HEMA

HEMA B.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED OCTOBER 29, 2017
(QUARTER 3 2017)

Amsterdam, the Netherlands, December 7, 2017

Cautionary note

These Condensed Interim Financial Statements have been prepared by HEMA B.V. (‘HEMA’ or the ‘Company’).

While the information contained herein is believed to be accurate, it has not been the subject of an audit or similar investigation. No representation or warranty, express or implied is or will be given by the Company or its respective affiliates, directors, partners, employees or advisers or any other person as to the accuracy, completeness or fairness of these Condensed Interim Financial Statements and, so far as permitted by law and except in the case of fraud by the party concerned, no responsibility or liability whatsoever is accepted for the accuracy or sufficiency thereof or for any errors, omissions or misstatements negligent or otherwise relating thereto.

These Condensed Interim Financial Statements may include certain statements, estimates, targets and projections provided by the Company with respect to the anticipated future performance of the Company. Such statements, estimates, targets and projections reflect significant assumptions and subjective judgments by the Company’s management concerning anticipated results. These assumptions and judgments may or may not prove to be correct and there can be no assurance that any estimates, targets or projections are attainable or will be realised. Accordingly, neither the Company nor any of its directors, partners, employees or advisers nor any other person, shall give any representation or warranty as to the achievements or reasonableness of future projections, estimates or targets nor will they be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from these Condensed Interim Financial Statements and any such liability is expressly disclaimed.

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INTRODUCTION

About HEMA

HEMA B.V. ('HEMA' or the 'Company') is a general merchandise retailer active in the Netherlands, Belgium, Luxembourg, France, Germany, Spain and the United Kingdom. HEMA designs, markets, sells and distributes products through its directly owned stores, as well as a network of branded franchise stores and e-commerce platforms (including mobile and tablet applications). The Company's products feature original and contemporary designs which are substantially all HEMA branded. HEMA offers an extensive range of products from everyday basic household necessities and a limited food assortment to affordable non-discretionary items, including cosmetics, stationery, basic ladies and menswear, babywear, towels and 'impulse-driven' purchases.

HEMA is a limited liability company with its registered seat (number 34215639) and support office in Amsterdam, the Netherlands. HEMA's shares are ultimately held 100% by Dutch Lion Coöperatief U.A. ('Dutch Lion Coop'), an investment company which is owned by several investment funds advised by Lion Capital. The direct parent of HEMA B.V. is Dutch Lion B.V. (the 'Parent').

Financing

On July 20, 2017, (the 'Issue Date', HEMA Bondco I B.V. and HEMA Bondco II B.V. (together, the 'Issuers') issued €600.0 million Senior Secured Floating Rate Notes due July, 2022 (the 'Senior Secured Notes') and €150.0 million 8.50% Senior Notes due January, 2023 (the 'Senior Notes', and together with the Senior Secured Notes, the 'Notes'). The Senior Secured Notes were issued by HEMA Bondco I B.V. and the Senior Notes were issued by HEMA Bondco II B.V., both of which are 100% owned by the Parent. The proceeds of the Notes were used to repay the Issuers' existing €565.0 million senior secured notes and €150.0 million senior notes as well as a Super Senior Purchase Money Obligation Facility (the "PMO Facility") in full. At August 22, 2017 HEMA B.V. entered into a new interest rate cap, to reduce volatility in the interest expenses. The interest rate cap is effective as of October 16, 2017 until October 15, 2018. The interest rate derivative has a notional amount of €600.0 million, with a cap rate of 0%.

On July 10, 2017, the Company terminated its existing €80.0 million Super Senior Revolving Credit Facility Agreement and entered into a new €100.0 million Super Senior Revolving Credit Facility Agreement (the 'Super Senior Revolving Credit Facility'), which has the same guarantee and collateral package as the previous Super Senior Revolving Credit Facility. Subject to the terms and conditions of the Super Senior Revolving Credit Facility Agreement, the Company agreed as of September 27, 2017 for an Ancillary Facility of €15.0 million. The Ancillary Facility may be utilised by way of:

a. an overdraft facility in current account for € 10.0 million;
b. a contingent liability facility for the purpose of issuing guarantees for € 5.0 million;

On January 31, 2015, the Parent made a contribution of €221.4 million to the Company by way of conversion of the shareholder loan into share premium.

On June 17, 2014, the Parent issued €85.0 million Senior PIK Notes due 2020 (the 'Senior PIK Notes'). The proceeds of this issuance were used to repay the Parent's existing PIK facility in full.

Reporting

This quarterly report is required under the indentures governing the Senior Secured Notes, the Senior Notes and the Senior PIK Notes and under the Super Senior Revolving Credit Facility.

The financial information included herein is with respect to HEMA and its subsidiaries and does not include financial information of the Parent. The Parent is a holding company with no independent business operations. The Parent has no material assets other than the shares it holds in HEMA and the Issuers and intercompany loans to HEMA. The Parent has no material liabilities other than the Senior PIK Notes and a subordinated shareholder loan.

Reporting dates

HEMA’s financial periods are on the basis of a 52- or 53-week financial period, with each financial year ending on the Sunday nearest to January 31.

Financial year 2017 (“FY17”) consists of 52 weeks and starts on January 30, 2017 and ends on January 28, 2018. The quarters of financial year 2017 end on the following dates:

- Quarter 1: April 30, 2017;
- Quarter 2: July 30, 2017;
- Quarter 3: October 29, 2017 (“Q3 FY17”); and
- Quarter 4: January 28, 2018.

All quarters consist of 13 weeks, which is equal to the corresponding quarters of financial year 2016 (“FY16”).

Financial year 2016 consisted of 52 weeks and started on February 1, 2016 and ended on January 29, 2017. The third quarter of financial year 2016 (“Q3 FY16”) started on August 1, 2016 and ended on October 30, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
(unaudited, in million euro)

(In million euro)	Q3			YTD Q3		
	FY17	**FY16**	***Change***	**FY17**	**FY16**	***Change***
Income statement data						
Net sales						
Sales to retail customers	231.5	224.4	7.1	668.7	642.2	26.5
Sales to franchisees	75.2	76.0	(0.8)	205.2	204.6	0.6
Other sales	1.4	0.8	0.6	4.6	2.5	2.1
Total net sales	**308.2**	**301.2**	**7.0**	**878.6**	**849.3**	**29.3**
Cost of sales	(163.7)	(163.8)	0.1	(471.5)	(469.8)	(1.7)
Gross profit	**144.5**	**137.4**	**7.1**	**407.1**	**379.5**	**27.6**
Operating expenses						
Labour costs	(58.1)	(55.5)	(2.6)	(175.9)	(163.5)	(12.4)
Housing and rents	(34.5)	(33.6)	(0.9)	(104.5)	(101.6)	(2.9)
Other general expenses	(22.4)	(21.1)	(1.3)	(65.2)	(56.0)	(9.2)
Other income and expense	1.0	(0.3)	1.3	2.8	(0.9)	3.7
Depreciation and amortisation	(12.2)	(13.4)	1.2	(37.8)	(40.9)	3.1
Total operating expenses	**(126.2)**	**(123.9)**	**(2.3)**	**(380.6)**	**(362.9)**	**(17.7)**
Operating result	**18.3**	**13.5**	**4.8**	**26.5**	**16.6**	**9.9**
Finance costs						
Interest expense - cash	(13.5)	(12.8)	(0.7)	(37.5)	(37.6)	0.1
Interest expense - non cash	-	(0.2)	0.2	(0.4)	(0.7)	0.3
Amortised finance costs	(0.5)	(1.2)	0.7	(2.8)	(3.4)	0.6
Other finance costs	(0.1)	(0.2)	0.1	(20.2)	-	(20.2)
Total finance costs	**(14.1)**	**(14.4)**	**0.3**	**(60.9)**	**(41.7)**	**(19.2)**
Result before income taxes	**4.2**	**(0.9)**	**5.1**	**(34.4)**	**(25.1)**	**(9.3)**
Income taxes	0.4	(0.7)	1.1	(2.5)	(0.8)	(1.7)
Net result	**4.6**	**(1.6)**	**6.2**	**(36.9)**	**(25.9)**	**(11.0)**

(In million euro)	Q3			YTD Q3		
	FY17	**FY16**	**Change**	**FY17**	**FY16**	**Change**
Other financial data						
EBITDA	30.5	26.9	3.6	64.3	57.5	6.8
Adjusted EBITDA	34.4	31.3	3.1	76.8	69.0	7.8
Like-for-like consumer sales	2.2%	0.2%	2.0%	2.6%	1.3%	1.3%
Financial data by product category and region						
Net sales by product category						
Household goods & personal care	118.1	116.0	*2.1*	329.1	310.0	*19.1*
Apparel	102.3	102.8	*(0.5)*	294.5	295.0	*(0.5)*
Food & catering	72.8	71.0	*1.8*	213.1	213.1	-
Services & other	15.0	11.4	*3.6*	41.9	31.2	*10.7*
Total net sales	**308.2**	**301.2**	***7.0***	**878.6**	**849.3**	***29.3***
Net sales by region						
The Netherlands	236.8	237.3	*(0.5)*	673.8	667.3	*6.5*
Belgium and Luxembourg	35.6	35.2	*0.4*	104.1	101.1	*3.0*
France	26.0	21.4	*4.6*	71.7	60.5	*11.2*
Germany	3.8	3.4	*0.4*	11.6	9.6	*2.0*
Other	6.1	3.9	*2.2*	17.4	10.8	*6.6*
Total net sales	**308.2**	**301.2**	***7.0***	**878.6**	**849.3**	***29.3***

Number of stores	**Q3 FY17**	**Q2 FY17**	**Q1 FY17**	**Q4 FY16**	**Q3 FY16**
Directly operated					
The Netherlands	276	276	277	288	285
Belgium and Luxemburg	100	100	100	100	100
Germany	10	10	10	10	10
France	63	59	54	53	49
Spain	8	7	6	5	4
United Kingdom	6	7	7	7	6
	463	**459**	**454**	**463**	**454**
Franchisees					
The Netherlands	259	258	257	257	257
	259	**258**	**257**	**257**	**257**
Total number of stores	**722**	**717**	**711**	**720**	**711**

Net Sales

Net sales increased by €7.0 million, or +2.3%, from €301.2 million in Q3 FY16 to €308.2 million in Q3 FY17. This was due to a combination of positive like-for-like sales growth and a net increase of 11 stores in the store base compared to Q3 FY16, including 28 opened stores (six owned stores and two franchise stores in the Netherlands, fourteen in France, four in Spain, one in the United Kingdom and one in Germany), minus 17 closed stores (fifteen owned stores in the Netherlands, one in Germany and one in United Kingdom). Note that six of the opened owned stores and all closed owned stores in the Netherlands were outlet stores for the purpose of HEMA's stock reduction plan following the build-up in inventory in prior years. As at October 29, 2017 only two outlet stores remain open.

Net Sales by Channel

In Q3 FY17, sales to retail customers[1] increased by €7.1 million, or +3.2%, from €224.4 million in Q3 FY16 to €231.5 million in Q3 FY17. The increase in net sales to retail customers was the result of positive like-for-like consumer sales growth and new store openings. Net sales to franchisees decreased by €0.8 million, or -1.1%, from €76.0 million in Q3 FY16 to €75.2 million in Q3 FY17, due to a higher rebate. The like-for-like franchisee deliveries (gross sales) were +3.8% in Q3 FY17.

Net Sales by Product Category

Net sales from Household goods & personal care increased by €2.1 million, or +1.8%, from €116.0 million in Q3 FY16 to €118.1 million in Q3 FY17. Net sales from Apparel decreased by €0.5 million, or -0.5%, from €102.8 million in Q3 FY16 to €102.3 million in Q3 FY17. Net sales from Food & catering increased by €1.8 million, or +2.6%, from €71.0 million in Q3 FY16 to €72.8 million in Q3 FY17. Net sales from Services & other increased by €3.6 million, or +31.6%, from €11.4 million in Q FY16 to €15.0 million in Q3 FY17.

Net Sales by Region

Net sales in the Netherlands[2] decreased by €0.5 million, or -0.2%, from €237.3 million in Q3 FY16 to €236.8 million in Q3 FY17. The decrease is caused by temporary closures of stores during renovation and remodelling. In Belgium and Luxembourg, net sales in the region increased by €0.4 million, or +1.1%, from €35.2 million in Q3 FY16 to €35.6 million in Q3 FY17. Net sales in France increased by €4.6 million, or +21.6%, from €21.4 million in Q3 FY16 to €26.0 million in Q3 FY17, on the back of new store openings. In Germany net sales in the region increased by €0.4 million, or +11.6%, from €3.4 million in Q3 FY16 to €3.8 million in Q2 FY17, helped by the opening of the Cologne flagship store earlier in the year.

Like-for-Like Consumer Sales

HEMA reported like-for-like consumer sales growth in Q3 FY17 of +2.2%. Like-for-like consumer sales in the Netherlands for the directly operated stores were +2.1% and +1.9% for franchise stores in Q3 FY17. Like-for-like consumer sales in Belgium and Luxembourg were +1.6% in Q3 FY17. In Germany and France, the like-for-like consumer sales was in Q3 FY17 slightly negative, respectively -0.1% and -0.3%. Both markets were impacted by a later phase in of new seasonal ranges compared to the same period last year. Additionally, in Germany there was a shift in the autumn holiday versus the phasing last year, causing it to fall partly in November (Q4 FY17).

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[1] In Q3 FY17 a reclassification is made in the comparative figures for the net sales of E-commerce home deliveries activities in the Netherlands. In the interim financial statements Q3 FY16 published on December 9, 2016, the €4.3 million and YTD €10.3 million E-commerce net sales of the Netherlands were reported as "other" instead of sales to retail customers in the net sales by channel and as "other" instead of the Netherlands in the net sales by region. The reclassification in Q3 FY17 is made as the e-commerce home deliveries of the Netherlands relate to sales to retail customers in the Netherlands, likewise e-commerce home deliveries of other regions are classified as sales to retail customers to the corresponding region and not to "other".

[2] See footnote 1.

Cost of Sales
Cost of sales decreased by €0.1 million, or -0.1%, from €163.8 million in Q3 FY16 to €163.7 million in Q3 FY17. Cost of sales as a percentage of net sales decreased from 55.4% in Q3 FY16 to 53.1% in Q2 FY17.

Gross Profit
Gross profit increased by €7.1 million, or +5.2%, from €137.4 million in Q3 FY16 to €144.5 million in Q3 FY17. Gross profit as a percentage of net sales increased from 45.6% in Q3 FY16 to 46.9% in Q3 FY17, primarily due to a better intake margin and lower markdown spend.

Operating Expenses
Total labour costs increased by €2.6 million, or +4.7%, from €55.5 million in Q3 FY16 to €58.1 million in Q3 FY17. Total labour costs as a percentage of net sales were 18.4% in Q3 FY16 and 18.9% in Q3 FY17. Labour costs were primarily higher due to additional in-store staff required for new stores and additional staff at our support office.

Housing and rents increased by €0.9 million, or +2.7%, from €33.6 million in Q3 FY16 to €34.5 million in Q3 FY17. The increase in costs was primarily due to the opening of new stores in 2016 and 2017. Housing and rents as a percentage of net sales remained at 11.2%.

Other general expenses increased by €1.3 million, or +6.2%, from €21.1 million in Q FY16 to €22.4 million in Q3 FY17. Other general expenses as a percentage of net sales increased from 7.0% in Q3 FY16 to 7.3% in Q3 FY17. The increase in costs was primarily due to additional:

- sales promotion expenses in the Netherlands, Belgium and France;
- in store packaging costs due to expansion and packaging for online sales;
- transportation expenses primarily resulting from increased deliveries to HEMA stores for e-commerce in store pickup.

Other income in Q3 FY17 primarily includes a contribution for e-commerce by our franchisees.

EBITDA
EBITDA increased by €3.6 million, from €26.9 million in Q3 FY16 to €30.5 million in Q3 FY17, driven by the factors highlighted above.

Adjusted EBITDA
Adjusted EBITDA increased by €3.1 million, or +10.1%, from €31.3 million in Q3 FY16 to €34.4 million in Q3 FY17, primarily as a result of a higher gross profit. In Q3 FY17, exceptional items adjusted for included €1.0 million of pre-openings costs, €0.8 consulting expenses and €1.8 million remodelling expenses (see note 4).

Operating Result (EBIT)
Operating result increased by €4.8 million, or +35.6%, from €13.5 million in Q3 FY16 to €18.3 million in Q3 FY17, as a result of the combined effect of the factors described above.

Finance Costs
Finance costs decreased by €0.3 million, from €14.4 million in Q3 FY16 to €14.1 million in Q3 FY17. This is partly due to the new financing in Q2 FY17.

Net Result
Net result increased by €6.2 million, from a loss of €1.6 million in Q3 FY16 to a gain of €4.6 million in Q3 FY17. The increase is mainly the result of an increase of net sales and gross margin.

FINANCIAL CONDITION

(unaudited, in million euro)

Cash flow

	Q3			YTD Q3		
(In million euro)	FY17	FY16	*Var*	FY17	FY16	*Var*
Cash flow statement data						
Cash generated by operating activities	30.5	27.3	3.2	64.3	57.8	6.5
Movements in working capital	16.3	61.2	(44.9)	(25.8)	58.2	(84.0)
- Trade and other receivables	(10.4)	1.2	(11.6)	(9.7)	3.1	(12.8)
- Inventories	(31.5)	(13.1)	(18.4)	(18.8)	(7.6)	(11.2)
- Trade and other payables	58.2	73.1	(14.9)	2.7	62.7	(60.0)
Cash used for provisions and other	0.4	1.2	(0.8)	1.7	(4.2)	5.8
Income taxes received / (paid)	-	-	-	-	-	-
Cash used in investing activities	(18.3)	(9.2)	(9.1)	(45.0)	(18.3)	(26.7)
Payments for interest and financial leases	(10.1)	(5.1)	(5.0)	(39.7)	(32.0)	(7.7)
Finance fees paid	(3.0)	-	(3.0)	(19.0)	-	(19.0)
Cash collateralised bank facility	17.0	-	17.0	20.0	-	20.0
Borrowings drawn / (repaid)	(42.0)	-	(42.0)	8.4	-	8.4
Net cash from operating, investing and financing activities	**(9.2)**	**75.4**	***(84.6)***	**(35.2)**	**61.5**	***(96.7)***
Cash, cash equivalents and bank overdrafts at the beginning of the period	58.9	66.4		84.9	80.3	
Exchange gains on cash and cash equivalents	-	-		-	-	
Cash, cash equivalents and bank overdrafts at the end of the period	**49.7**	**141.8**		**49.7**	**141.8**	

Total cash flow in Q3 FY17 was a cash outflow of €9.2 million, versus an inflow of €75.4 million in Q3 FY16. This change was primarily due to the repayment of the Super Senior Revolving Credit Facility of €42.0 million and a shift in quarter end dates which effect the movements in working capital.

Operating cash before changes in working capital

Net cash generated from operating activities was €30.5 million in Q3 FY17, an increase of €3.2 million versus Q3 FY16, which was mainly caused by a higher gross profit.

Movements in working capital

Cash flow from working capital was an inflow of €16.3 million in Q3 FY17, a decrease of €44.9 million compared to Q3 FY16. This decrease was primarily driven by a shift in quarter end dates. The movement in working capital in Q3 FY16 did benefit from certain material payments such as VAT, falling outside the financial period. Adjusting for this impact, the like for like movement in working capital in Q3 FY17 compared to Q3 FY16 would have been €41.5 million or a decrease of €19.7 compared to the movement in Q3 FY16.

Cash collateralized bank facility

In Q3 FY17 a collateralized bank facility of €17.0 million was released. As of October 29, 2017, HEMA had one cash collateralised bank guarantee facility of €16.0 million in support of working capital. The facility of €16.0 million was released at the beginning of November 2017, after Q3 FY17, and therefore reported under current financial assets. As of the beginning of November 2017, the collateralized bank facility amount is zero.

Borrowings drawn/repaid

In Q3 FY17 the Company repaid € 42.0 million of the Super Senior Revolving Credit Facility. As at October 29, 2017 the Company had no amount drawn on its Super Senior Revolving Credit Facility.

Liquidity

The Company's operational cash cycle follows that of a typical retailer with seasonal cash generation weighted towards Q4 in light of significant uplift from Sinterklaas and Christmas sales. HEMA actively monitors its liquidity needs in the ordinary course of business. Peak cash balance has been reached historically towards the end of the financial year following December trading, with lowest cash balance typically occurring May through September. Most trade and cost creditor payments are paid on the 8th day of each calendar month. VAT is paid on the last working day of a calendar quarter. Cash interest on the Senior Secured Notes are paid quarterly (October, January, April and July) and on the Senior Notes are paid semi-annually (January and July).

As at October 29, 2017 the Company had no amount drawn on its Super Senior Revolving Credit Facility and €5.0 million for bank guarantees, leaving €95.0 million available. Including the undrawn part of the Revolving Credit Facility, the Company has €144.7 million of liquidity available as at October 29, 2017. The cash balance includes €17.6 million of cash in transit and in tills. Note the €16.0 million of cash used for the one remaining collateralised bank guarantee facility at October 29, has been excluded. This facility was released at the beginning of November 2017.

Capital

(In million euro)	Q3 FY17	Q2 FY17	Q1 FY17	Q4 FY16	Q3 FY16
Capital					
Senior secured floating rate notes (proceeds loan)	600.0	600.0	-	-	-
Senior secured fixed rate notes (proceeds loan)	150.0	150.0	-	-	-
Senior secured floating rate notes (proceeds loan)	-	-	250.0	250.0	250.0
Senior secured fixed rate notes (proceeds loan)	-	-	315.0	315.0	315.0
Senior notes proceeds loan (proceeds loan)	-	-	150.0	150.0	150.0
Super senior revolving credit facility	-	42.0	-	-	76.0
Super senior PMO facility	-	-	26.4	26.2	26.1
Financial lease liabilities	2.8	3.0	3.1	3.9	4.0
Gross debt	**752.8**	**795.0**	**744.5**	**745.1**	**821.1**
Less: cash, cash equivalents and bank overdrafts	(49.7)	(58.9)	(19.3)	(84.9)	(141.8)
Less: cash in collateralised bank facility	(16.0)	(33.0)	(36.0)	(36.0)	(33.0)
Net debt	**687.1**	**703.1**	**689.2**	**624.2**	**646.3**
Equity	233.6	225.9	259.3	274.5	270.7
Total capital	**920.7**	**929.0**	**948.5**	**898.7**	**917.0**

Leverage ratio					
Net debt	687.1	703.1	689.2	624.2	646.3
LTM EBITDA	92.3	88.7	87.3	85.5	84.0
LTM adjusted EBITDA	116.0	112.9	110.0	108.2	102.5
Leverage ratio (net debt / LTM EBITDA)	**7.44**	**7.93**	**7.81**	**7.30**	**7.69**
Leverage ratio (net debt / LTM adjusted EBITDA)	**5.92**	**6.23**	**6.21**	**5.77**	**6.31**

Net debt for Q3 FY17 increased by €40.8 million from €646.3 million as of the end of Q3 FY16 to €687.1 million as of the end of Q3 FY17, due to less cash drawn from the new Super Senior Revolving Credit Facility. The cash in the collateralised bank facility is reported under other current financial assets (see note 9).

Management Board

Amsterdam, the Netherlands, December 7, 2017

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED INTERIM INCOME STATEMENT

(In million euro)	Q3		YTD Q3	
	FY17	**FY16**	**FY17**	**FY16**
Net sales	**308.2**	**301.2**	**878.6**	**849.3**
Cost of sales	(163.7)	(163.8)	(471.5)	(469.8)
Gross profit	**144.5**	**137.4**	**407.1**	**379.5**
Operating expenses	(126.2)	(123.9)	(380.6)	(362.9)
Operating result	**18.3**	**13.5**	**26.5**	**16.6**
Finance costs	(14.1)	(14.4)	(60.9)	(41.7)
Result before taxes	**4.2**	**(0.9)**	**(34.4)**	**(25.1)**
Income taxes	0.4	(0.7)	(2.5)	(0.8)
Net result	**4.6**	**(1.6)**	**(36.9)**	**(25.9)**
Attributable to				
Shareholder	4.6	(1.6)	(36.9)	(25.9)
Net result	**4.6**	**(1.6)**	**(36.9)**	**(25.9)**

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(In million euro)	Q3		YTD Q3	
	FY17	FY16	FY17	FY16
Net result for the period	**4.6**	**(1.6)**	**(36.9)**	**(25.9)**
Other comprehensive income / (loss):				
Items that will not be reclassified to profit and loss:				
Remeasurements on post-employment benefit obligations	-	-	-	-
Tax effect on remeasurements on post-employment benefit obligations	-	-	-	-
Items that may subsequently be reclassified to profit and loss:				
Cash flow hedges	3.1	(4.0)	(4.0)	(2.5)
Other reserves	-	-	-	-
Other comprehensive income / (loss) for the year, net of tax	**3.1**	**(4.0)**	**(4.0)**	**(2.5)**
Total comprehensive income for the period	**7.7**	**(5.6)**	**(40.9)**	**(28.4)**
Attributable to:				
Shareholder	7.7	(5.6)	(40.9)	(28.4)
Total comprehensive income for the period	**7.7**	**(5.6)**	**(40.9)**	**(28.4)**

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(In million euro, after appropriation of current year's result)	*Note*	October 29 2017	January 29 2017
Assets			
Property, plant and equipment	*7*	159.8	150.3
Intangible assets	*7*	1,031.4	1,033.5
Other non-current assets		5.8	4.9
Total non-current assets		**1,197.0**	**1,188.7**
Inventories	*8*	166.7	147.9
Trade and other receivables		59.4	49.7
Other current financial assets	*9*	16.5	40.2
Current tax assets		0.6	0.8
Cash and cash equivalents	*10*	49.7	84.9
Total current assets		**292.9**	**323.5**
Total assets		**1,489.9**	**1,512.2**
Share capital		0.0	0.0
Share premium		629.6	629.6
Other reserves		(1.8)	2.2
Retained earnings		(394.2)	(357.3)
Total equity		**233.6**	**274.5**
Liabilities			
Borrowings	*11*	741.1	730.3
Other financial liabilities	*12*	20.2	17.8
Employee benefits		4.6	4.9
Provisions - long-term	*13*	1.3	4.7
Deferred tax liabilities		98.6	98.6
Total non-current liabilities		**865.8**	**856.3**
Trade and other payables	*14*	370.7	368.0
Borrowings	*11*	-	-
Other financial liabilities	*15*	13.6	7.9
Current tax liabilities		1.2	0.5
Provisions - short-term	*13*	5.0	5.0
Total current liabilities		**390.5**	**381.4**
Total equity and liabilities		**1,489.9**	**1,512.2**

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(in million euro)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Attributable to the shareholders				
Balance as of January 29, 2017	**0.0**	**629.6**	**2.2**	**(357.3)**	**274.5**
Comprehensive income					
Loss for the period	-	-	-	(36.9)	(36.9)
Other comprehensive income					
Cash flow hedges, net of tax	-	-	(4.0)	-	(4.0)
Change in other reserves	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(4.0)**	**(36.9)**	**(40.9)**
Transactions with owners					
Share premium contribution	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Balance as of October 29, 2017	**0.0**	**629.6**	**(1.8)**	**(394.2)**	**233.6**

(in million euro)	Share capital	Share premium	Other reserves	Retained earnings	Total equity
	Attributable to the shareholders				
Balance as of January 31, 2016	**0.0**	**629.6**	**0.6**	**(331.1)**	**299.1**
Comprehensive income					
Loss for the period	-	-	-	(25.9)	(25.9)
Other comprehensive income					
Cash flow hedges, net of tax	-	-	(2.5)	-	(2.5)
Change in other reserves	-	-	-	-	-
Total comprehensive income	**-**	**-**	**(2.5)**	**(25.9)**	**(28.4)**
Transactions with owners					
Share premium contribution	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
Balance as of October 30, 2016	**0.0**	**629.6**	**(1.9)**	**(357.0)**	**270.7**

The accompanying notes are an integral part of these condensed interim financial statements.

CONDENSED STATEMENT OF CASH FLOW

	Q3		YTD Q3	
(In million euro)	**FY17**	**FY16**	**FY17**	**FY16**
Cash flow from operating activities				
Net result	4.6	(1.6)	(36.9)	(25.9)
Income tax recognised in the income statement	(0.4)	0.7	2.5	0.8
Provisions recognised in the income statement	-	0.4	-	0.3
Finance costs recognised in the income statement	14.1	14.4	60.9	41.7
Depreciation, amortisation and impairment of non-current assets	12.2	13.4	37.8	40.9
Operating cash before changes in working capital	**30.5**	**27.3**	**64.3**	**57.8**
Movements in working capital, provisions and other				
- Decrease / (increase) in trade and other receivables	(10.4)	1.2	(9.7)	3.1
- Decrease / (increase) in inventories	(31.5)	(13.1)	(18.8)	(7.6)
- (Decrease) / increase in trade and other payables	58.2	73.1	2.7	62.7
- Decrease in provisions	(1.1)	(1.2)	(3.3)	(3.8)
- Change in other assets / liabilities	1.5	2.4	5.0	(0.4)
Cash generated from operations	**47.2**	**89.7**	**40.2**	**111.8**
Income taxes (paid) / received	-	-	-	-
Net cash generated by operating activities	**47.2**	**89.7**	**40.2**	**111.8**
Cash flow from investing activities				
Purchase of property, plant & equipment	(16.2)	(5.9)	(37.8)	(12.6)
Purchase of intangible assets	(2.1)	(3.3)	(7.2)	(5.7)
Net cash used in investing activities	**(18.3)**	**(9.2)**	**(45.0)**	**(18.3)**

(In million euro)	Q3 FY17	Q3 FY16	YTD Q3 FY17	YTD Q3 FY16
Cash flow from financing activities				
Interest paid	(9.5)	(4.6)	(37.9)	(30.7)
Interest received	-	-	-	-
Payments for financial leases	(0.6)	(0.5)	(1.8)	(1.3)
Repayments of borrowings	-	-	(715.0)	-
Senior (secured) notes proceeds loans	-	-	750.0	-
Super senior PMO facility	-	-	(26.6)	-
Super senior revolving credit facility	(42.0)	-	-	-
Finance fees paid	(3.0)	-	(19.0)	-
Cash collateralised bank facility *	17.0	-	20.0	-
Net cash used in financing activities	**(38.1)**	**(5.1)**	**(30.3)**	**(32.0)**
Net (decrease)/increase in cash, cash equivalents and bankoverdrafts	(9.2)	75.4	(35.2)	61.5
Cash, cash equivalents and bankoverdrafts at the beginning of the period	58.9	66.4	84.9	80.3
Exchange gains on cash and cash equivalents	-	-	-	-
Cash, cash equivalents and bank overdrafts at the end of the period	**49.7**	**141.8**	**49.7**	**141.8**

*) The cash collateralised bank facilities are reported under current financial assets

The accompanying notes are an integral part of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(All amounts in million euro, unless otherwise stated)

1 The Company and its operations

HEMA B.V. (‘HEMA’ or the ‘Company’) is a limited liability company with its registered seat and support office in Amsterdam, the Netherlands.

The principal activities of the Company are retail operations in the Netherlands, Belgium, Luxembourg, Germany, France, Spain and the UK. The activities of HEMA are subject to seasonal influences. HEMA’s business generally experiences an increase in net sales in the fourth quarter of each year.

HEMA’s shares are 100% held by Dutch Lion B.V., an intermediate holding company. Dutch Lion B.V.’s shares are 100% held by Dutch Lion Coöperatief U.A. (‘Dutch Lion Coop’), an investment company which is owned by several investment funds advised by Lion Capital.

The information in these condensed interim financial statements is unaudited.

2 Significant accounting policies

Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* These interim financial statements should be read in conjunction with the annual financial statements for the year ended January 29, 2017, which have been prepared in accordance with IFRS as adopted by the EU.

Our financial year 2017 covers the period from January 30, 2017 until January 28, 2018, consisting of 52 weeks, which is equal to the number of weeks in financial year 2016. This interim financial report covers the third quarter of financial year 2017 which includes the period from July 31, 2017 until October 29, 2017, consisting of 13 weeks, which is equal to the number of weeks in the third quarter of financial year 2016.

Significant accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company’s annual financial statements.

3 Seasonality of operations

The business activities are subject to seasonal influences. The most important trading period in terms of sales, operating results and cash flow is the Christmas season (including Sinterklaas, the Dutch and Belgian equivalent of Santa Claus, celebrated on December 5 in the Netherlands and on December 6 in Belgium). The Company incurs additional expenses in advance of and during the Christmas season in anticipation of higher sales during that period, including increased inventory and advertising as well as hiring additional employees.

4 Adjusted EBITDA

(In million euro)	Q3 FY17	Q3 FY16	YTD Q3 FY17	YTD Q3 FY16
Bridge to Adjusted EBITDA				
Operating result	**18.3**	**13.5**	**26.5**	**16.6**
Depreciation and amortisation	12.2	13.4	37.8	40.9
Impairments	-	-	-	-
EBITDA	**30.5**	**26.9**	**64.3**	**57.5**
Management & oversight fees and other expenses	0.3	0.2	1.1	1.0
Pre-opening costs	1.0	0.3	2.1	1.3
Legal and consulting expenses	0.8	2.0	5.2	4.0
Remodelling expenses	1.8	-	4.1	-
Stock clearance expenses	-	1.9	-	5.2
Adjusted EBITDA	**34.4**	**31.3**	**76.8**	**69.0**

Adjustments to EBITDA included in Q3 FY17:

- €0.3 million management and oversight fee and other expenses. The fee is charged for services provided by Lion Capital B.V. to the Company under a monitoring and oversight agreement.
- €1.0 million pre-opening costs. The non-recurring expenses like salary and rent prior to the opening date of the opened stores in 2017 are adjusted.
- €0.8 million of legal and consulting expenses. These relate to exceptional items such as one-off consulting support for strategic initiatives and non-recurring items like legal advice.
- €1.8 million of remodelling expenses for the owned stores in the Netherlands and Belgium to reformat to the HEMA worlds concept.

For a definition of Adjusted EBITDA, please refer to the definitions paragraph.

5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ('CODM'), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer and the Chief Financial Officer.

The CODM periodically reviews the Company's performance, primarily focused on the sales through retail stores in regions. The Company identified the following five reporting segments:

- The Netherlands;
- Belgium and Luxembourg;
- France;
- Germany; and
- Other.

The other operating segment includes:

- Bakeries;
- Financial services;
- Retail store sales in Spain and the UK; and
- Other.

In the Q3 FY16 report sales and adjusted EBITDA of e-commerce home deliveries in the Netherlands were included in the reporting segment "other". In Q3 FY17 the net sales are reported in segment "The Netherlands". This reclassification is made as the e-commerce home deliveries of the Netherlands relate to the Netherlands, likewise e-commerce home deliveries of other regions are classified to the corresponding region and not to "other". In addition, the operational expenses of e-commerce are reported under "logistics" as the logistic expenses relate to e-commerce activities for all countries. Comparative amounts are reclassified. Please note that therefore in the segment reporting there is a slight difference with the presented segment reporting in the Q3 FY16 interim financial statements published on December 9, 2016.

Segment performance is evaluated based on net sales and Adjusted EBITDA per segment, however head office and logistics costs are not allocated to operating segments, as this cannot be allocated on a consistent and reasonable basis. For more information on Adjusted EBITDA, please refer to the definitions paragraph. Although the France and Germany segments do not meet the quantitative thresholds required by IFRS 8 for reportable segments, management has concluded that these segments should be reported, as they are closely monitored by the CODM.

(In million euro)	Q3			YTD Q3		
	FY17	**FY16**	***Change***	**FY17**	**FY16**	***Change***
Net sales by region						
The Netherlands	236.8	237.3	(0.5)	673.8	667.3	6.5
Belgium and Luxembourg	35.6	35.2	0.4	104.1	101.1	3.0
France	26.0	21.4	4.6	71.7	60.5	11.2
Germany	3.8	3.4	0.4	11.6	9.6	2.0
Other	6.1	3.9	2.2	17.4	10.8	6.6
Total net sales	**308.2**	**301.2**	**7.0**	**878.6**	**849.3**	**29.3**
Adjusted EBITDA by region						
The Netherlands	57.8	56.5	1.2	158.2	146.7	11.5
Belgium and Luxembourg	8.5	7.6	0.8	21.7	18.1	3.5
France	4.8	4.4	0.4	11.3	10.9	0.4
Germany	0.5	0.5	0.1	1.5	1.0	0.6
Other	6.1	1.8	4.3	13.7	8.5	5.2
Total Adjusted store EBITDA	**77.7**	**70.8**	**6.9**	**206.3**	**185.2**	**21.1**
Support Office	(31.1)	(28.6)	(2.6)	(91.4)	(81.9)	(9.5)
Logistics	(14.0)	(12.2)	(1.8)	(40.1)	(35.1)	(5.0)
Other	1.9	1.2	0.6	2.0	0.8	1.2
Total Adjusted EBITDA	**34.4**	**31.3**	**3.2**	**76.8**	**69.0**	**7.9**

Adjusted EBITDA of the other operating segment is based on the intersegment sales and external sales. The total net sales do not include the intersegment sales within the segment other, as these sales are recognised in the respective segment as external sales.

6 Finance costs

(In million euros)	Q3		YTD Q3	
	FY17	FY16	FY17	FY16
Interest income	-	-	-	-
Interest expense:				
- cash interest expense	13.5	12.8	37.5	37.6
- non cash interest expense	-	0.2	0.4	0.7
Amortised finance costs	0.5	1.2	2.8	3.4
Other financial expense	0.1	0.2	20.2	-
Total finance costs	**14.1**	**14.4**	**60.9**	**41.7**

7 Property, plant and equipment and intangible assets

(In million euro)	PP&E	Intangible assets	Total
Closing net book amount as at January 29, 2017	**150.3**	**1,033.5**	**1,183.8**
Additions	37.8	7.2	**45.0**
Disposals at cost	(13.9)	(0.4)	**(14.3)**
Disposals accumulated depreciation	14.1	0.4	**14.5**
Transfers from work in progress	0.5	(0.5)	**-**
Depreciation and amortisation	(29.0)	(8.8)	**(37.8)**
Impairment losses charged to profit & loss	-	-	**-**
Closing net book amount as at October 29, 2017	**159.8**	**1,031.4**	**1,191.2**

HEMA

(In million euro)	PP&E	Intangible assets	Total
Closing net book amount as at January 31, 2016	**169.0**	**1,040.0**	**1,209.0**
Additions	12.6	5.7	**18.3**
Disposals at cost	(3.8)	(0.2)	**(4.0)**
Disposals accumulated depreciation	3.8	-	**3.8**
Transfers from work in progress	-	-	**-**
Depreciation and amortisation	(31.0)	(9.9)	**(40.9)**
Impairment losses charged to profit & loss	-	-	**-**
Closing net book amount as at October 30, 2016	**150.6**	**1,035.6**	**1,186.2**

Substantially all of the tangible and intangible assets represented by legal titles or of similar status have been pledged to secure borrowings of the Company (note 11).

8 Inventories

(In million euro)	October 29 2017	January 29 2017
Trade inventory	166.7	152.7
Raw materials	3.3	2.7
Other inventories	2.3	1.9
	172.3	**157.3**
Valuation for obsolete and slow moving inventory	(5.6)	(9.4)
Total Inventories	**166.7**	**147.9**

Trade inventory is the purchase value of retail inventory held at stores and distribution centres, as well as goods in transit. The raw materials and other inventories concern food, photo and packaging materials.

In the third quarter of FY17, €1.0 million of the stock provision was released.

All of the inventories are pledged to secure borrowings of the Company (note 11).

9 Other current financial assets

(In million euro)	October 29 2017	January 29 2017
Cash collateralised bank facility	16.0	36.0
Derivatives	0.5	4.2
Total other current assets	**16.5**	**40.2**

The derivative financial instruments at October 29, 2017 and per January 29, 2017, relate to the fair value of the foreign exchange contracts.

In the third quarter a cash collateralised bank guarantee facility of € 17.0 million was released. As of October 29, 2017 HEMA had one cash collateralised bank guarantee facility of €16.0 million in support of working capital. This facility was released at the beginning of November, 2017. As a result, the balance is reported under other financial assets.

10 Cash and cash equivalents

(In million euro)	October 29 2017	January 29 2017
Cash on hand	17.6	15.9
Cash in banks and cash equivalents	32.1	69.0
Cash and cash equivalents	**49.7**	**84.9**

Cash and cash equivalents include all cash on hand balances, cheques, debit and credit receivables in transfer. Cash on hand mainly relates to cash in tills.

All bank accounts are pledged to secure the borrowings (refer to note 11).

11 Borrowings

	October 29, 2017		January 29, 2017	
(In million euro)	Non-current portion	Current portion	Non-current portion	Current portion
Borrowings	741.1	-	730.3	-
Total	**741.1**	**-**	**730.3**	**0.0**

Principal (In million euro)	Due	Within 1 year	Between 1 and 5 years	After 5 years	October 29, 2017
Senior secured floating rate notes proceeds loan	July 2022	-	600.0	-	600.0
Senior fixed rate notes proceeds loan	January 2023	-	-	150.0	150.0
Super senior revolving credit facility	January 2022	-	-	-	-
Total		**-**	**600.0**	**150.0**	**750.0**
Deferred financing costs		(1.9)	(7.0)	-	(8.9)
		(1.9)	**593.0**	**150.0**	**741.1**

The Senior Secured Notes bear an interest rate, reset quarterly, of 6.25% plus three month EURIBOR. The Senior Notes bear a fixed interest rate of 8.5%.

The Super Senior Revolving Credit Facility and the Senior Secured Notes are secured by first-ranking security interests over;

- all present and future equity interests in the Senior Secured Notes Issuer and in each of the Senior Secured Notes Guarantors
- substantially all of the assets of the Senior Secured Notes Issuer and each of the Senior Secured Notes Guarantors, subject to certain agreed security principles
- Senior Secured Notes Proceeds loan and the Senior Notes Proceeds loan
- Security over intercompany receivables (including preferred equity certificates) owed to Dutch Lion B.V. by Hema B.V.

The Senior Notes are secured by security interests on a second-ranking basis, including:

- all present and future equity interests in the Senior Notes Issuer, Hema B.V. and the Senior Secured Notes Issuer
- substantially all of the assets of the Senior Notes Issuer and the Senior Secured Notes Issuer's rights under the Senior Secured Notes Proceeds Loan, subject to certain agreed security principles
- Senior Notes Proceeds loan
- Security over intercompany receivables (including preferred equity certificates) owed to Dutch Lion B.V. by Hema B.V.

Covenants

The facilities contain customary covenants that place restrictions on disposals, mergers, acquisitions, investments and the incurrence of debt by the Company and its subsidiaries. In addition, the Super Senior Revolving Credit Facility is subject to one financial covenant and is related to a minimum amount of "EBITDA" as defined in the Super Senior Revolving Credit Facility Agreement of €70.0 million. The financial covenant only applies in case of drawing on the Super Senior Revolving Credit Facility of €25.0 million or more on the relevant testing date. In Q3 FY17 the Company was in compliance with these covenants.

Substantially all of HEMA's assets have been pledged to secure the facilities.

12 Other financial liabilities (non-current)

(In million euro)	October 29 2017	January 29 2017
Financial lease liabilities	1.4	2.3
Long term lease incentives	18.8	15.5
Total other financial liabilities	**20.2**	**17.8**

The financial leases primarily relate to trucks used for logistic operations.

13 Provisions

(In million euro)	VAB agreement	Other	Total
As of January 29, 2017			
Current portion	4.6	0.4	5.0
Non-current portion	4.7	-	4.7
	9.3	**0.4**	**9.7**
Charged / credited to the income statement			
Additions charged to income	-	-	-
Used during the year	(3.4)	-	(3.4)
Release to income	-	-	-
Interest accretion	-	-	-
Closing carrying amount as of October 29, 2017	**5.9**	**0.4**	**6.3**

VAB agreement

In September 2014 two franchisees initiated an arbitration with the support of the VAB, which is the association of franchisees representing the collective interest of almost all of HEMA's franchisees. These two franchisees claimed they are entitled to a portion of HEMA's Marketing Strategy Fund ("MSF"). This fund was set up by HEMA in 2008 and is funded by contributions from HEMA suppliers and used for sales promotion. In March 2015 HEMA received their official statement of claim, in which the two franchisees claimed an amount of €44.7 million excluding interest, on behalf of all franchisees, over the years 2009 to 2015 and a corresponding share of future MSF contributions. As judgement was required to determine the likelihood of the potential outcome, and based on information available at the time, HEMA was unable to provide an estimate of the expected outcome and did not previously provide for this claim.

On November 25, 2015 HEMA reached an agreement with the association of franchisees (VAB) following which both parties jointly agreed to terminate the arbitration process. The settlement agreement addresses a wide range of disputes between the VAB and HEMA dating back to 2009. At that date, the agreement required a total provision of €18.5 million which was booked in the third quarter of 2015.

After the first instalment in 2015, an amount of €0.5 million including interest is monthly paid to the VAB on the last day of the month as agreed.

HEMA and the VAB continue discussions to come to an optimal mutual understanding of certain elements of the agreement.

14 Trade and other payables

(In million euro)	October 29 2017	January 29 2017
Trade payables	160.1	170.7
Accrued expenses	98.9	81.6
Payroll taxes, social security and VAT	42.9	43.0
Amounts due to related parties	14.5	14.5
Payroll accruals	43.0	44.2
Other	11.3	14.0
Total trade and other payables	**370.7**	**368.0**

15 Other financial liabilities (current)

(In million euro)	October 29 2017	January 29 2017
Financial lease liabilities – current portion	1.4	1.6
Interest	5.3	6.2
Finance fees	1.4	-
Derivative financial instruments	5.5	0.1
Total other financial liabilities	**13.6**	**7.9**

The financial leases primarily relate to trucks used for logistic operations.

The derivative financial instruments at October 29, 2017, relate to the fair value of the foreign exchange contracts.

16 Financial Instruments

Fair values of financial instruments

The following table presents the fair values of the Company's financial instruments, compared to the carrying amounts as included on the balance sheet.

	October 29, 2017		January 29, 2017	
(In million euro)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and other receivable excluding pre-payments	49.0	49.0	42.3	42.3
Total Loans and receivables	**49.0**	**49.0**	**42.3**	**42.3**
Cash and cash equivalents	49.7	49.7	84.9	84.9
Derivative financial instruments	0.5	0.5	4.2	4.2
Cash collaterised bank facility	16.0	16.0	36.0	36.0
Total financial assets	**115.2**	**115.2**	**167.4**	**167.4**

	October 29, 2017		January 29, 2017	
(In million euro)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Borrowings (current)	-	-	-	-
Borrowings (non-current)	741.1	767.6	730.3	680.1
Trade and other payables	370.7	370.7	368.0	368.0
Financial lease liabilities	2.8	2.8	3.9	3.9
Total liabilities at amortized cost	**1,114.6**	**1,141.2**	**1,102.2**	**1,052.0**
Derivative financial instruments	5.5	5.5	0.1	0.1
Total financial liabilities	**1,120.1**	**1,146.7**	**1,102.3**	**1,052.1**

Of HEMA's financial instruments, only derivatives are measured and recognised on the balance sheet at fair value using level 2. These derivatives are valued using quoted prices as input. These quoted prices are observable in the market, either directly (i.e. as prices) or indirectly (derived from prices). The fair value of the derivative instruments is based on the rates and quotations obtained from third parties, credit risk and the company's own risk of non-performance.

The carrying amount of receivables, cash and cash equivalents, accounts payable, the Super Senior Revolving Credit Facility and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments and, for receivables, because of the fact that any recoverability loss is reflected in an impairment loss.

As the terms of the proceeds loans mirror the terms of the respective Notes, the fair value of the proceeds loans are set equal to the fair value of the respective Notes. The Notes are available for trading on a public market and are therefore valued at level 1.

17 Related party transactions

HEMA has balances with its related parties as follows:

(In million euro)	October 29 2017	January 29 2017
Dutch Lion Management B.V.	0.2	0.2
Dutch Lion Coöperatief U.A.	3.0	3.0
Dutch Lion B.V.	(14.6)	(14.6)
Stichting Administratiekantoor Dutch Lion A	0.4	0.4
Stichting Administratiekantoor Dutch Lion B	0.9	0.9
Stichting Administratiekantoor Dutch Lion C	0.6	0.5
Total related parties	**(9.5)**	**(9.6)**

The amounts due from parent companies relate to a recharge of finance costs and invoices that have been paid by HEMA on behalf of these companies. The amount payable to Dutch Lion B.V. relates to corporate income taxes paid by HEMA on behalf of the fiscal unity and invoices paid by HEMA on behalf of Dutch Lion B.V. The balances will be settled at the time of exit and, accordingly, it is uncertain when the amounts will be settled. As a result, the amounts are presented under current assets and liabilities.

The Notes were issued by HEMA Bondco I B.V. and HEMA Bondco II B.V. ("the Issuers"), which are both 100% directly owned by Dutch Lion B.V. The proceeds are lent by the Issuers to HEMA and bear interest in an amount no less than that which applies to the respective Notes. The agreements between HEMA and the Issuers provide that HEMA will ensure timely payments of Notes so that the Issuers can timely satisfy their obligations under the indentures governing the Notes. For the amounts due relating the Notes, refer to the tables below.

(In million euro)	October 29 2017	January 29 2017
HEMA Bondco I B.V.		
- Senior secured floating rate notes proceeds loan	-	250.0
- Senior secured floating rate notes proceeds loan (new)	600.0	-
- Senior secured fixed rate notes proceeds loan	-	315.0
HEMA Bondco II B.V.	-	-
- Senior notes proceeds loan	-	150.0
- Senior notes proceeds loan (new)	150.0	-
Accrued interest on proceeds loans	5.2	6.1
Total	**755.2**	**721.1**

(In million euro)	October 29 2017	January 29 2017
Accrued interest on proceeds loans at beginning of the period	**6.1**	**6.0**
Interest accrued for proceeds loans (income statement)	35.6	45.8
Interest paid for proceeds loans (cash flow statement)	(36.5)	(45.7)
Accrued interest on proceeds loans at the end of the period	**5.2**	**6.1**

18 Commitments and contingencies

An overview of commitments and contingencies as of January 29, 2017 was included in notes 29 and 30 of HEMA's annual financial statements, which were published on April 20, 2017. As of October 29, 2017 there were no significant changes to this overview.

19 Subsequent events

At November 23, 2017, Hema B.V. incorporated Hema Austria GmbH with the aim to open stores in Austria in foreseeable future.

At the beginning of November 2017, HEMA released the cash collateralized bank guarantee facility of €16.0 million.

DEFINITIONS

Adjusted EBITDA

Adjusted EBITDA is defined EBITDA plus certain items of a non-recurring, extraordinary or exceptional nature such as;

- pre-opening costs, defined as salary costs incurred with respect to new stores prior to such stores' respective opening dates plus rent in respect of new stores incurred prior to such stores' respective opening dates; and
- an annual oversight fee, which refers to the annual fee for the services provided by Lion Capital to the Company under a monitoring and oversight agreement;

EBITDA

EBITDA is defined as operating result of the Company determined on the basis of IFRS plus depreciation, amortisation and impairments.

Consumer sales

HEMA defines consumer sales as the total sales transactions registered in the point of sale systems and are based on actual prices charged to customers for both directly operated stores and franchised stores. The consumer sales of the franchised store differ from the reported gross sales, which include the value of products delivered to the franchise stores.

Consumer sales for the purpose of determining like-for-like consumer sales (refer to below) also includes commission the Company receives on insurances which HEMA provides as an agent and the full sale price of other products sold on behalf of third parties such as vouchers, which is different from the treatment of sales of such products under IFRS. Consumer sales for both directly owned stores and for franchise stores include VAT which is 6% in respect of food and 21% in respect of virtually all other products and services.

Like-for-like consumer sales

HEMA defines like-for-like consumer sales as year-on-year percentage growth of the consumer sales of the stores that have been open for the entire year prior to the period under review, including consumer sales in respect of products ordered online and picked up in stores, items ordered online for home delivery, and deliveries from the bakeries to third parties.