Interim Financial Report

Kirk Beauty One GmbH

as at March 31st 2017

Content

Content

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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 urge 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, 2016* 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, 2017 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 in accordance with 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, 2016 (last annual financial statements).

The results of operations and related cash flows in the following text and tables refer to the first half of the financial year 2016/2017, i.e. from October 1, 2016 to March 31, 2017 compared to the first half of the financial year 2015/2016, i.e. from October 1, 2015 to March 31, 2016.

The Company

The Douglas Group ("Douglas", "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 (former Hans-Günther-Sohl-Straße has been renamed into Luise-Rainer-Straße in March 2017).

Douglas is a 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. As of March 31, 2017, Douglas operated stores in 18 European countries and had e-commerce operations in 17 countries. At the beginning of the financial year 2016/2017 the head office of Douglas moved to Düsseldorf/Germany. In January 2017 a new Douglas company was founded in Slovakia. Operations started in April 2017.

In the course of the first half of the financial year 2016/2017, Douglas acquired the perfumery Quinto in Mont-Saint-Martin, France. In addition Douglas has signed an agreement about the acquisition of Grupo Bodybell in Spain. With more than 200 stores, two online shops and an established logistics platform, Madrid-based Grupo Bodybell is one of the leading Spanish perfumery chains. The agreement is subject to a number of conditions, including merger control approval.

Result of Operations

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

		Cumulative		2nd Quarter	
		10/01/2016 - 03/31/2017 (in EUR m)	10/01/2015 - 03/31/2016 (in EUR m)	01/01/2017 - 03/31/2017 (in EUR m)	01/01/2016 - 03/31/2016 (in EUR m)
1.	Sales	1,566.2	1,529.9	575.5	579.9
2.	Cost of raw materials, consumables and supplies and merchandise	-838.5	-854.5	-288.5	-312.0
3.	Gross profit from retail business	727.8	675.4	287.0	267.9
4.	Other operating income	115.4	95.2	48.9	40.8
5.	Personnel expenses	-270.7	-297.6	-126.7	-150.4
6.	Other operating expenses	-376.6	-362.5	-170.3	-168.8
7.	EBITDA	195.8	110.5	38.9	-10.5
	Non-recurring effects/adjustments	*18.4*	*94.2*	*9.4*	*56.3*
	Adjusted EBITDA	*214.2*	*204.7*	*48.4*	*45.8*
8.	Amortization/depreciation	-50.7	-49.4	-26.1	-24.9
9.	EBIT	145.1	61.1	12.8	-35.4
10.	Financial income	33.3	2.8	12.9	1.1
11.	Financial expenses	-67.5	-102.2	-32.2	-61.6
12.	Financial result	-34.2	-99.4	-19.3	-60.5
13.	Earnings (loss) before tax (EBT)	110.9	-38.3	-6.5	-95.9
14.	Income taxes	-49.1	0.0	-6.5	19.4
15.	Profit (loss) for the period	61.8	-38.3	-13.0	-76.5

Segment Reporting

The segment reporting of the Group, prepared in conformity with IFRS 8 "Operating Segments", reflects the internal management and reporting structure which is based on geographical regions. For the purposes of segment reporting, the individual countries in which Douglas operates are allocated to the regions Germany (including Norway), France (including Monaco), South-Western Europe (including Austria, Italy, The Netherlands, Portugal, Spain and Switzerland) and Eastern Europe (including Bulgaria, Croatia, The Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia (started April 2017)). Service and regional holding entities are allocated to the segments based on the region of their place of business. Transfers between our segments are conducted on an arm's length basis.

Segment sales (net) reflect the sales generated with third parties outside the Douglas Group while intersegment sales reflect any sales between our four regional segments. The key segmental performance indicator is the Adjusted EBITDA. EBITDA is adjusted for either non-recurring or one-off items or impacts limited to a certain period of time. Non-recurring and one-off items include, but are not limited to, purchase price allocation (PPA) effects, consulting fees, restructuring costs, extraordinary financing costs such as fees and other extraordinary costs. Further adjustments concern ongoing, disputed lease contracts, revaluation effects of inventories and trade receivables and credit card fees. Revaluation effects of inventories as well as on trade receivables are considered as depreciations and are therefore included in net income. Credit card fees are considered as financial expenses and are therefore included in net income. Furthermore, net income is adjusted for impairment losses, one-off financing expenses and fees as well as tax effects on the aforementioned adjustments. Segment inventory comprises finished goods and merchandise, raw materials, consumables and supplies as well as advances to suppliers for merchandise. Capital expenditure shown under segment reporting relates to additions made to intangible assets and property, plant and equipment. Segment assets generally comprise non-current assets. Segment assets do not include non-current tax positions.

Sales

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

		10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016
Sales	EUR m	1,566.2	1,529.9
Segments			
Germany			
Sales (net)	***EUR m***	***681.0***	***682.2***
Intersegment sales	*EUR m*	*20.9*	*15.1*
Sales	*EUR m*	*701.9*	*697.2*
France			
Sales (net)	***EUR m***	***433.4***	***410.0***
Intersegment sales	*EUR m*	*0.1*	*0.2*
Sales	*EUR m*	*433.5*	*410.2*
South-Western Europe			
Sales (net)	***EUR m***	***298.9***	***293.7***
Intersegment sales	*EUR m*	*0.0*	*0.0*
Sales	*EUR m*	*298.9*	*293.7*
Eastern Europe			
Sales (net)	***EUR m***	***152.9***	***144.1***
Intersegment sales	*EUR m*	*0.0*	*0.0*
Sales	*EUR m*	*152.9*	*144.1*

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 non-recurring, one-off items and impacts limited to a certain period of time. Non-recurring and one-off items include, but are not limited to, PPA effects, consulting fees, restructuring costs, extraordinary financing costs such as fees and other extraordinary costs.

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:

		10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016
EBITDA	**EUR m**	**195.8**	**110.5**
EBITDA margin	%	12.5	7.2
Non-recurring effects/adjustments	EUR m	18.4	94.2
Adjusted EBITDA	**EUR m**	**214.2**	**204.7**
Adjusted EBITDA margin	%	13.7	13.4
Segments			
Germany			
EBITDA	***EUR m***	***64.0***	***24.9***
EBITDA margin	*%*	*9.4*	*3.6*
Non-recurring effects/adjustments	*EUR m*	*13.7*	*60.7*
Adjusted EBITDA	***EUR m***	***77.7***	***85.6***
Adjusted EBITDA margin	*%*	*11.4*	*12.3*
France			
EBITDA	***EUR m***	***76.0***	***54.3***
EBITDA margin	*%*	*17.5*	*13.2*
Non-recurring effects/adjustments	*EUR m*	*2.7*	*15.0*
Adjusted EBITDA	***EUR m***	***78.7***	***69.3***
Adjusted EBITDA margin	*%*	*18.2*	*16.9*
South-Western Europe			
EBITDA	***EUR m***	***33.1***	***22.7***
EBITDA margin	*%*	*11.1*	*7.7*
Non-recurring effects/adjustments	*EUR m*	*1.0*	*8.8*
Adjusted EBITDA	***EUR m***	***34.1***	***31.5***
Adjusted EBITDA margin	*%*	*11.4*	*10.7*
Eastern Europe			
EBITDA	***EUR m***	***23.6***	***9.4***
EBITDA margin	*%*	*15.4*	*6.5*
Non-recurring effects/adjustments	*EUR m*	*0.9*	*9.6*
Adjusted EBITDA	***EUR m***	***24.5***	***19.0***
Adjusted EBITDA margin	*%*	*16.0*	*13.2*

Six Months Ended March 31, 2017 compared to Six Months Ended March 31, 2016

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

Following our omnichannel strategy our consolidated sales (net) grew by €36.3 million or 2.4 percent compared to the six months ended March 31, 2016. This results in higher market shares in most of our countries. Adjusted for currency effects and for the sales of our Turkish business which was terminated end of October 2016 our sales increased by 2.8 percent compared to the first half of the financial year 2015/2016.

Our online business grew strongly by 17.2 percent with a significant increase in all geographic regions. Overall, online sales accounted for 13.9 percent of our total sales. On a like-for-like basis, sales (net) grew by 2.4 percent, our like-for-like sales of our store business grew by 0.2 percent.

Sales in our segments developed as follows:

Sales (net) in our segment **Germany** decreased by €1.2 million or 0.2 percent. The decisive factor affecting the sales was the time shift of the Easter business in Germany from March in the financial year 2016 to April in the financial year 2017. On a like-for-like basis sales in Germany increased by 0.4 percent.

Sales (net) in our segment **France** increased strongly by €23.4 million or 5.7 percent. On a like-for-like basis, sales in France increased by 5.3 percent driven by organic growth of both our store and online businesses.

Sales (net) in our segment **South-Western Europe** increased by €5.2 million or 1.8 percent. On a like-for-like basis sales in South-Western Europe increased by 1.5 percent.

Sales (net) in our segment **Eastern Europe** increased strongly by €8.8 million or 6.1 percent. Like-for-like sales rose by 6.7 percent. All countries contributed to this positive sales development. Adjusted for currency effects and the discontinued operations in Turkey our sales increased by 11.5 percent.

Cost of raw materials, consumables and supplies and merchandise

The costs of raw materials, consumables, supplies and merchandise for the first six months of the previous financial year 2015/2016 are impacted by PPA effects of the CVC acquisition. The sale of the revaluated inventories in the normal course of business led to a significant decline in gross profit in prior year. Adjusted for PPA effects in prior year and certain extraordinary adjustments, the costs of raw materials, consumables and supplies and merchandise for the six months ended March 31, 2017 amounted to €837.6 million (53.5 percent of total sales) compared to €793.1 million (51.6 percent of total sales) for the six months ended March 31, 2016. The decrease in adjusted gross margin of 1.6 percentage points as a percentage of total sales is attributable to the time shift of the profitable Easter business, especially in Germany, as well as higher investments in promotional activities. However, gross profit was positively affected by substantially higher sales of our Douglas Nocibé Collection in all countries.

Other operating income

Other operating income increased from 6.2 percent to 7.4 percent as a percentage of sales. This increase mainly results from higher marketing income in combination with our increased marketing spend and the reversal of provisions. Adjusted for extraordinary effects the other operating income as a percentage of total sales accounted for 7.2 percent as compared to 6.2 percent in the financial year 2015/16.

Personnel expenses

The decrease of €26.9 million is mainly attributable to lower personnel expenses resulting from the personnel efficiency measures which were realized across all countries following the February 2016 announcement. The personnel expenses as a percentage of total sales accounted for 17.3 percent as compared to 19.5 percent during the six months ended March 31, 2016. Adjusted for extraordinary effects from the mentioned efficiency measures, the personnel expenses as a percentage of total sales accounted for 17.0 percent as compared to 18.5 percent during the six months ended March 31, 2016.

Other operating expenses

As a percentage of total sales, other operating expenses increased to 24.0 percent compared to 23.7 percent during the six months ended March 31, 2016. A majority of this increase is attributable to higher marketing expenses related to our value creation program and higher cost of delivery of goods. Adjusted for extraordinary effects the other operating expenses as a percentage of total sales accounted for 23.0 percent as compared to 22.4 percent during the six months ended March 31, 2016.

EBITDA and Adjusted EBITDA

The significant increase of 77.2 percent was mainly due to higher PPA effects in the financial year 2015/2016. Adjusted EBITDA increased by €9.5 million, or 4.6 percent, to €214.2 million during the six months ended March31, 2017 from €204.7 million during the six months ended March 31, 2016. As a percentage of sales (net), Adjusted EBITDA increased by 0.3 percentage points to 13.7 percent. Total adjustments for non-recurring or non-operating items as well as credit card fees decreased by €75.8 million to €18.4 million during the six months ended March 31, 2017 compared to €94.2 million (thereof €66.8 million related to PPA effects of the CVC acquisition) during the six months ended March 31, 2016.

EBITDA and Adjusted EBITDA in our segments developed as follows:

Adjusted EBITDA of the **German** segment decreased by €7.9 million to €77.7 million during the six months ended March 31, 2017 from €85.6 million during the six months ended March 31, 2016. Adjustments on EBITDA totaled €13.7 million, primarily consisted of consulting fees in the context of the initiated value creation program as well as the move of the headquarter from Hagen to Düsseldorf. The decrease in adjusted EBITDA results mainly from a lower gross profit and higher marketing expenses in connection with an intensive focus on CRM and promotional activities to extent our market leading position in Germany. Adjusted EBITDA margin decreased by 1.1 percentage points from 12.3 percent to 11.4 percent during the period under review.

Adjusted EBITDA of the **French** segment increased by 9.4 million to €78.7 million during the six months ended March 31, 2017 from €69.3 million during the six months ended March 31, 2016. This substantial improvement was primarily driven by the strong sales performance as well as an improvement in gross margin and a stable cost level. The previous year was affected by a PPA effect related to the CVC acquisition of €11.8 million. Other adjustments of the previous year related to restructuring costs, consulting fees and credit card fees.

Adjusted EBITDA of our segment **South-Western Europe** increased by €2.6 million to €34.1 million during the six months ended March 31, 2017 from €31.5million during the six months ended March 31, 2016. A majority of this increase is attributable to the growing e-commerce business and the strong development of the like-for-like store business in the Netherlands, where we have gained substantial market share which results in a sustainable increase in sales.

Adjusted EBITDA of the Eastern Europe segment increased by €5.5 million to €24.5 million during the six months ended March 31, 2017 from €19.0 million during the six months ended March 31, 2016. A majority of this development relates to increased store and e-commerce sales, margin improvements as well as continuous store network expansion.

EBIT

In the first six months of the financial year 2016/2017, the EBIT increased by €84.0 million to €145.1 million from €61.1 million during the six months ended March 31, 2016. This increase was due to the higher EBITDA as mentioned above. Amortization and Depreciation expense was with €1.3 million or 2.6 percent slightly above previous year's level.

Financial result

The financial result has been improved by €65.2 million to minus €34.2 million during the six months ended March 31, 2017 from minus €99.4 million during the six months ended March 31, 2016. The difference was mainly a result of positive valuation effects from derivative financial instruments of €24.1 million (previous year: negative valuation effects of €24.1 million). In addition, in July 2016 and in January 2017 our Term Loan B Facility has been refinanced with a New Facility B priced at least at EURIBOR plus 375 bps (0.0 percent floor), representing an overall reduction of 225 bps in margin. In July 2016, the Company raised an additional €150 million of Term Loan B for general corporate purposes (including funding of potential bolt-on acquisitions and a distribution to shareholders of €100 million).

Income taxes

Income tax provision amounted to €49.1 million during the six months ended March 31, 2017 compared to €0.0 million during the six months ended March 31, 2016, driven by the increase of pre-tax income.

Profit (loss) for the period

As a result of the foregoing, our profit for the six months ended March 31, 2017 amounted to €61.8 million, compared to minus €38.2 million during the six months ended March 31, 2016. Adjusted net profit during the six months ended March 31, 2017 was €58.0 million compared to €38.0 million in the previous year. Adjustments totaled to minus €3.8 million in the six months ended March 31, 2017, thereof €18.4 million related to the adjustments made with respect to EBITDA described, minus €5.4 million credit card fee adjustments and valuation effects of derivative financial instruments in the amount of minus €17.6 million. Income tax effects of €1.8 million and other effects of minus €1.0 million affected adjusted net profit as well.

Liquidity and Capital Resources

Overview

The main sources of liquidity on an ongoing basis are the operating cash flows and drawings under our €200.0 million senior secured multi-currency revolving credit facility (the "Revolving Credit Facility"). 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 six months ended March 31, 2017, 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, 2017, 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 the purpose of 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 €11.4 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, 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:

	as of 03/31/2017 (in EUR m)	as of 03/31/2016 (in EUR m)
Inventories	567.8	595.1
Trade accounts receivable	37.0	42.8
Trade accounts payable	-326.8	-305.4
Others	-72.3	-70.2
Net Working Capital	**205.7**	**262.3**

Net Working capital decreased by €56.6 million to €205.7 million as of March 31, 2017. As a result of the PPA related to the CVC acquisition our inventories in the previous year have been revaluated to fair value resulting in higher balance. The sale of the inventories in the normal course of the business led to a decline in gross profit no cash impact. Adjusted for this PPA effect inventories as of March 31, 2016 would have amounted to €554.9 million. On that basis, our Net Working Capital decreased by €16.4 million despite an increase in sales. The main reason for this decrease is an ongoing tight management of receivables and payables. Furthermore, timing effects at the cut-off date have positively affected working capital as of March 31, 2017.

Investments in non-current assets

The investments made during the six months ended March 31, 2016 and 2017 mainly related to the expansion of our store network via acquisitions, new store openings and investments in the refurbishment, maintenance, design and re-design of existing stores.

The main source of funding for these investments has been and is expected to continue to be the positive cash flow from operating activities and additional acquisition financing under the Senior Facilities Agreement.

Our investment in non-current assets were €37.9 million in the six months ended March 31, 2017, €6.7 million above prior year payments. The investments during the first half of the current fiscal year consisted of €36.1 million additions in tangible and intangible assets (CAPEX) as well as the realization of provisions for outstanding invoices on fixed assets of €0.9 million and payments for acquisitions of other business units of €0.9 million.

Historical Consolidated Cash Flow Data

			10/01/2016 - 03/31/2017 (in EUR m)	10/01/2015 - 03/31/2016 (in EUR m)
1.		EBITDA	195.8	110.5
2.	+/-	Increase/decrease in provisions	-15.8	-1.1
3.	+/-	Other non-cash income/expense	0.0	-1.0
4.	+/-	Profit/loss on the disposal of non-current assets	-0.4	-0.3
5.	+/-	Changes in net working capital	-3.4	57.9
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	7.8	22.1
7.	-/+	Paid/reimbursed taxes	5.7	-14.8
8.	=	Net cash flow from operating activities	189.7	173.3
9.	+	Proceeds from the disposal of non-current assets and the disposal of stores	1.2	9.3
10.	-	Investments in non-current assets	-37.0	-30.0
11.	-	Payments for the acquisition of consolidated companies and other business units	-0.9	-1.2
12.	-	Payments for investments in associated companies	0.0	-0.2
13.	=	Net cash flow from investing activities	-36.7	-22.1
14.		Free cash flow (sum of 8 and 13)	153.0	151.2
15.	-	Payments for the repayment of financial liabilities	-2.0	-26.8
16.	+	Proceeds from borrowings	0.6	3.2
17.	-	Payments for the granting of borrowings	0.0	-0.4
18.	-	Interest paid	-58.3	-73.7
19.	+	Interest received	0.0	0.1
20.	-	Payments for the acquisition of non-controlling interests	0.0	-0.2
21.	=	Net cash flow from financing activities	-59.7	-97.8
22.		Net change in cash and cash equivalents (total of 8, 13 and 21)	93.3	53.4
23.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	-0.1
24.	+	Cash and cash equivalents at the beginning of the fiscal year	143.9	68.1
25.	**=**	**Cash and cash equivalents at end of period**	**237.1**	**121.4**

Six months ended March 31, 2016 Compared to Six months ended March 31, 2016

Cash Flow from operating activities

Cash provided by operating activities increased by €16.4 million, or 9.5 percent, to €189.7 million during the six months ended March 31, 2017 from €173.3 million during the six months ended March 31, 2016. The increase in EBITDA in the amount of €85.3 million was offset by higher changes in net working capital of €61.3 million and a higher decrease in provisions of €14.7 million. The variances of reported EBITDA as well as the changes in net working capital in the previous year were impacted by the non-cash effects of the PPA amortization (€60.3 million in 2016). Due to repayments of tax advances in Germany and France and timing effects, taxes paid were reduced by €20.5 million.

Cash Flow from investing activities

Cash used for investing activities increased by €14.6 million to €36.7 million during the six months ended March 31, 2017 from €22.1 million during the six months ended March 31, 2016. This increase was mainly related to proceeds of €9.3 million from the disposal of non-current assets and the disposal of stores during the first six months ended March 31, 2016, which were mainly related to the sale of a building in Hagen, Germany.

Cash Flow from financing activities

During the six months ended March 31, 2017, cash used for financing activities amounted to €59.7 million compared to €97.8 million during the six months ended March 31, 2016. The decrease of €38.1 million was primarily driven by the repayment of the Revolving Credit Facility in December 2015 and lower interest payments due to the repricing of Term Loan B.

Liquidity as at March 31, 2017

As at March 31, 2017 the cash balance amounted to €237.1 million. Our net debt position includes the nominal values of the Term Loan B Facility and the Notes on March 31, 2017.

	as of 03/31/2017 (in EUR m)
Term Loan B	-1,370.0
Senior Notes	-335.0
Senior Secured Notes	-300.0
Accrued interests	-10.1
Other financial indebtedness	-0.3
Total Debt	-2,015.4
Cash and cash equivalents	237.1
Net Debt	**-1,778.3**

Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

Consolidated Statement of Comprehensive Income

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

Income Statement

		Cumulative		2nd Quarter	
		10/01/2016 - 03/31/2017 (in EUR m)	10/01/2015 - 03/31/2016 (in EUR m)	01/01/2017 - 03/31/2017 (in EUR m)	01/01/2016 - 03/31/2016 (in EUR m)
1.	Sales	1,566.2	1,529.9	575.5	579.9
2.	Cost of raw materials, consumables and supplies and merchandise	-838.5	-854.5	-288.5	-312.0
3.	Gross profit from retail business	727.8	675.4	287.0	267.9
4.	Other operating income	115.4	95.2	48.9	40.8
5.	Personnel expenses	-270.7	-297.6	-126.7	-150.4
6.	Other operating expenses	-376.6	-362.5	-170.3	-168.8
7.	EBITDA	195.8	110.5	38.9	-10.5
8.	Amortization/depreciation	-50.7	-49.4	-26.1	-24.9
9.	EBIT	145.1	61.1	12.8	-35.4
10.	Financial income	33.3	2.8	12.9	1.1
11.	Financial expenses	-67.5	-102.2	-32.2	-61.6
12.	Financial result	-34.2	-99.4	-19.3	-60.5
13.	Earnings (loss) before tax (EBT)	110.9	-38.3	-6.5	-95.9
14.	Income taxes	-49.1	0.0	-6.5	19.4
15.	Profit (loss) for the period	61.8	-38.3	-13.0	-76.5

Reconciliation of Income (Loss) to Comprehensive Income (Loss)

	10/01/2016 - 03/31/2017 (in EUR m)	10/01/2015 - 03/31/2016 (in EUR m)	01/01/2017 - 03/31/2017 (in EUR m)	01/01/2016 - 03/31/2016 (in EUR m)
Result from operations	61.8	-38.3	-13.0	-76.5
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	1.1	-0.2	0.0	-0.1
Components that will not be reclassified to the income statement				
Other comprehensive income (loss) for the period	**1.1**	**-0.2**	**0.0**	**-0.1**
Total comprehensive income (loss)	62.9	-38.5	-13.0	-76.6
Total comprehensive income (loss) attributable to group shareholders	62.9	-38.5	-13.0	-76.6

Consolidated Balance Sheet

of Kirk Beauty One GmbH as of March 31, 2017 and 2016 and as of September 30, 2016.

		03/31/2017 (in EUR m)	03/31/2016 (in EUR m)	09/30/2016 (in EUR m)
Assets				
A.	**Non-current assets**			
I.	Intangible assets	2,553.4	2,568.8	2,560.0
II.	Property, plant and equipment	256.0	245.7	263.7
III.	Tax receivables	0.0	2.5	0.0
IV.	Financial assets	7.3	7.3	4.1
V.	Shares in associated companies	0.1	0.2	0.1
VI.	Deferred tax assets	58.3	53.7	64.3
		2,875.1	2,878.2	2,892.2
B.	**Current assets**			
I.	Inventories	567.8	595.1	512.6
II.	Trade accounts receivable	37.0	42.8	34.5
III.	Tax receivables	26.3	48.8	42.0
IV.	Financial assets	480.9	79.9	484.1
V.	Other assets	24.3	22.5	19.9
VI.	Cash and cash equivalents	237.1	121.4	143.9
		1,373.4	910.5	1,237.0
Total		**4,248.6**	**3,788.7**	**4,129.2**

		03/31/2017 (in EUR m)	03/31/2016 (in EUR m)	09/30/2016 (in EUR m)
Equity and Liabilities				
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	119.6	-141.7	56.7
IV.	Non-controlling interests	0.0	0.0	0.0
		1,244.7	983.4	1,181.8
B.	Non-current liabilities			
I.	Pension provisions	44.3	38.7	44.6
II.	Other non-current provisions	29.4	24.0	30.1
III.	Financial liabilities	2,001.2	1,845.3	2,014.8
IV.	Other liabilities	0.6	0.7	0.6
V.	Deferred tax liabilities	216.7	232.4	221.2
		2,292.2	2,141.1	2,311.3
C.	Current liabilities			
I.	Current provisions	74.2	87.1	89.1
II.	Trade accounts payable	326.8	305.4	307.2
III.	Tax liabilities	107.1	84.3	59.2
IV.	Financial liabilities	13.4	14.6	13.7
V.	Other liabilities	190.2	172.8	166.9
		711.7	664.2	636.1
Total		**4,248.6**	**3,788.7**	**4,129.2**

Statement of Changes in Group Equity

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

			Reserves				
	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Other reserves (in EUR m)	Reserves for pension provisions (in EUR m)	Differences from currency translation (in EUR m)	Non-controlling interests (in EUR m)	Total (in EUR m)
10/01/2016	0.0	1,125.1	63.0	-4.9	-1.4	0.0	1,181.8
Currency translation					1.1		1.1
Net result for the period			61.8			0.0	61.8
Total comprehensive income (loss)	0.0	0.0	61.8	0.0	1.1	0.0	62.9
Transactions with group shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
03/31/2017	**0.0**	**1,125.1**	**124.8**	**-4.9**	**-0.3**	**0.0**	**1,244.7**

			Reserves				
	Capital stock (in EUR m)	Additional paid-in capital (in EUR m)	Other reserves (in EUR m)	Reserves for pension provisions (in EUR m)	Differences from currency translation (in EUR m)	Non-controlling interests (in EUR m)	Total (in EUR m)
10/01/2015	**0.0**	**1,125.1**	**-100.5**	**-0.8**	**-1.7**	**0.1**	**1,022.2**
Currency translation					-0.2		-0.2
Net result for the period			-38.3			0.0	-38.3
Total comprehensive income (loss)	0.0	0.0	-38.3	0.0	-0.2	0.0	-38.5
Transactions with group shareholders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0		-0.2			-0.1	-0.3
03/31/2016	**0.0**	**1,125.1**	**-139.0**	**-0.8**	**-1.9**	**0.0**	**983.4**

Consolidated Cash Flow Statement

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

Cash Flow Statement

			10/01/2016 - 03/31/2017 (in EUR m)	10/01/2015 - 03/31/2016 (in EUR m)
1.		EBITDA	195.8	110.5
2.	+/-	Increase/decrease in provisions	-15.8	-1.1
3.	-/+	Other non-cash income/expense	0.0	-1.0
4.	-/+	Profit/loss on the disposal of non-current assets	-0.4	-0.3
5.	+/-	Changes in net working capital	-3.4	57.9
6.	+/-	Changes in other assets/liabilities not classifiable to investing or financing activities	7.8	22.1
7.	-/+	Paid/reimbursed taxes	5.7	-14.8
8.	=	**Net cash flow from operating activities**	**189.7**	173.3
9.	+	Proceeds from the disposal of non-current assets and the disposal of stores	1.2	9.3
10.	-	Investments in non-current assets	-37.0	-30.0
11.	-	Payments for the acquisition of consolidated companies and other business units	-0.9	-1.2
12.	-	Payments for investments in associated companies	0.0	-0.2
13.	=	**Net cash flow from investing activities**	**-36.7**	-22.1
14.		Free cash flow (sum of 8 and 13)	**153.0**	151.2
15.	-	Repayment of financial liabilities	-2.0	-26.8
16.	+	Proceeds from borrowings	0.6	3.2
17.	-	Payments for the granting of borrowings	0.0	-0.4
18.	-	Interest paid	-58.3	-73.7
19.	+	Interest received	0.0	0.1
20.	-	Payments for the acquisition of non-controlling interests	0.0	-0.2
21.	=	**Net cash flow from financing activities**	**-59.7**	-97.8
22.		Net change in cash and cash equivalents (total of 8, 13 and 21)	93.3	53.4
23.	+/-	Net change in cash and cash equivalents due to currency translation	-0.1	-0.1
24.	+	Cash and cash equivalents at beginning of period	143.9	68.1
25.	**=**	**Cash and cash equivalents at end of period**	**237.1**	**121.4**

Segment Reporting

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

		Germany		France		South-Western Europe	
		10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016	10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016	10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016
Sales (net)	EUR m	681.0	682.2	433.4	410.0	298.9	293.7
Intersegment sales	EUR m	20.9	15.1	0.1	0.2	0.0	0.0
Sales	EUR m	701.9	697.2	433.5	410.2	298.9	293.7
EBITDA	EUR m	64.0	24.9	76.0	54.3	33.1	22.7
EBITDA margin	%	9.4	3.6	17.5	13.2	11.1	7.7
Non-recurring effects/adjustments	EUR m	13.7	60.7	2.7	15.0	1.0	8.8
Adjusted EBITDA	EUR m	77.7	85.6	78.7	69.3	34.1	31.5
Adjusted EBITDA margin	%	11.4	12.3	18.2	16.9	11.4	10.7

		Eastern Europe		Consolidation		Kirk Beauty One GmbH	
		10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016	10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016	10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016
Sales (net)	EUR m	152.9	144.1			1,566.2	1,529.9
Intersegment sales	EUR m	0.0	0.0	-21.0	-15.3	0.0	0.0
Sales	EUR m	152.9	144.1	-21.0	-15.3	1,566.2	1,529.9
EBITDA	EUR m	23.6	9.4	-0.9	-0.8	195.8	110.5
EBITDA margin	%	15.4	6.5			12.5	7.2
Non-recurring effects/adjustments	EUR m	0.9	9.6			18.4	94.2
Adjusted EBITDA	EUR m	24.5	19.0	-0.8	-0.7	214.2	204.7
Adjusted EBITDA margin	%	16.0	13.2			13.7	13.4

Reconciliation segment income

in EUR m	10/01/2016 - 03/31/2017	10/01/2015 - 03/31/2016
EBITDA	195.8	110.5
One-off items/adjustments	18.4	94.2
Adjusted EBITDA	214.2	204.7
Amortization/depreciation	-50.7	-49.4
One-off items/adjustments	-0.9	-0.8
Adjusted EBIT	162.6	154.5
Financial result	-34.2	-99.4
One-off items/adjustments	-23.1	18.7
Adjusted EBT	105.3	73.8
Taxes	-49.1	0.0
Taxes on one-off items/adjustments	1.8	-35.8
Adjusted net income continued operations	**58.0**	**38.0**

Notes to the Interim Consolidated Financial Statements

of Kirk Beauty One GmbH for the period from October 1, 2016 through March 31, 2017 and for the period from October 1, 2015 through March 31, 2016.

General principles

Kirk Beauty One GmbH, seated in Düsseldorf, Germany (thereafter Kirk Beauty One), the parent company of Douglas GmbH (formerly Kirk Beauty Zero GmbH), was incorporated on April 10, 2015. Douglas GmbH represents the business of Beauty Holding Zero GmbH acquired by Douglas GmbH effective August 13, 2015. Kirk Beauty One and Douglas GmbH issued Senior Secured Notes and Senior Notes at GEM segment of the Irish Stock Exchange in July 2015.

The Interim Consolidated Financial Statements include the unaudited financial statements of Kirk Beauty One as of and for the six-month period ended March 31, 2017 and March 31, 2016.

The Kirk Beauty One Interim Consolidated Financial Statements have been prepared in conformity with the International Financial Reporting Standards (IFRS). The accounting and valuation principles as well as the consolidation principles for the first six months of the financial year 2016/17 from October 1, 2016 through March 31, 2017 are consistent with those applied for the Kirk Beauty One Consolidated Financial Statements as of September 30, 2016. All sales-related, seasonal or cyclical issues have been deferred during the financial year in accordance with sound business judgement.

The financial statements of the subsidiaries included in the Interim Consolidated Financial Statements were prepared uniformly according to the applicable IFRS classification, accounting and measurement principles, subject to IAS 21.40.

All figures in the balance sheet and income statement are shown in millions of Euro (EUR m).

New IAS accounting standards

The Interim Consolidated Financial Statements of Kirk Beauty One have been prepared taking into account all published standards and interpretations which have been adopted as part of the European Union (EU) endorsement process and for which application is mandatory for the financial year 2016/17. Any of the new standards adopted have no material impact on the Interim Consolidated Financial Statements of Kirk Beauty One. A material impact on the presentation of financial statements is expected for the first time adoption of IFRS 16. The probable impact of IFRS 15 is considered immaterial, but further analysis is required.

Consolidation principles

Group of consolidated companies

All of the German and foreign companies over which Kirk Beauty One has direct or indirect control and all of the subsidiaries are fully consolidated. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to Kirk Beauty One. Control is obtained when Kirk Beauty One obtains power over an investee, when Kirk Beauty One is exposed to variable returns from its investments with the investee and when it is able to influence these returns by using its power. They are deconsolidated on the date on which control ceases.

Group of Consolidated Companies

	Total
as of October 1, 2016	**57**
companies consolidated for the first time	*2*
deconsolidated companies	*0*
merged companies	*2*
as of March 31, 2017	**57**

Currency translation

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

Exchange Rates

		Average exchange rate 10/01/2016 - 03/31/2017 (in EUR)	Closing rate 03/31/2017 (in EUR)	Average exchange rate 10/01/2015 - 03/31/2016 (in EUR)	Closing rate 03/31/2016 (in EUR)
BGN	Bulgarian Lev	0.51256	0.51130	0.51265	0.51303
CHF	Swiss Franc	0.92299	0.93493	0.93311	0.91483
CZK	Czech Koruna	0.03701	0.03700	0.03686	0.03698
HRK	Croatian Kuna	0.13365	0.13429	0.13175	0.13362
HUF	Hungarian Forint	0.00322	0.00325	0.00322	0.00318
PLN	Polish Zloty	0.22986	0.23660	0.23782	0.23473
RON	Romanian Lei	0.22250	0.21966	0.22510	0.22407
TRL	Turkish Lira	0.28457	0.25711	0.31872	0.31150
USD	U.S. Dollar	0.91147	0.93537	0.90572	0.88067

Receivables and liabilities denominated in currencies other than the functional currency are translated to the functional currency by being recognized in profit or loss in the income statement.

Accounting and valuation principles

These Interim Consolidated Financial Statements have been prepared in accordance with 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, 2016 (last annual financial statements). 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 financial statements.

These interim financial statements were authorized for issue by the Company's Board of Directors on May 22, 2017.

Use of 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 assets and liabilities as well as income and expenses. These assumptions and estimates were used, in particular, in the determination of useful lives, classifying operating or financing leases, valuing restoration obligations, assessing the impairment of goodwill, measuring provisions and uncertain tax positions and 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.

Financial liabilities

As of March 31, 2017 the bank liabilities excluding current accounts and Revolving Credit Facility comprised the following tranches:

Financing liabilities (without current accounts and revolving credit facility)

	03/31/2017		03/31/2016		09/30/2016	
	Nominal amount (in EUR m)	Carrying amount (in EUR m)	Nominal amount (in EUR m)	Carrying amount (in EUR m)	Nominal amount (in EUR m)	Carrying amount (in EUR m)
Senior Secured Notes	300.0	295.6	300.0	294.0	300.0	294.8
Senior Unsecured Notes	335.0	330.8	335.0	329.2	335.0	330.0
Term Loan B Facility	1,370.0	1,350.3	1,220.0	1,126.5	1,370.0	1,281.2

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, 2017. Individual companies also have access to bilateral credit lines, of which €0.3 million had been utilized as of March 31, 2017.

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, 2017 the Company was in compliance with all covenants.

Hedging of financing liabilities

Interest rate caps are in place to hedge against the risk of interest rate fluctuations over a variable nominal volume of up to €800.0 million and a term until September 30, 2021. As of the balance sheet date, the nominal volume amounts to €773.5 million. The interest rate caps reduce the risk of an inclining EURIBOR to a maximum of 1.0 percent. The cash flows will affect interest income during the period from October 1, 2015 through September 30, 2021. Based on the solid operating and financial performance, Kirk Beauty One has refinanced its current Term Loan B Facility in January 2017. The interest rate floor at 1.0 percent EURIBOR according to the Term Loan B Facility agreement was reduced to 0.0 percent EURIBOR.

	as of 03/31/2017			as of 03/31/2016		
	Reference amount (in EUR m)	**Fair values: Financial assets (in EUR m)**	**Fair values: Financial liabilities (in EUR m)**	Reference amount (in EUR m)	Fair values: Financial assets (in EUR m)	Fair values: Financial liabilities (in EUR m)
Interest rate swaps	0.0		0.0	100.0		0.5
of which not part of a hedge relationship	*0.0*		*0.0*	*100.0*		*0.5*
Interest rate caps	773.5	4.3		276.5	3.4	
of which not part of a hedge relationship	*773.5*	*4.3*		*276.5*	*3.4*	
Interest rate floor	1,370.0		22.1	1,220.0		93.8
of which not part of a hedge relationship	*1,370.0*		*22.1*	*1,220.0*		*93.8*

Events after balance sheet date

Profumerie Douglas S.p.A., the Italian subsidiary of Douglas, has signed an agreement to acquire two leading Italian beauty and perfumery chains – Limoni S.p.A. (“Limoni”) and La Gardenia Beauty S.p.A. (“La Gardenia”), together trading as Leading Luxury Group S.r.l. (“LLG”).

No further events occurred after the balance sheet date that had material impact on the financial position or financial performance of the Kirk Beauty One GmbH group.