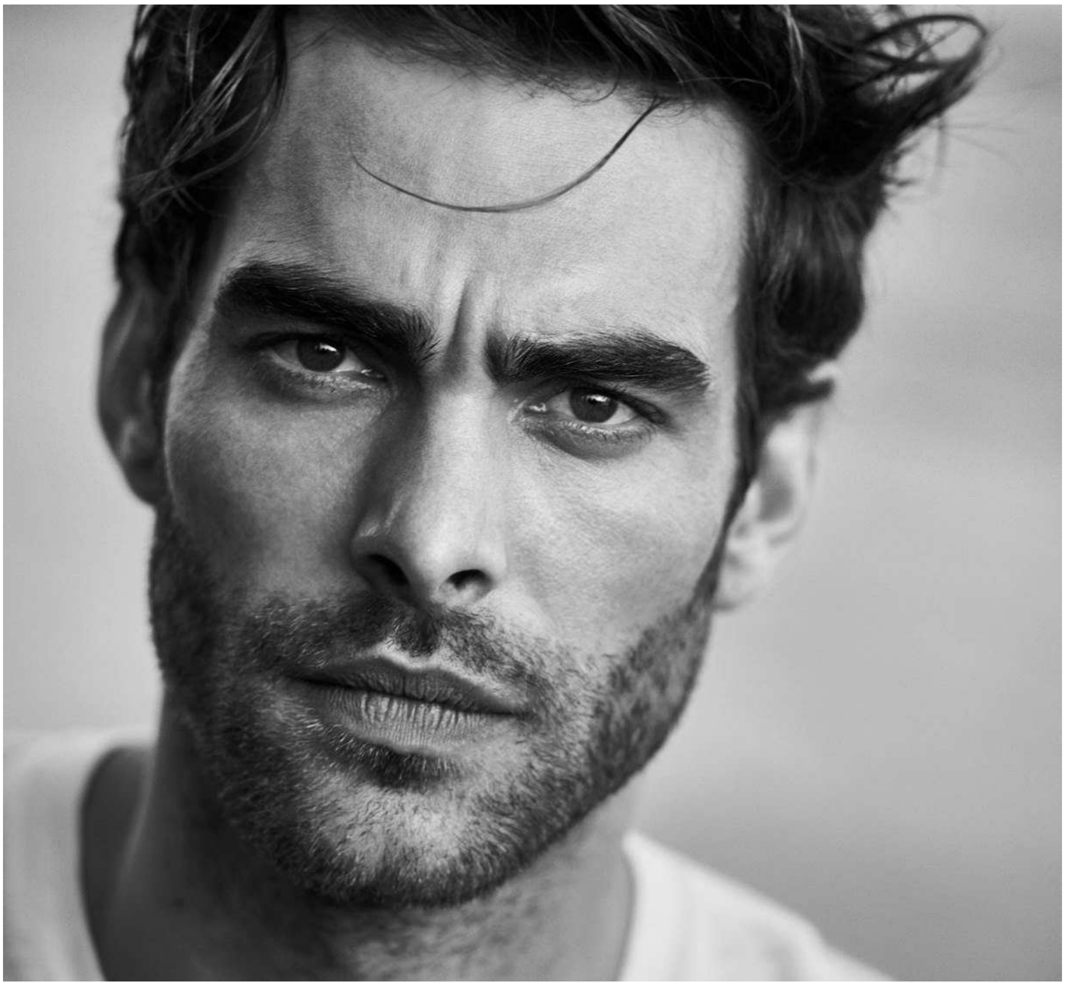

6M FY 2018/19
Interim Financial Report

Kirk Beauty One GmbH

as at March 31, 2019

DOUGLAS

DOUGLAS

Content

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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Disclosure Regarding Forward-Looking Statements

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 six months of the financial year 2018/19, i.e. from October 1, 2018 to March 31, 2019 compared to six months of the financial year 2017/18, i.e. from October 1, 2017 to March 31, 2018.

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 a 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 - 03/31/2019 EUR m	10/01/2017 - 03/31/2018 EUR m
1.	Sales	1,947.8	1,858.0
2.	Cost of raw materials, consumables and supplies and merchandise	-1,071.8	-1,017.1
3.	Gross profit	876.1	841.0
4.	Other operating income	153.9	133.9
5.	Personnel expenses	-328.9	-318.1
6.	Other operating expenses	-495.1	-457.8
7.	EBITDA	206.0	199.0
	Effects non-recurring on a regular basis	19.0	37.8
	Adjusted EBITDA	225.0	236.7
8.	Amortization/depreciation	-59.3	-59.7
9.	EBIT	146.6	139.2
10.	Financial income	22.2	13.6
11.	Financial expenses	-59.3	-58.2
12.	Financial result	-37.1	-44.6
13.	Earnings (loss) before tax (EBT)	109.5	94.6
14.	Income taxes	-38.5	-35.6
15.	Profit (loss) for the period	71.0	59.0

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 - 03/31/2019	10/01/2017 - 03/31/2018
	EUR m	EUR m
Sales	1,947.8	1,858.0
Segments		
Germany		
Sales (net)	717.4	654.9
Intersegment sales	28.3	42.2
Sales	745.7	697.1
France		
Sales (net)	455.5	451.5
Intersegment sales	0.0	0.0
Sales	455.5	451.5
South-Western Europe		
Sales (net)	585.5	578.9
Intersegment sales	0.0	0.0
Sales	585.5	578.9
Eastern Europe		
Sales (net)	189.4	172.7
Intersegment sales	0.0	0.0
Sales	189.4	172.7

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 - 03/31/2019	10/01/2017 - 03/31/2018
EBITDA	EUR m	206.0	199.0
EBITDA margin	%	10.6	10.7
Effects non-recurring on a regular basis	EUR m	19.0	37.8
Adjusted EBITDA	EUR m	225.0	236.7
Adjusted EBITDA margin	%	11.6	12.7
Segments			
Germany			
EBITDA	EUR m	38.6	53.3
EBITDA margin	%	5.4	8.1
Effects non-recurring on a regular basis	EUR m	8.7	13.3
Adjusted EBITDA	EUR m	47.3	66.6
Adjusted EBITDA margin	%	6.6	10.2
France			
EBITDA	EUR m	78.5	79.5
EBITDA margin	%	17.2	17.6
Effects non-recurring on a regular basis	EUR m	4.3	3.1
Adjusted EBITDA	EUR m	82.8	82.6
Adjusted EBITDA margin	%	18.2	18.3
South-Western Europe			
EBITDA	EUR m	58.2	36.5
EBITDA margin	%	9.9	6.3
Effects non-recurring on a regular basis	EUR m	4.8	20.7
Adjusted EBITDA	EUR m	63.0	57.1
Adjusted EBITDA margin	%	10.8	9.9
Eastern Europe			
EBITDA	EUR m	30.5	30.3
EBITDA margin	%	16.1	17.5
Effects non-recurring on a regular basis	EUR m	1.3	0.8
Adjusted EBITDA	EUR m	31.8	31.1
Adjusted EBITDA margin	%	16.8	18.0

Six Months Ended March 31, 2019 compared to Six Months Ended March 31, 2018

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

Total sales (net) increased versus previous year by 4.8 percent, resulting from both our solid 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. Even with the missing Easter effect, which fell into the first half of our last financial year 2017/18, all segments managed to increase their sales during the six months ended March 31, 2019, compared to the first half of the financial year 2017/18 Even, on a like-for-like basis our sales (net) increased by 2.0 percent with flat like-for-like store sales overcompensated by excellent like-for-like online sales.

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

Sales (net) in Germany increased by €62.5 million or 9.5 percent versus the prior-year period. This increase in sales is mainly attributable to positive effects from #FORWARDBEAUTY, in particular online, invested marketing and customer loyalty card activities as well as the acquisition of "parfumdreams".

On a like-for-like basis our sales (net) in Germany increased strongly by 2.0 percent. Adjusting for the timing of Easter like-for-like sales (net) in Germany would have even amounted to 3.8 percent.

In France sales (net) exceeded prior-year period with 0.9 percent, continuing the positive growth particularly in the context of yellow vest riots. On a like-for-like basis our sales (net) in France increased by 0.7 percent.

Sales (net) in South-Western Europe grew versus previous year by 1.1 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, increasing by 1.6 percent.

Continuing the strong growth path, sales (net) increased in Eastern Europe by an outstanding 9.7 percent. The sales increase was driven by a strong store performance as well as a significant increase in online sales. On a like-for-like basis our sales (net) in Eastern Europe increased by excellent 6.7 percent.

Cost of raw materials, consumables, supplies and merchandise

The cost of raw materials, consumables, supplies and merchandise for the first six months of the financial year 2018/19 amounted to €1,071.8 million (55.0 percent of total sales) compared to €1,017.1 million (54,7 percent of total sales) for the six months ended March 31, 2018. Corresponding to the overall increase of our net sales this step change is in line and mainly due to our acquisition "Parfumdreams", "LLG" and "Perfumerias If" which were not fully included in the first half of the prior financial year 2017/18.

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 six months ended March 31, 2019 amounted to €1,069.1 million (54.9. percent of total sales) compared to €1,005.8 million (54.1 percent of total sales) for the six months ended March 31, 2018.

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. 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

Personal expenses increased by €10.8 million, particularly attributable to our acquisitions as well as an upgrade of our talent pool in particular in the areas of E-commerce and technology. Adjusted for extraordinary effects amounting to €4.1 million, the personnel expenses as a percentage of total sales slightly improved accounting for 16.7 percent as compared to 17.0 percent during the six months ended March 31, 2018.

Other operating expenses

As a percentage of total sales, other operating expenses increased to 25.4 percent compared to 24.6 percent during the six months ended March 31, 2018. Most of this increase is related to higher marketing, advertising costs, development costs for E-Commerce and logistic costs in line with higher E-Commerce sales. 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 24.7 percent compared to 23.3 percent in the first six months of the financial year 2017/18.

EBITDA and Adjusted EBITDA

The EBITDA increased by 3.5 percent to €206.0 million during the first six months of the financial year 2018/19, especially related to higher sales driven by strong performance of the underlying online business and further fueled by our acquisitions.

Adjusted EBITDA decreased by 4.9 percent to €225.0 million during the six months ended March 31, 2019 from €236.7 million during the six months ended March 31, 2018.

As a percentage of sales (net), adjusted EBITDA has been below prior-year level particularly due to lower adjusted EBITDA level of Germany.

Total adjustments (for non-recurring items on a regular basis as well as credit card fees) decreased by €18.7 million to €19.0 million during the first half of the financial year 2018/19 compared to €37.8 million during the first half of the financial year 2017/18. This decrease essentially results from lover consulting fees and restructuring costs referring to the acquisitions, moving our EBITDA and Adjusted EBITDA much closer in line.

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 €19.3 million to €47.3 million during the six months ended March 31, 2019 from €66.6 million during the six months ended March 31, 2018. Adjustments on EBITDA of the German reporting segment totaled €8.7 million during the six months ended March 31, 2019, primarily resulting from PPA-effects and credit card fees.

The timing of Easter also impacted adjusted EBITDA, whereas its decrease results mainly from continued #FORWARDBEAUTY investments into marketing, pricing and technology to strengthen Germany's competitive position in a highly price and promotion aggressive environment. This also is a key driver of the Adjusted EBITDA development of the group as a whole. Adjusted EBITDA margin in segment Germany decreased by 3.6 percentage points from 10.2 percent to 6.6 percent.

Adjusted EBITDA in France increased by €0.2 million to €82.8 million during the six months ended March 31, 2019 from €82.6 million during the six months ended March 31, 2018. Segment France is still the highest EBITDA contributor of the group at excellent margins due to strict cost discipline, supported by a very favorable assortment mix. The adjustments of €4.3 million in the first half of the financial year 2018/19 mainly related to credit card fees.

Compared to prior-year period 2017/18 Adjusted EBITDA in South-Western Europe significantly increased during the six months ended March 31, 2019 by €5.9 million from €57.1 million to €63,0 million, resulting especially from the acquisitions and their successful integration and synergy realisation. The adjustments of €4.8 million during the six months ended March 31, 2019 are primarily attributable to credit card fees and restructuring costs.

During the first half of the financial year 2018/19 Adjusted EBITDA in the Eastern Europe segment grew above prior-year level by €0.7 million from €31.1 million to €31.8 million in line with the growth path established over the past few years, with minor investments into still very attractive margins. The adjustments of €1.3 million during the six months ended March 31, 2019 mainly resulted from credit card fees.

EBIT

In the first half of the financial year 2018/19, EBIT increased by €7.4 million to €146.6 million from €139.2 million during the six months ended March 31, 2018. 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 €7.5 million to -€37.1 million during the six months ended March 31, 2019 from -€44.6 million compared to the first half of the financial year 2017/18.

Income taxes

Income tax expenses amounted to € 38.5 million during the six months ended March 31, 2019 compared to € 35.6 million during the six months ended March 31, 2018, driven by the increase of pre-tax income.

Profit and Adjusted Profit

As a result of the foregoing, our profit for the six months ended March 31, 2019 amounted to €71.0 million, compared to our profit amounting to €59.0 million during the six months ended March 31, 2018. Adjusted profit in the first half of the financial year 2018/19 amounted to €78.8 million compared to €80.3 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 €19.0 in the first six months ended March 31, 2019 are partially compensated by credit card fees and effects from valuation of financial instruments totaling €6.9 million, impairment effects accounting to €1.3 million and income tax effects of €3.0 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 in the first half of the financial year 2018/19, 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 March 31, 2019, 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.

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:

	03/31/2019	03/31/2018
	EUR m	EUR m
Inventories	810.8	853.5
Trade accounts receivable	47.4	60.1
Trade accounts payable	-525.7	-518.7
Others	-39.1	-69.0
Net Working Capital	293.3	325.9

[1] Available amount for borrowings is reduced by €12.5 million of outstanding letters of credit.

Net Working Capital decreased by €32.6 million to €293.3 million as of March 31, 2019. The decrease of Net Working Capital is mainly a result of a decrease in inventories by €42.7 million and a decrease in trade accounts receivable of €12.7 million.

Investments in non-current Assets

The investments made during the six months ended March 31, 2019 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 six months ended March 31, 2019, our investment in non-current assets amounted to €69.6 million, significantly above prior-year investments of €27.7 million and consisted of €44.0 million additions in tangible and intangible assets (CAPEX) as well as the realization of provisions for outstanding invoices and trade accounts payable on fixed assets of €25.6 million.

We expect a shift in CAPEX spending with significant lower CAPEX spent in the second half of the financial year 2018/19 vs. the second half of the financial year 2017/18.

Consolidated Cash Flow Data

			10/01/2018-03/31/2019 EUR m	10/01/2017-03/31/2018 EUR m
1.	=	EBITDA	206.0	199.0
2.	+/-	Increase/decrease in provisions	-13.5	-18.3
3.	+/-	Other non-cash expense/income	-1.0	3.1
4.	+/-	Loss/profit on the disposal of non-current assets	0.0	-1.1
5.	+/-	Changes in Net Working Capital without liabilities from investments in non-current assets	-38.2	-59.9
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	9.7	-9.1
7.	-/+	Paid/reimbursed taxes	-12.5	-12.6
8.	=	Net cash flow from operating activities	150.3	101.0
9.	+	Proceeds from the disposal of non-current assets	2.1	2.2
10.	-	Investments in non-current assets	-69.6	-27.7
11.	-	Payments for the acquisition of consolidated companies and other business units	0.0	-252.3
12.	=	Net cash flow from investing activities	-67.4	-277.8
13.		Free cash flow (total of 8. and 12.)	82.9	-176.8
14.	-	Payments for the repayment of financial liabilities	-2.3	-8.5
15.	+	Proceeds from borrowings	1.8	307.5
16.	-	Interest paid	-55.0	-54.4
17.	+	Proceeds from sale of interests to non-controling shareholders	0.0	5.0
18.	-	Payments for the acquisition of derivative financial instruments	0.0	-0.8
19.	=	Net cash flow from financing activities	-55.5	248.9
20.		Net change in cash and cash equivalents (total of 8., 12. and 19.)	27.4	72.2
21.	+/-	Net change in cash and cash equivalents due to currency translation	0.0	0.0
22.	+	Cash and cash equivalents at the beginning of the reporting period	102.9	178.4
23.	**=**	**Cash and cash equivalents at the end of the reporting period**	**130.3**	250.5

Six months ended March 31, 2019, compared to six months ended March 31, 2018

Cash Flow from operating activities

Cash provided by operating activities increased by € 49.3 million to €150.3 million during the six months ended March 31, 2019, from €101.0 million during the six months ended March 31, 2018. This increase was mainly the result of lower investments in Net Working Capital and positive contribuutions from other assets and liabilities not classifiable to investing or financing activities.

Cash Flow from investing activities

Cash used for investing activities (cash outflows) decreased by €210.4 million to €67.4 million during the six months ended March 31, 2019, from €277.8 million during the six months ended March 31, 2018. This decrease was related to the acquisitions of Limoni and La Gardenia as well as Perfumerías if, both closed and first-time consolidated in the first six months of the prior financial year 2017/18.

Cash Flow from financing activities

During the six months ended March 31, 2019, cash used for financing activities (cash outflows) amounted to €55.5 million, compared to cash inflows of €248.9 million during the six months ended March 31, 2018. The decrease of €304.4 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 six months ended March 31, 2018.

Liquidity as at March 31, 2019

As at March 31, 2019 the cash balance amounted to € 130.3 million. Our net debt position includes the nominal values of the Term Loan B Facility and the Notes on March 31, 2019.

	03/31/2019	03/31/2018
	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	-10.5	-10.4
Other financial indebtedness	-0.6	-0.1
Total Debt	-2,316.0	-2,315.5
Cash and cash equivalents	130.3	250.5
Net Debt	**-2,185.7**	-2,065.1

Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

Interim Consolidated Statement of Profit or Loss

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

		10/01/2018-03/31/2019 EUR m	10/01/2017-03/31/2018 EUR m	01/01/2019 - 03/31/2019 EUR m	01/01/2018 - 03/31/2018 EUR m
1.	Sales	1,947.8	1,858.0	728.1	720.4
2.	Cost of raw materials, consumables and supplies and merchandise	-1,071.8	-1,017.1	-379.6	-369.9
3.	Gross profit from retail business	876.1	841.0	348.6	350.4
4.	Other operating income	153.9	133.9	58.0	52.4
5.	Personnel expenses	-328.9	-318.1	-158.1	-155.3
6.	Other operating expenses	-495.1	-457.8	-217.8	-208.5
7.	EBITDA	206.0	199.0	30.7	39.1
8.	Amortization/depreciation	-59.3	-59.7	-31.0	-30.8
9.	EBIT	146.6	139.2	-0.3	8.3
10.	Financial income	22.2	13.6	11.2	6.7
11.	Financial expenses	-59.3	-58.2	-29.6	-28.6
12.	Financial result	-37.1	-44.6	-18.4	-21.8
13.	Earnings (loss) before tax (EBT)	109.5	94.6	-18.7	-13.5
14.	Income taxes	-38.5	-35.6	-0.8	-2.4
15.	Profit (+) or Loss (-) of the period	71.0	59.0	-19.5	-15.9

Interim Consolidated Reconciliation from Profit or Loss to Total Comprehensive Income

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

	10/01/2018-03/31/2019 EUR m	10/01/2017-03/31/2018 EUR m	01/01/2019 - 03/31/2019 EUR m	01/01/2018 - 03/31/2018 EUR m
Profit (+) or Loss (-) of the period	71.0	59.0	-19.5	-15.9
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	-0.5	4.0	0.0	0.0
Components that will not be reclassified to profit or loss				
Actuarial gains/losses from pension provisions	0.0	0.0	0.0	0.0
Other comprehensive income	**-0.5**	4.0	**0.0**	0.0
Total comprehensive income	**70.5**	63.0	**-19.5**	-15.9
Total comprehensive income attributable to group shareholders	70.5	63.0	-19.5	-15.9
Total comprehensive income attributable to non-controlling interests	0.0	0.0	0.0	0.0

Interim Consolidated Statement of Financial Position

of Kirk Beauty One GmbH as of March 31, 2019 and 2018 and as of September 30, 2018.

Assets		**03/31/2019** **EUR m**	**03/31/2018** **EUR m**	**09/30/2018** **EUR m**
A.	Non-current assets			
I.	Intangible assets	2,352.9	2,513.7	2,360.6
II.	Property, plant and equipment	303.2	271.7	313.2
III.	Tax receivables	0.0	0.0	0.0
IV.	Financial assets	395.9	11.9	383.7
V.	Shares in associated companies	0.0	0.0	0.0
VI.	Deferred tax assets	65.2	60.4	63.5
		3,117.2	2,857.6	3,120.9
B.	Current assets			
I.	Inventories	810.8	853.5	756.0
II.	Trade accounts receivable	47.4	60.1	47.2
III.	Tax receivables	49.9	46.0	26.6
IV.	Financial assets	355.7	591.8	368.5
V.	Other assets	39.3	31.9	26.6
VI.	Cash and cash equivalents	130.3	250.5	102.9
		1,433.4	1,833.7	1,327.9
Total		**4,550.5**	**4,691.3**	**4,448.8**

Equity and Liabilities

		03/31/2019 EUR m	03/31/2018 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	-157.6	32.6	-228.2
IV.	Non-controlling interests	0.0	0.0	0.0
		967.5	**1,157.7**	**896.9**
B.	Non-current liabilities			
I.	Pension provisions	32.9	35.3	33.3
II.	Other non-current provisions	41.8	33.3	41.9
III.	Financial liabilities	2,306.7	2,304.7	2,306.1
IV.	Other liabilities	7.5	0.7	5.0
V.	Deferred tax liabilities	204.3	207.6	208.8
		2,593.3	**2,581.7**	**2,595.1**
C.	Current liabilities			
I.	Current provisions	89.5	100.5	102.6
II.	Trade accounts payable	525.7	518.7	565.5
III.	Tax liabilities	108.6	103.0	54.5
IV.	Financial liabilities	42.8	13.7	31.3
V.	Other liabilities	223.1	216.0	202.9
		989.7	**951.9**	**956.8**
Total		**4,550.5**	**4,691.3**	**4,448.8**

Interim Statement of Changes in Group Equity

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

	Capital stock EUR m	Additional paid-in capital EUR m	Reserves: Other reserves EUR m	Reserves: Reserves for pension provisions EUR m	Reserves: 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					-0.5		-0.5
Profit (+) or Loss (-) of the period			71.0			0.0	71.0
Total comprehensive income	0.0	0.0	71.0	0.0	-0.5	0.0	70.5
03/31/2019	0.0	1,125.1	-158.0	2.5	-2.1	0.0	967.5

	Capital stock EUR m	Additional paid-in capital EUR m	Reserves: Other reserves EUR m	Reserves: Reserves for pension provisions EUR m	Reserves: 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					4.0		4.0
Profit (+) or Loss (-) of the period			59.0			0.0	59.0
Total comprehensive income	0.0	0.0	59.0	0.0	4.0	0.0	63.0
03/31/2018	**0.0**	**1,125.1**	**28.5**	**1.5**	**2.6**	**0.0**	**1,157.7**

Interim Consolidated Statement of Cash Flows

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

			10/01/2018-03/31/2019 EUR m	10/01/2017-03/31/2018 EUR m
1.		Profit (+) or Loss (-) of the period	71.0	59.0
2.	+	Income taxes	38.5	35.6
3.	+	Financial result	37.1	44.6
4.	+	Amortization/depreciation	59.3	59.7
5.	=	EBITDA	206.0	199.0
6.	+/-	Increase/decrease in provisions	-13.5	-18.3
7.	+/-	Other non-cash expense/income	-1.0	3.1
8.	+/-	Loss/profit on the disposal of non-current assets	0.0	-1.1
9.	+/-	Changes in Net Working Capital without liabilities from investments in non-current assets	-38.2	-59.9
10.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	9.7	-9.1
11.	-/+	Paid/reimbursed taxes	-12.5	-12.6
12.	=	Net cash flow from operating activities	150.3	101.0
13.	+	Proceeds from the disposal of non-current assets	2.1	2.2
14.	-	Investments in non-current assets	-69.6	-27.7
15.	-	Payments for the acquisition of consolidated companies and other business units	0.0	-252.3
16.	=	Net cash flow from investing activities	-67.4	-277.8
17.		Free cash flow (total of 12. and 16.)	82.9	-176.8
18.	-	Payments for the repayment of financial liabilities	-2.3	-8.5
19.	+	Proceeds from borrowings	1.8	307.5
20.	-	Interest paid	-55.0	-54.4
21.	+	Proceeds from sale of interests to non-controling shareholders	0.0	5.0
22.	-	Payments for the acquisition of derivative financial instruments	0.0	-0.8
23.	=	Net cash flow from financing activities	-55.5	248.9
24.		Net change in cash and cash equivalents (total of 12., 16. and 23.)	27.4	72.2
25.	+/-	Net change in cash and cash equivalents due to currency translation	0.0	0.0
26.	+	Cash and cash equivalents at the beginning of the reporting period	102.9	178.4
27.	**=**	**Cash and cash equivalents at the end of the reporting period**	**130.3**	**250.5**

Notes to the Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2018 through March 31, 2019 and for the period from October 1, 2017 through March 31, 2018.

Segment Reporting

Reportable Segments

		Germany 10/01/2018-03/31/2019	10/01/2017-03/31/2018	**France 10/01/2018-03/31/2019**	10/01/2017-03/31/2018	**South-Western Europe 10/01/2018-03/31/2019**	10/01/2017-03/31/2018
Sales (net)	EUR m	717.4	654.9	455.5	451.5	585.5	578.9
Intersegment sales	EUR m	28.3	42.2	0.0	0.0	0.0	0.0
Sales	EUR m	745.7	697.1	455.5	451.5	585.5	578.9
EBITDA	EUR m	38.6	53.3	78.5	79.5	58.2	36.5
EBITDA margin	%	5.4	8.1	17.2	17.6	9.9	6.3
Non-recurring effects/adjustments	EUR m	8.7	13.3	4.3	3.1	4.8	20.7
Adjusted EBITDA	EUR m	47.3	66.6	82.8	82.6	63.0	57.1
Adjusted EBITDA margin	%	6.6	10.2	18.2	18.3	10.8	9.9

		Eastern Europe 10/01/2018-03/31/2019	10/01/2017-03/31/2018	**Consolidation 10/01/2018-03/31/2019**	10/01/2017-03/31/2018	**Kirk Beauty One GmbH 10/01/2018-03/31/2019**	10/01/2017-03/31/2018
Sales (net)	EUR m	189.4	172.7			1,947.8	1,858.0
Intersegment sales	EUR m	0.0	0.0	-28.3	-42.2	0.0	0.0
Sales	EUR m	189.4	172.7	-28.3	-42.2	1,947.8	1,858.0
EBITDA	EUR m	30.5	30.3	0.1	-0.6	206.0	199.0
EBITDA margin	%	16.1	17.5			10.6	10.7
Non-recurring effects/adjustments	EUR m	1.3	0.8			19.0	37.8
Adjusted EBITDA	EUR m	31.8	31.1	0.1	-0.6	225.0	236.7
Adjusted EBITDA margin	%	16.8	18.0			11.6	12.7

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

	10/01/2018-03/31/2019 EUR m	10/01/2017-03/31/2018 EUR m
EBITDA	206.0	199.0
Purchase Price Allocations (PPA)	4.3	2.0
Restructuring costs and severance payments	2.8	9.6
Consulting fees	2.5	13.6
Credit card fees	8.6	6.5
Other non-recurring effects on a regular basis	0.9	6.1
Sum of adjustments	19.0	37.8
Adjusted EBITDA	225.0	236.7
Amortization/depreciation	-59.3	-59.7
Impairment of non-current and current assets	-1.3	-1.1
Adjusted EBIT	164.4	175.9
Financial result	-37.1	-44.6
Effects from valuation of financial instruments and credit card fees	-6.9	-5.3
Adjusted EBT	120.3	126.0
Income taxes	-38.5	-35.6
Income taxes on adjustments	-3.0	-10.0
Adjusted Profit (+) or Loss (-)	**78.8**	**80.3**

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 six months of the financial year 2018/19 from October 1, 2018 through March 31, 2019 (interim period) as of March 31, 2019 (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 Mai 13, 2019.

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

	Germany	Other countries	Total
10/01/2018	21	43	64
companies consolidated for the first time	0	1	1
deconsolidated companies	0	0	0
merged companies	0	0	0
03/31/2019	21	44	65

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	**Closing rate**	Average exchange rate	Closing rate
		10/01/2018-03/31/2019	**03/31/2019**	10/01/2017-03/31/2018	03/31/2018
		EUR	**EUR**	EUR	EUR
Bulgarian Lev	BGN	0.51130	0.51130	0.51130	0.51130
Swiss Franc	CHF	0.87094	0.89437	0.88062	0.84897
Czech Koruna	CZK	0.03888	0.03876	0.03858	0.03933
Croatian Kuna	HRK	0.13489	0.13452	0.13410	0.13455
Hungarian Forint	HUF	0.00312	0.00311	0.00323	0.00320
Polish Zloty	PLN	0.23306	0.23253	0.23691	0.23750
Romanian Lei	RON	0.21427	0.21005	0.21728	0.21475
Turkish Lira	TRY	0.16558	0.15761	0.23200	0.20418
U.S. Dollar	USD	0.86165	0.89008	0.85434	0.81162

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 March 31, 2019, the borrowings comprise Senior Notes and bank liabilities, excluding current accounts and Revolving Credit Facility, as follows:

	03/31/2019		03/31/2018		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	298.7	300.0	297.1	300.0	297.9
Senior Notes	335.0	334.0	335.0	332.4	335.0	333.2
Term Loan B Facility	1,670.0	1,670.3	1,670.0	1,670.3	1,670.0	1,670.3
Total	**2,305.0**	**2,303.1**	2,305.0	2,299.9	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 March 31, 2019.[2] Individual companies also have access to bilateral credit lines, of which €0.6 million had been utilized as of March 31, 2019.

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 March 31, 2019, the Company was in compliance with all covenants.

[2] Available amount for borrowings is reduced by €12.5 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.

	03/31/2019		03/31/2018	
	Reference amount EUR m	Fair values: Financial assets EUR m	Reference amount EUR m	Fair values: Financial assets EUR m
Interest rate caps	1,100.0	0.1	1,100.0	2.3
of which not part of a hedge relationship	1,100.0	0.1	1,100.0	2.3

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.